NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: Fitch: "AA"
S&P: "AA-"
See "RATINGS"

In the opinion of Butler Snow LLP, Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease and paid as interest on the 2017B Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2017B Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 2017B Certificates as described herein. See "TAX MATTERS."

$14,095,000
CERTIFICATES OF PARTICIPATION, SERIES 2017B
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of May 15, 2017, Between ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Indenture, as lessor, and SCHOOL DISTRICT NO. 1, IN THE CITY AND COUNTY OF DENVER, STATE OF COLORADO, as lessee

Dated: Date of Delivery **Due: December 1, as shown herein**

The Certificates of Participation, Series 2017B (the "2017B Certificates") evidence a proportionate interest in the base rentals and certain other revenues under an annually renewable Lease Purchase Agreement dated as of May 15, 2017 (the "Lease"), entered into between Zions Bank, a division of ZB, National Association, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessor, and School District No. 1, in the City and County of Denver, State of Colorado, as lessee (the "District"). The 2017B Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of May 15, 2017 (the "Indenture"), which will be executed by the Trustee.

The 2017B Certificates will be executed and delivered as fully registered certificates and are initially to be registered in the name of "Cede & Co." as nominee for The Depository Trust Company ("DTC"), the securities depository for the 2017B Certificates. Purchases by Beneficial Owners (as defined herein) are to be made in book-entry form in denominations of $5,000 or any integral multiple thereof. Beneficial Owners will not receive certificates evidencing their interest in the 2017B Certificates. The principal of, premium, if any, and interest on the 2017B Certificates are payable to DTC, which will remit such payments to DTC Participants, as defined herein, who in turn will remit such payments to Beneficial Owners of the 2017B Certificates. See "THE 2017B CERTIFICATES--Book-Entry Only System." Interest on the 2017B Certificates will be payable semiannually June 1 and December 1, commencing on December 1, 2017. Principal on the 2017B Certificates is payable on the dates shown in the maturity schedule on the inside cover page of this Official Statement, unless the 2017B Certificates are redeemed prior thereto as more fully described in this Official Statement.

The maturity schedule for the 2017B Certificates appears on the inside cover page of this Official Statement.

The 2017B Certificates are not subject to optional redemption prior to maturity at the direction of the District. See "THE 2017B CERTIFICATES--Redemption Provisions." *The 2017B Certificates are, however, subject to extraordinary mandatory redemption upon the occurrence of certain events as described in "THE 2017B CERTIFICATES--Redemption Provisions - Extraordinary Mandatory Redemption."*

The proceeds from the issuance of the 2017B Certificates will be used to: (i) purchase land for school purposes and fund certain safety improvements; and (ii) pay the costs of issuing the 2017B Certificates. See "SOURCES AND USES OF FUNDS."

Neither the Lease nor the 2017B Certificates constitute a general obligation, a multiple fiscal year direct or indirect debt or other financial obligation or indebtedness of the District within the meaning of any constitutional, or statutory debt limitation. None of the Lease, the Indenture or the 2017B Certificates directly or indirectly obligates the District to make any payments beyond those appropriated for any fiscal year in which the Lease may be in effect. Except to the extent payable from the proceeds of the 2017B Certificates and income from the investment thereof, from the net proceeds of certain insurance policies, performance bonds and condemnation awards, from the net proceeds received as a result of defaults under contracts relating to the Leased Property, from net proceeds from exercising certain remedies under the Lease or from other amounts made available under the Indenture, the 2017B Certificates are payable during the lease term solely from Base Rentals payable to the Trustee under the Lease and the income from certain investments under the Indenture. All payment obligations of the District under the Lease are from year to year only. The Lease is subject to annual renewal by the District. Upon termination of the Lease, the 2017B Certificates will be payable solely from moneys, if any, held by the Trustee under the Indenture and any amounts resulting from the exercise of various remedies by the Trustee under the Site Lease, the Lease and the Indenture, all as more fully described herein.

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision and should give particular attention to the section entitled "CERTAIN RISK FACTORS."

The 2017B Certificates are offered when, as, and if issued, subject to the approval of legality by Butler Snow LLP, Denver, Colorado, Special Counsel, and certain other conditions. Butler Snow LLP also has acted as special counsel to the District in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. Fiscal Strategies Group, Inc., Boulder, Colorado, and Public Resources Advisory Group, Los Angeles, California, are acting as the District's Financial Advisors. Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, has acted as counsel to the Underwriter. It is expected that the 2017B Certificates will be available for delivery through the facilities of DTC on or about May 31, 2017.

STIFEL

Official Statement dated May 17, 2017

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: 24919P)

$14,095,000
CERTIFICATES OF PARTICIPATION, SERIES 2017B

Maturing (December 1)	Principal Amount	Interest Rate	Yield	CUSIP© Issue Number
2017	$ 760,000	3.00%	0.90%	KF0
2018	230,000	2.00	1.04	KG8
2020	865,000	4.00	1.31	KH6
2021	515,000	4.00	1.49	KJ2
2022	1,975,000	5.00	1.63	KK9
2023	2,270,000	5.00	1.79	KL7
2024	3,580,000	5.00	1.97	KM5
2025	3,900,000	5.00	2.15	KN3

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2017B Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2017B Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the District. The District maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2017B Certificates.

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation or warranty is made by the District, however, as to the accuracy or completeness of information provided from sources other than the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2017B Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2017B Certificates and may not be reproduced or used in whole or in part for any other purpose.

The 2017B Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision investors must rely on their own examination of the District, the 2017B Certificates and the terms of the offering, including the merits and risks involved. The 2017B Certificates have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2017B CERTIFICATES ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2017B CERTIFICATES, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2017B CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

Board of Education
Anne Rowe, President
Barbara O'Brien, Vice President
Allegra Haynes, Secretary
Michael Johnson, Treasurer
Rachele C. Espiritu, Ph.D., Member
Lisa Flores, Member
Rosemary Rodriguez, Member

Administrative Officials
Tom Boasberg, Superintendent
David Suppes, Chief Operating Officer
Mark Ferrandino, Chief Financial Officer
Jerome DeHerrera, General Counsel

FINANCIAL ADVISORS TO THE DISTRICT
Fiscal Strategies Group, Inc.
Boulder, Colorado

Public Resources Advisory Group
Los Angeles, California

TRUSTEE
Zions Bank, a division of ZB, National Association
Denver, Colorado

BOND AND SPECIAL COUNSEL
Butler Snow LLP
Denver, Colorado

UNDERWRITER
Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

UNDERWRITER'S COUNSEL
Stradling Yocca Carlson & Rauth, P.C.
Denver, Colorado

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NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See APPENDIX D - Form of Continuing Disclosure Certificate.

The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years. Further, the General Fund Financial Summary table referred to below is to be updated using current year budget information found in the audited financial statements; no separate budget documents required to be filed.

Page

OFFICIAL STATEMENT

$14,095,000
CERTIFICATES OF PARTICIPATION, SERIES 2017B
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of May 15, 2017, Between ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Indenture, as lessor, and SCHOOL DISTRICT NO. 1, IN THE CITY AND COUNTY OF DENVER, STATE OF COLORADO, as lessee

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and appendices, is furnished in connection with the execution and delivery of $14,095,000 aggregate principal amount of Certificates of Participation, Series 2017B (the "2017B Certificates"). The 2017B Certificates evidence proportionate interests in the base rentals and other revenues under an annually renewable Lease Purchase Agreement dated as of May 15, 2017 (the "Lease"), between Zions Bank, a division of ZB, National Association, Denver, Colorado, solely in its capacity of trustee (the "Trustee") under the Indenture (defined below), as lessor, and School District No. 1, in the City and County of Denver, State of Colorado (the "District"), as lessee.

The 2017B Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust dated as of May 15, 2017 (the "Indenture"). The 2017B Certificates and any Additional Certificates issued pursuant to the terms of the Indenture are collectively referred to herein as the "Certificates." Certain of the capitalized terms used herein and not otherwise defined are defined in Appendix B to this Official Statement.

The offering of the 2017B Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2017B Certificates. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled "CERTAIN RISK FACTORS." Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, inside cover page and appendices, is unauthorized.

Changes since the Date of the Preliminary Official Statement

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated May 8, 2017 (the "POS"), including the final sources and uses of the 2017B Certificate proceeds, the principal amounts, maturity dates, interest rates, yields and other terms of the 2017B Certificates. In addition, since the date of the POS, the State Legislature adopted legislation providing for the school finance formula and the negative factor for fiscal year 2017-18; however, the Governor has not yet signed the bill. Information on the expected base per-pupil funding pursuant to that legislation is found in

"DISTRICT FINANCIAL OPERATIONS--The School Finance Act and Total Program Funding - Total Program Funding Formula" and information about the expected negative factor is found in "DISTRICT FINANCIAL OPERATIONS--The School Finance Act and Total Program Funding - Changes to State Laws."

The District

The District is a political subdivision of the State of Colorado (the "State") and a body corporate which was organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District is the only public school district serving the City and County of Denver, Colorado (the "County" or "Denver") and encompasses approximately 155 square miles. The District's enrollment (headcount) for fall 2016 was 92,331, making it the largest school district in the State. See "THE DISTRICT." The District's certified assessed valuation for 2016 (for collection of taxes in 2017), net of the assessed valuation attributable to certain tax increment districts located within the District's boundaries, is $13,460,852,897. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT."

Purpose

The proceeds from the issuance of the 2017B Certificates will be used to: (i) purchase land for school purposes and fund certain safety improvements (the "Project"); and (ii) pay the costs of issuing the 2017B Certificates. See "SOURCES AND USES OF FUNDS."

The 2017B Certificates; Prior Redemption

The 2017B Certificates are issued solely as fully registered certificates in the denomination of $5,000, or any integral multiple thereof. The 2017B Certificates mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2017B Certificates is described in "THE 2017B CERTIFICATES--Payment Provisions." The 2017B Certificates initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the 2017B Certificates. Purchases of the 2017B Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2017B Certificates. See "THE 2017B CERTIFICATES--Book-Entry Only System."

The 2017B Certificates are not subject to optional redemption prior to maturity as described in "THE 2017B CERTIFICATES--Redemption Provisions - No Optional Redemption."

However, the Certificates are also subject to extraordinary mandatory redemption upon the occurrence of certain events as described in "THE 2017B CERTIFICATES--Redemption Provisions - Extraordinary Mandatory Redemption."

The Leased Property

General. At the time of the issuance of the 2017B Certificates, certain property (the "Leased Property," as described below) will be leased by the District to the Trustee under the terms of a Site Lease Agreement dated as of May 15, 2017 (the "Site Lease") and then leased back to the District by the Trustee pursuant to the Lease.

As used in this Official Statement, the term "Leased Property" also includes any "New Facility," which is defined in the Indenture to be any real property, buildings or equipment leased by the District to the Trustee pursuant to a future amendment to the Site Lease and leased back by the District from the Trustee pursuant to a future amendment to the Lease in connection with the issuance of Additional Certificates. See "SECURITY FOR THE CERTIFICATES--Additional Certificates."

The Leased Property will initially consist of the Rishel Middle School building and the 393,000 square-foot site upon which it is located (the "Site"). Rishel is a 134,658 square-foot building constructed in 1961. The current insured value of the building, exclusive of contents, is $15,949,133. The District has applied the proceeds of general obligation bonds to the building; the current amount of bond proceeds applicable to Rishel is $7,364,706, resulting in a net building value of $8,585,223. The District estimates the value of the Site to be $10,211,277. The Rishel building currently houses the KIPP Denver Collegiate High School Program and the Math and Science Leadership Academy.

Release and Substitution of Leased Property. As long as no Lease Event of Default or Event of Nonappropriation has occurred and is continuing, the District has the right to release any portion of the Leased Property and substitute other property in its place after satisfying the conditions set forth in the Lease. See Appendix B - Certain Definitions and Document Summaries--The Lease - Release and Substitution of Leased Property.

A table showing the District properties that are currently available for substitution under the Lease is included in Appendix F - District Property. The District has numerous other properties, primarily school buildings, which currently secure the District's obligations under other lease purchase agreements. As the obligations under those leases are paid, other properties may be available for substitution under the Lease in the future. See Appendix F.

Security for the 2017B Certificates; Termination of Lease

Sources of Payment for the 2017B Certificates. At the time of execution and delivery of the 2017B Certificates, the District will lease the Leased Property to the Trustee pursuant to the terms and provisions of the Site Lease. Concurrently with the execution and delivery of the Site Lease, the Trustee will lease the Leased Property back to the District pursuant to the terms of the Lease. *The District will own fee title to the Leased Property and the Trustee will have a leasehold interest in the Leased Property, subject to the terms and provisions of the Lease and the Indenture.*

The 2017B Certificates and the interest thereon are payable solely from annually appropriated Base Rentals and other Revenues paid by the District under the Lease from any legally available funds of the District and from certain investment earnings and reserves, except to the extent payable from the "Net Proceeds," which are defined to mean the proceeds of any performance or payment bonds or proceeds of insurance, including self-insurance, required by the Lease or proceeds from any condemnation award, or any proceeds derived from the exercise of any Lease Remedy or otherwise following termination of the Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney's fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the District and the Trustee. See "SECURITY FOR THE CERTIFICATES."

The District currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the 2017B Certificates from its General Fund. See "DISTRICT FINANCIAL OPERATIONS--Sources of School District Revenue." The major sources of the moneys deposited into the General Fund are derived from State equalization payments and ad valorem property tax revenues. See "DISTRICT FINANCIAL OPERATIONS--Other Sources of School District Revenue" for a discussion of each of those sources of revenue. Notwithstanding the foregoing, such Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the District's available funds (including its General Fund or its Capital Reserve Fund) in the future.

Certain statutory and constitutional limitations limit the amount of property taxes the District can levy. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Taxes" and "LEGAL MATTERS--Certain Constitutional Limitations" for a discussion of those limitations. Further, State educational funding, including equalization payments, are governed by State law, which is subject to change. See "DISTRICT FINANCIAL OPERATIONS--The School Finance Act and Total Program Funding." The application of any limitations or changes in State law may have a negative effect on the District's finances and its willingness or ability to pay Base Rentals in the future.

Neither the Lease nor the Certificates constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory limitation. Neither the Lease nor the Certificates will directly or indirectly obligate the District to make any payments other than those which may be appropriated by the District for each fiscal year.

The Trustee does not have any obligation to and will not make any payments on the 2017B Certificates pursuant to the Lease or otherwise.

Reserve Fund. The 2017B Certificates will ***not*** be secured by a Reserve Fund, although the Indenture provides for the funding of a separate Reserve Fund upon the issuance of Additional Certificates, if required by the supplemental indenture authorizing the Additional Certificates.

Termination of Lease; Annual Appropriation. The Lease constitutes a one-year lease of the Leased Property which is annually renewable for additional one-year terms as described in the Lease. The District must take action annually in order to renew the Lease term for another year. If the District fails to take such action, the Lease automatically will be terminated. The District's decision to terminate its obligations under the Lease will be determined by the failure of the Board to specifically budget and appropriate moneys to pay all Base Rentals and reasonably estimated Additional Rentals for the ensuing Fiscal Year. The Chief Financial Officer or other officer of the District at any time charged with the responsibility of formulating budget proposals is directed under the Lease to include in the annual budget proposal submitted to the Board, in any year in which the Lease is in effect, items for all payments required under the Lease for the ensuing Renewal Term until such time, if any, as the District may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the District that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Board and not by any other official of the District, as further provided in the Lease.

If on or before the June 30 prior to the beginning of any Fiscal Year of the District, the District fails to budget and appropriate sufficient funds to pay all Base Rentals and all reasonably estimated Additional Rentals, the District will be considered to have terminated the Lease (subject to certain waiver and cure provisions). Upon termination of the District's obligations under the Lease, the Trustee may proceed to exercise certain remedies under the Lease and the Indenture, including the lease or sublease of the Leased Property, the sale or assignment of any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property, or one or any combination of the steps described in the Lease. The net proceeds realized from the exercise of any remedy must be applied by the Trustee toward the payment of the Certificates. See Appendix B - Certain Definitions and Document Summaries--The Lease - Nonappropriation by the District.

Purchase Option Price. The District has the option to purchase the Trustee's leasehold interest in the all of the Leased Property and terminate the Site Lease and the Lease by paying the Purchase Option Price, which is equal to the amount necessary to pay all principal and interest due on all Outstanding Certificates and any other amounts necessary to defease and discharge the Indenture, as provided in the Lease. See Appendix B - Certain Definitions and Document Summaries--The Lease - Purchase Option and Conditions for Purchase Option. The Trustee is required to use the Purchase Option Price to pay the principal, interest, and any premium on the Certificates. See "THE 2017B CERTIFICATES--Redemption Provisions." The Lease also provides that upon payment in full of all Base Rentals or payment or defeasance of all outstanding Certificates, the Leased Property will be released from the provisions of the Site Lease and the Lease.

Additional Certificates. The Indenture permits the issuance of Additional Certificates without notice to or approval of the owners of the outstanding Certificates under the circumstances described in "THE 2017B CERTIFICATES--Additional Certificates."

Tax Status of Interest on the 2017B Certificates

In the opinion of Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease and paid as interest on the 2017B Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2017B Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 2017B Certificates. See "TAX MATTERS" and Appendix E.

Notwithstanding the foregoing, Special Counsel has disclaimed any opinion regarding the tax status of the 2017B Certificates after termination of the Lease. See "CERTAIN RISK FACTORS--Effect of Termination on Exemption from Taxation and on Exemption from Registration," "TAX MATTERS" and Appendix E.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Special Counsel and has also acted as special counsel to the District in connection with the Official Statement. The fees of Butler Snow LLP will be paid only from 2017B Certificate proceeds at closing. Fiscal Strategies Group, Inc., Boulder, Colorado, and Public Resources Advisory Group, Los Angeles, California, are acting as the District's Financial Advisors. The District's General Counsel will pass upon certain legal matters for the District. BKD, LLP, independent certified public accountants, Denver, Colorado, have audited the District's basic financial statements which are attached hereto as Appendix A. See "INDEPENDENT AUDITORS." Zions Bank, a division of ZB, National Association, Denver, Colorado, is serving as Trustee, registrar and paying agent for the 2017B Certificates. Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, will act as the underwriter of the 2017B Certificates (the "Underwriter"). See "UNDERWRITING." Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, has acted as counsel to the Underwriter.

Zions Bank, a division of ZB, National Association, Denver, Colorado, will act as the Trustee, paying agent and registrar for the 2017B Certificates. The Trustee has provided the following information regarding the Trustee for inclusion in this Official Statement. The Trustee did not participate in the preparation of this Official Statement and makes no representations concerning the 2017B Certificates, the collateral or any other matter stated in this Official Statement. The Trustee has no duty or obligation to pay the 2017B Certificates from its own funds, assets or corporate capital or to make inquiry regarding, or investigate the use of, amounts disbursed from the Trust Estate.

Continuing Disclosure Undertaking

The District will execute a continuing disclosure certificate (the "Disclosure Certificate") at the time of the closing for the 2017B Certificates. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2017B Certificates and the District will covenant in the Lease to comply with its terms. The Disclosure Certificate will provide that so long as the 2017B Certificates remain outstanding, the District will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access ("EMMA") system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D. Without a determination of materiality, the District notes that on January 5, 2017, the District filed an event notice that was not timely.

Additional Information

This introduction is only a brief summary of the provisions of the 2017B Certificates, the Lease, the Site Lease, the Indenture and other documents described in this Official Statement. A full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2017B Certificates, the Lease, the Site Lease, the Indenture, the Leased Property, the Project and the District are included in this Official Statement. All references herein to the 2017B Certificates, the Lease, the Indenture and the Site Lease and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change*.

Additional information and copies of the documents referred to herein are available from the District and the Underwriter at the following addresses:

School District No. 1 (Denver Public Schools)
Attn: Chief Financial Officer
1860 Lincoln Street
Denver, Colorado 80203
Telephone: (720) 423-3225

Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, Colorado 80202
Telephone: (303) 296-2300

CERTAIN RISK FACTORS

Investment in the 2017B Certificates involves certain risks. Each prospective investor in the 2017B Certificates is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which could affect the payment of rentals under the Lease and could affect the market price or liquidity of the 2017B Certificates to an extent that cannot be determined at this time. The factors set forth below are not intended to provide an exhaustive list of the risks associated with the purchase of the 2017B Certificates.

Nonappropriation

General. Prospective purchasers of the 2017B Certificates should look to the ability of the District to pay Base Rentals pursuant to the Lease; such Base Rentals will provide funds for payment of principal and interest on the 2017B Certificates. The District is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are budgeted and appropriated for such rentals by the District each year. If, by the last date of each Fiscal Year, the District does not specifically budget and appropriate amounts sufficient to pay all Base Rentals due in the next Fiscal Year, and to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, an "Event of Nonappropriation" occurs. If an Event of Nonappropriation occurs, the District is deemed to have terminated its obligations under the Lease, and the District will not be obligated to make payment of the Base Rentals or Additional Rentals which accrue after the last day of the fiscal year during which such Event of Nonappropriation occurs (except for any period for which the District continues to retain possession of the Leased Property).

Various political, legal and economic factors could lead to the nonappropriation of sufficient funds to make the required payments under the Lease, and prospective investors should carefully consider any factors which may influence the budgetary process. There is no assurance that the Board will appropriate sufficient funds each year, and the District has no obligation to do so. In addition, the ability of the District to maintain adequate revenues for its operations and obligations in general (including obligations associated with the Lease) is dependent upon several factors outside the District's control, such as amendments or revisions to the School Finance Act (See "DISTRICT FINANCIAL OPERATIONS--School Finance Act"), the general economy and tax collections. It is impossible to predict whether current economic conditions will continue or to predict how such conditions will affect the District's finances in general or the Board's decision each year to appropriate funds to pay Base Rentals and Additional Rentals. See "LEGAL MATTERS--Certain Constitutional Limitations," "SECURITY FOR THE CERTIFICATES" and "DISTRICT FINANCIAL OPERATIONS."

Sources of Base Rentals are Limited. The obligation of the District to pay Base Rentals and Additional Rentals is limited to those District funds that are specifically budgeted and appropriated annually by the Board for such purpose. The Lease directs the officer of the District charged at any time with the responsibility of formulating budget proposals with respect to the Leased Property to include, in the annual budget proposals submitted to the Board, items for all payments required under the Lease for the ensuing Fiscal Year, until such time (if any) as the District determines not to renew the Lease. The Lease provides that it is the intention of the District that any decision not to renew the Lease is to be made solely by the Board and not by any other official or employee of the District.

Limited Duration of Site Lease

The term of the Site Lease is 10 years longer than the term of the 2017B Certificates. Upon termination of the Lease for any reason (including the occurrence of an Event of Nonappropriation), the Trustee may assign its interest in the Site Lease and may foreclose through the courts on or sell, lease, sublease or otherwise liquidate or dispose of its interest in the Leased Property. The net proceeds received from those activities are to be applied to pay the 2017B Certificates. However, due to the limited term of the Site Lease, the Trustee may find it difficult or impossible to locate third parties that are interested in accepting an assignment of the Trustee's rights in the Leased Property. Further, the limited term of the Site Lease may make it difficult or impossible for the Trustee to collect revenues over the remaining term of the Site Lease in an amount sufficient to pay the 2017B Certificates.

Effect of a Termination of the Lease Term

In the event of termination of the District's obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the District is required to vacate and surrender the Leased Property by September 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the District to vacate and surrender possession of the Leased Property which vacation and surrender the District agrees under the Lease to complete within sixty days from the date of such notice (in the event the District does not vacate and surrender possession on the termination date, the "holdover tenant" provisions of the Lease shall apply); (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property pursuant to the Site Lease; (iii) recover from the District (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable under the Lease, during any period in which the District continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable by the District under the Lease during the remainder, after the District vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

Upon the occurrence of an Event of Nonappropriation, the Trustee shall be entitled to recover from the District the amounts described in clause (iii)(a) in the prior paragraph if the District continues to occupy the Leased Property after June 30 of the Fiscal Year in which such Event of Nonappropriation occurs.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund or any defeasance escrow accounts).

Notwithstanding the forgoing, any moneys realized by the Trustee from any releasing or other disposition of the Leased Property or any portion thereof as described above, shall, promptly upon payment to the Trustee, be paid first to the Trustee in an amount equal to the fees and expenses incurred by the Trustee in connection with such subleasing or other disposition together with the expenses incurred by the Trustee to maintain such Leased Property prior to such subleasing or other disposition; and, second, pay to the District the amount of General Obligation Debt Proceeds expended on the Leased Property or portion thereof subleased or otherwise disposed of as described above.

A potential purchaser of the 2017B Certificates should not assume that it will be possible for the Trustee to sublease the Leased Property or otherwise sell or dispose of its leasehold interest in the Leased Property, or any portion thereof, after a termination of the Lease Term, for an amount equal to the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon. See “BASE RENTALS SCHEDULE.”

IF THE 2017B CERTIFICATES (AND ANY ADDITIONAL CERTIFICATES) ARE REDEEMED SUBSEQUENT TO A TERMINATION OF THE LEASE TERM FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF AND ACCRUED INTEREST THEREON, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES PURSUANT TO THE INDENTURE; AND UPON SUCH A PARTIAL PAYMENT, NO OWNER OF ANY CERTIFICATE WILL HAVE ANY FURTHER CLAIMS FOR PAYMENT UPON THE TRUSTEE OR THE DISTRICT.

Risks Related to Nonappropriation under Other District Leases

Existing Lease Purchase Agreements. The District has entered into several other lease-purchase agreements under which its obligation to pay base rent supports the payment of certificates of participation. These include: (a) a 1997 lease purchase agreement and related Taxable Pension Certificates of Participation Series 1997 (the “1997 Certificates”); (b) a 2011 lease purchase agreement and related Taxable Certificates of Participation in a Lease with Denver Public Schools, Fixed Rate Refunding Series 2011B (the “2011B Certificates”); (c) a 2013 lease purchase agreement and related Certificates of Participation, Series 2013A (the “2013A Certificates”); (d) a 2013 lease purchase agreement and related Certificates of Participation, Series 2013B (the “2013B Certificates”); (e) a 2013 lease purchase agreement and related Certificates of Participation, Series 2013C (the “2013C Certificates”); and (f) a 2015 lease purchase agreement and related Certificates of Participation, Series 2015, comprised of the Taxable Certificates of Participation, Series 2015A, and Tax-Exempt Certificates of Participation, Series 2015B (together, the “2015 Certificates”). The 1997 Certificates, the 2011B Certificates, the 2013A Certificates, the 2013B Certificates, the 2013C Certificates and the 2015 Certificates (together, the “Prior Certificates”) are each secured by separate land and buildings, primarily school campuses. Information regarding the outstanding amounts of the Prior Certificates and the cumulative base rent payable under the associated leases can be found in “DISTRICT DEBT AND OTHER OBLIGATONS--Other Obligations of the District - Lease Purchase Obligations.”

Any loss of the use of the land and buildings securing the Prior Certificates could have a significant impact on the District’s operations and financial status. Alternatively, if the District is unable or determines not to appropriate funds sufficient to pay base rentals under any of the prior leases, it may conclude that the land and buildings securing the one or more series of the Prior Certificates are more essential to the District than the Leased Property. Such a determination may lead to an Event of Nonappropriation under the Lease.

Proposed Lease Purchase Agreements. The District anticipates entering into two additional lease purchase agreements during 2017; each of those agreements will support certificates of participation. These include: (i) a lease purchase agreement (the "2017A lease") expected to be executed concurrently with the Lease in May 2017 to fund the construction, equipping and installation of capital improvements for school purposes and related certificates of participation, Series 2017A (the "2017A Certificates") in the principal amount of $32,080,000; and (ii) a lease purchase agreement (the "2017C lease") expected to be executed in the fall of 2017 to prepay a portion of the District's obligations under the 2013A lease agreement. The District expects to use cash generated from certain property sales to prepay a portion of its 2013A lease obligations and will refinance the remainder of those obligations using proceeds of related Certificates of Participation, Series 2017C (the "2017C Certificates"). The 2017C Certificates currently are expected to be executed in the approximate principal amount of $16,000,000 (subject to change); however, the sizing of the 2017C lease has not yet been determined and may increase.

No Reserve Fund

No debt service reserve fund secures the 2017B Certificates.

Factors that Could Impact Value of Property if Lease is Terminated

Current Valuation. The net value of the building comprising the Leased Property currently is $8,585,223. That figure represents the insurance valuation of the building for fiscal year 2017, exclusive of contents, and net of general obligation bond proceeds expended on the property. The District's estimate of the value of the Site is $10,211,277. However, no appraisals of the Leased Property have been completed and no current valuation of the Site is available. The Leased Property may depreciate in value each year; it is not possible to predict whether the depreciated value of the Leased Property will be equal to the aggregate principal amount of Certificates outstanding, plus accrued interest thereon, at any particular future point in time.

The Trustee is not able to sell the Leased Property upon the occurrence of an Event of Lease Default or an Event of Nonappropriation and as a result, the insured value of the facility may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. There is no assurance that the current level of value of the Leased Property will continue in the future and there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of its interest in the Leased Property under the Site Lease in an amount equal to the amount of the outstanding Certificates.

Title Restrictions and Zoning. The Leased Property is subject to certain pre-existing title restrictions which may make the Leased Property less attractive to potential users if the Trustee must sublease or otherwise sell or dispose of its interest in the Leased Property.

The Leased Property is subject to a State reservation of mineral rights, including oil and gas rights, and related access rights. The Leased Property is also subject to an easement for a wall encroachment for a retaining wall located on an adjacent property. Pursuant to the easement, the encroaching party is responsible for maintenance of the retaining wall but the District is required to maintain the fence located on top of the wall.

The Leased Property is also subject to existing and future zoning restrictions imposed by the City; it may not be possible to convert one or more of the buildings comprising the Leased Property to alternative uses absent zoning changes or waivers.

Further, the Leased Property consists of a school building, land and related equipment of particular design and use for school purposes. The Leased Property may not be easily converted to alternate uses. See "SECURITY FOR THE 2017B CERTIFICATES--The Leased Property." *There is no guarantee that the Trustee will be able to sublease the Leased Property or otherwise sell or dispose of its leasehold interest in the Leased Property in an amount equal to the amount of the outstanding Certificates.*

IF THE 2017B CERTIFICATES (AND ANY ADDITIONAL CERTIFICATES) ARE REDEEMED SUBSEQUENT TO A TERMINATION OF THE LEASE TERM FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF AND ACCRUED INTEREST THEREON, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES PURSUANT TO THE INDENTURE; AND UPON SUCH A PARTIAL PAYMENT, NO OWNER OF ANY CERTIFICATE WILL HAVE ANY FURTHER CLAIMS FOR PAYMENT UPON THE TRUSTEE OR THE DISTRICT.

Enforceability of Remedies; Liquidation Delays

Under the Lease and the Site Lease, the Trustee has the right to take possession of and dispose of the Trustee's leasehold interest in the Leased Property upon an Event of Nonappropriation or an Event of Lease Default and a termination of the Lease. However, the enforceability of the Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the District. Because of the use of the Leased Property by the District for the public education purposes, a court in any action brought to enforce the remedy of the Trustee to take possession of the Leased Property may delay such possession for an indefinite period, even though the District may have terminated the Lease or be in default thereunder. As long as the Trustee is unable to take possession of the Leased Property or any other projects or property which may subsequently be approved in connection with the issuance of Additional Certificates, it will be unable to sublease or otherwise dispose of its leasehold interests in the Leased Property as permitted under the Site Lease and the Indenture or to redeem or pay the Certificates except from funds otherwise available to the Trustee under the Indenture. See "SECURITY FOR THE 2017B CERTIFICATES."

Effect of Termination on Exemption from Taxation and on Exemption from Registration

Special Counsel has specifically disclaimed any opinion as to the effect that termination of the Lease may have upon the treatment for federal or State income tax purposes of amounts received by the registered owners of the Certificates. There is no assurance that any amounts representing interest received by the registered owners of the Certificates after termination of the Lease as a consequence of an Event of Nonappropriation or an Event of Default will be excludable from gross income under federal or State laws. In view of past private letter rulings by the United States Department of Treasury, registered owners of the Certificates should not assume that payments allocable to interest received from the Certificates would be excludable from gross income for federal or State income tax purposes.

Special Counsel also has disclaimed any opinion as to the transferability of the Certificates under the federal securities laws after a termination of the Lease, and, upon such termination, there is no assurance that registered owners of the Certificates would be able to transfer their interests without compliance with federal securities laws.

Condemnation Risk

In the mid-1990s, the City of Sheridan, Colorado ("Sheridan") exercised its eminent domain powers to acquire property it previously had leased under an annually terminable lease purchase agreement. By condemnation, Sheridan sought to acquire the property at a fraction of the remaining lease payments (which would be paid to owners of certificates of participation in Sheridan's lease). Sheridan's condemnation suit was successful; however, Sheridan was unable to pay the court-determined amount representing the value of the property and eventually vacated the building in favor of the trustee. Sheridan eventually reached a settlement with the trustee and reacquired possession of the administration building from the trustee. Pursuant to this settlement, certificate holders reportedly received less than half of the amounts due them under the certificates. The District considers the occurrence of a situation such as the one described above to be unlikely because, unlike Sheridan, the District's tax base is not heavily dependent upon a single taxpayer; however, there is no assurance that the Leased Property (or portions thereof) would not be condemned in the future.

Casualty Risk

If all, substantially all or any portion of the Leased Property is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available moneys of the District will be sufficient either to repair or replace the damaged or destroyed property or to pay the Certificates, if the Certificates are called for mandatory redemption as a result of such casualty. Delays in the receipt of casualty insurance proceeds pertaining to the Leased Property or delays in the repair, restoration or replacement of such property damaged or destroyed could have an adverse effect upon the ability of the District to make timely rental payments under the Lease.

Insurance Risk

The Lease requires that the District provide casualty, public liability and property damage insurance for the Leased Property in an amount equal to the full replacement value of the Leased Property. The District may provide such insurance through commercial policies or, in its discretion, through a qualified self-insurance pool. For a description of the insurance requirements related to the Leased Property (including requirements related to a qualified self-insurance pool), see Appendix B - Certain Definitions and Document Summaries--The Lease - Required Insurance. The District currently maintains the insurance described in "THE DISTRICT--Insurance." There is no assurance that, in the event the Lease is terminated as a result of damage to or destruction of the Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date.

Future Changes in Laws

Various Colorado laws and constitutional provisions apply to the imposition, collection, and expenditure of ad valorem property taxes and other revenues and the operation and finances of the District. For example, the constitutionally-mandated changes in residential assessment ratio (described in "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Taxes - Assessment of Property--Determination of Assessed Value - Residential Property") may negatively impact the amount of tax revenues that result from fixed mill levies, even though property values are increasing overall. Further, Article X, Section 20 of the State constitution ("TABOR") limits the revenues that may be collected by the State, including revenues to fund the School Finance Act.

There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of its revenues.

Forward-Looking Statements

This Official Statement, including the appendices hereto, contains statements relating to future results that are forward-looking statements. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Secondary Market

No guarantee can be made that a secondary market for the 2017B Certificates will develop or be maintained by the Underwriter or by others. Prospective investors should be prepared to bear the risks of holding their 2017B Certificates to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Proceeds

The District expects to apply the net proceeds of the 2017B Certificates as shown below.

Sources and Uses of Proceeds

	Amount
Sources of Proceeds	
Proceeds of the 2017B Certificates	$14,095,000
Plus: original issue premium	2,552,713
Total:	$16,647,713
Uses of Proceeds	
The Project	$16,450,000
Costs of issuance (including Underwriter's discount)	197,713
Total:	$16,647,713

Source: The Underwriter.

The Project

The Project consists of: (i) the acquisition of a certain real property in the Stapleton area for school purposes; (ii) the design and construction of the North Fire Station; and (iii) any other capital costs related to the construction, renovation, equipping and installing of capital improvements of the District for school purposes.

The District will use a portion of the 2017B Certificate proceeds to purchase a 10-acre site in the Stapleton neighborhood of Denver. A new, 90,000 square-foot elementary school serving grades ECE-5 (the Stapleton Street Park School) is expected to be constructed on the site using the proceeds of the 2017A Certificates. The purchase price for the 10-acre site is $7.05 million.

The District will also use a portion of the 2017B Certificates to fund the design and construction of a fire station that is needed to ensure the safety and security of students and staff in two existing schools, the Stapleton Street Park School and other schools expected to be built in the north Stapleton area in the future. The District's contribution to the fire station will be $9.4 million.

THE 2017B CERTIFICATES

General

The 2017B Certificates are issuable as fully registered certificates and initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the 2017B Certificates. Purchases by Beneficial Owners of the 2017B Certificates are to be made in book-entry only form. Payments to Beneficial Owners are to be made as described in "Book-Entry Only System" and Appendix C. The 2017B Certificates are dated the date of their execution and delivery, and bear interest from such date to maturity payable semiannually on June 1 and December 1 of each year, commencing December 1, 2017. The 2017B Certificates mature on the dates and in the amounts and bear interest at the rates set forth on the inside cover page of this Official Statement.

Payment Provisions

Except for any 2017B Certificates for which DTC is acting as Depository or for an Owner of $1,000,000 or more in aggregate principal amount of 2017B Certificates, the principal of, premium, if any, and interest on all 2017B Certificates shall be payable to the Owner thereof at its address last appearing on the registration books maintained by the Trustee. In the case of any 2017B Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such 2017B Certificates shall be payable as directed in writing by the Depository. In the case of an Owner of $1,000,000 or more in aggregate principal amount of 2017B Certificates, the principal of, premium, if any, and interest on such 2017B Certificates shall be payable by wire transfer of funds to a bank account, located in the United States, designated by the 2017B Certificate Owner in written instructions to the Trustee.

Interest shall be paid to the Owner of each Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the 15th day of the calendar month (whether or not a Business Day), next preceding an interest payment date (the "Regular Record Date"), irrespective of any transfer of ownership of 2017B Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of 2017B Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such interest shall be given by providing a copy thereof by first class mail postage prepaid at least ten days prior to the special record date, to the Owner of each Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

Redemption Provisions

<u>No Optional Redemption</u>. The 2017B Certificates are not subject to optional redemption prior to their respective maturity dates.

<u>Extraordinary Mandatory Redemption</u>. If the Lease is terminated by reason of the occurrence of: (a) an Event of Nonappropriation, or (b) an Event of Lease Default, or (c) in the event that (1) all or a portion of the Leased Property is damaged or destroyed in whole or in part by fire or other casualty, or (2) title to, or the temporary or permanent use of, all or a portion of the Leased Property has been taken by eminent domain by any governmental body, or (3) breach

of warranty or any material defect with respect to the all or a portion of the Leased Property becomes apparent, or (4) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto, and the Net Proceeds of any insurance, performance bond or condemnation award, or Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, made available by reason of such occurrences, shall be insufficient to pay in full, the cost of repairing or replacing such Leased Property, and the District does not appropriate sufficient funds for such purpose or cause the Lease to be amended in order that Additional Certificates may be executed and delivered pursuant to the Indenture for such purpose, then the Certificates are required to be called for redemption. If called for redemption, as described herein, the Certificates are to be redeemed in whole on such date or dates as the Trustee may determine, for a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to the availability of funds as described below).

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under the Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as provided in the Indenture, without any further demand or notice, shall, exercise all or any combination of Lease Remedies as provided in the Lease and the Certificates shall be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates.

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. Prior to any distribution of the Net Proceeds resulting from the exercise of any remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

Notwithstanding the provisions described above (or any other provisions to the contrary in the Lease or the Indenture), if the Net Proceeds resulting from the exercise of such Lease Remedies are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to fees, costs and expenses as provided in the Indenture, shall, determine that the Certificates shall not be subject to extraordinary mandatory redemption as described above, in which event the Trustee will not apply any Net Proceeds or other available moneys to the redemption of any Certificates prior to their respective maturity dates. In such event, the Trustee shall (a) allocate such Net Proceeds (together with any other available moneys held under the Indenture), proportionately among all Outstanding Certificates, and (b) apply such allocation of Net Proceeds to the payment of the principal of and interest on the Certificates on the regularly scheduled maturity and Interest Payment Dates of the Certificates.

Notwithstanding the foregoing or any other provisions to the contrary in the Lease or the Indenture, in the event that there are General Obligation Debt Proceeds due and owing on the Leased Property, prior to the distribution of any of the Net Proceeds to the Certificate Owners, any Net Proceeds shall be distributed first to the Trustee to pay its fees and expenses, next to the payment of the General Obligation Debt, and finally as specified above to the Owners of the Certificates.

IF THE 2017B CERTIFICATES (AND ANY ADDITIONAL CERTIFICATES) ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT IS DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES, SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE DISTRICT.

Notice of Redemption. Whenever Certificates are to be redeemed, the Trustee is required to, not less than thirty and not more than sixty days prior to the redemption date (except for Extraordinary Mandatory Redemption notice which is required to be immediate), mail notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. Any notice of redemption is to (1) be given in the name of the Trustee, (2) identify the Certificates to be redeemed, (3) specify the redemption date and the redemption price, (4) in the event of optional redemption, state that the District has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease, (5) state that such redemption is subject to the deposit of the funds related to such option by the District on or before the stated redemption date and (6) state that on the redemption date the Certificates called for redemption will be payable at the corporate trust office of the Trustee and that from that date interest will cease to accrue. The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificates Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

Any notice of optional redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Certificates called for redemption in the same manner as the original redemption notice was given.

Tax Covenants

In the Lease, the District covenants for the benefit of the owners of the 2017B Certificates that it will not take any action or omit to take any action with respect to the 2017B Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2017B Certificates (except for the possible exercise of the District's right to terminate the Lease as provided therein) if such action or omission (i) would cause the interest on the 2017B Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2017B Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, or (iii) would cause interest on the 2017B Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the District's right to terminate the Lease, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the 2017B Certificates, until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the District covenants that its direction of investments pursuant to the Indenture shall be in compliance with the procedures established by the Tax Certificate (defined in Appendix B) to the extent required to comply with the covenants described in the prior paragraph. District also agrees that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any such payment shall be accompanied by directions to the Trustee to pay such amounts to the United States Treasury. Any payment of District moneys as described in the previous sentence shall be Additional Rentals for all purposes of the Lease.

Defeasance

When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered under the Indenture have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to the Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in the Indenture), together with the compensation of the Trustee and all other sums payable relating to the Certificates, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the District as provided by the Lease, (2) release the Lease and the Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the District, and (4) turn over to the District all balances then held by the Trustee in the Funds or Accounts under the Indenture except for amounts held in any defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the District.

Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of the Indenture or the defeasance of any Certificates becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof (a "Verification Report"), unless fully funded with cash.

Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account pursuant to the Indenture shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose.

Whenever moneys or Federal Securities shall be deposited with the Trustee or a separate escrow agent for the payment or redemption of any Certificates more than forty-five days prior to the date that such Certificates are to mature or be redeemed, the Trustee shall mail a notice stating that such moneys or Federal Securities have been deposited and identifying the Certificates for the payment of which such moneys or Federal Securities are being held, to all Owners of Certificates for the payment of which such moneys or Federal Securities are being held, or if such Certificates are registered in the name of the Depository, such notice may be sent, in the alternative, by electronic means in accordance with the regulations of the Depository.

Book-Entry Only System

The 2017B Certificates will be available only in book-entry form in the principal amount of $5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2017B Certificates. The ownership of one fully registered 2017B Certificate for each maturity bearing interest at the same interest rate as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C--Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2017B CERTIFICATES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR REGISTERED OWNERS OF THE 2017B CERTIFICATES WILL MEAN CEDE & CO. AND WILL <u>NOT</u> MEAN THE BENEFICIAL OWNERS.

None of the District, the Underwriter or the Trustee will have any responsibility or obligation to DTC's Participants or Indirect Participants, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the 2017B Certificates as further described in Appendix C to this Official Statement.

SECURITY FOR THE CERTIFICATES

General

Each Certificate evidences a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease and the Indenture. Under the Site Lease, the Leased Property has been leased by the District to the Trustee, and under the Lease, the Leased Property has been leased by the Trustee back to the District and the District has agreed to pay directly to the Trustee, Base Rentals in consideration of the District's right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the Certificates and interest thereon.

The Lease is subject to annual appropriation, non-renewal and, in turn, termination by the District. The execution and delivery of the Certificates does not directly or contingently obligate the District to make any payments beyond those appropriated for the District's then current Fiscal Year. As more fully described under the caption "CERTAIN RISK FACTORS," the Lease is subject to renewal on an annual basis at the option of the District. The Lease Term and the schedule of payments of Base Rentals are designed to produce moneys sufficient to pay the Certificates and interest thereon when due (if the District elects not to terminate the Lease prior to the end of the Lease Term).

The Certificates shall not constitute a mandatory charge or requirement of the District in any ensuing Fiscal Year beyond the current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the District or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District, within the meaning of any constitutional or statutory debt provision or limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the District within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. The execution and delivery of the Certificates shall not directly or indirectly obligate the District to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those appropriated for the District's then current Fiscal Year. Base Rentals and Additional Rentals may be paid from any lawfully available District monies appropriated for that purpose. See "DISTRICT FINANCIAL OPERATIONS."

In the event of termination of the District's obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the District is required to vacate and surrender the Leased Property by September 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the District to vacate and surrender possession of the Leased Property which vacation and surrender the District agrees under the Lease to complete within sixty days from the date of such notice; (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property; (iii) recover from the District (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable under the Lease, during any period in which the District continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable by the District under the Lease during the remainder, after the District vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture. In the event the District does not vacate and surrender possession on the termination date, the "holdover tenant" provisions of the Lease shall apply.

General Obligation Debt Proceeds

From time to time, the District issues general obligation indebtedness to fund improvements to property that is owned and/or used by the District. The District has expended the proceeds of general obligation bonds on the Leased Property (see "INTRODUCTION--The Leased Property") and may determine to do so again in the future. Should that occur, in order to comply with State law and federal tax law applicable to the District's general obligation debt, the District must recoup General Obligation Debt Proceeds (defined below) before proceeds of the Leased Property can be paid to Owners of the Certificates in the Event of Nonappropriation or an event of a Lease Default.

"General Obligation Debt Proceeds" are defined in the Indenture and the Lease to mean, as of any date, the dollar amount of proceeds of District general obligation debt outstanding as of such date that has been expended on the Leased Property or any portion thereof, as set forth in the most recent certificate delivered by the District pursuant to the Lease. For a more detailed definition, see Appendix B. The General Obligation Debt Proceeds relating to the Leased Property will increase whenever the District issues additional general obligation indebtedness and expends the proceeds of such indebtedness on the Leased Property and will decrease as payments are made by the District on any general obligation indebtedness related to the Leased Property. See "CERTAIN RISK FACTORS--Effect of a Termination of the Lease - Reimbursement of General Obligation Debt Proceeds; Payment of Fees."

On or before December 31 of each Fiscal Year, the District will provide the Trustee a certificate setting forth (a) the total General Obligation Debt Proceeds expended on each property included in the Leased Property as of June 30 of the preceding Fiscal Year; and (b) (b) the amortization schedule for the bonds to which such expended General Obligation Debt Proceeds are attributable. The amount of General Obligation Debt Proceeds expended on the Leased Property that is set forth in the most recent certificate delivered by the District to the Trustee, less any principal amount of the applicable district general obligation debt that has ceased to be outstanding since the delivery of such certificate will be dispositive, absent manifest error, as to the amount of General Obligation Debt Proceeds that have been expended on the Leased Property as of any date.

Additional Certificates

So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth in the Indenture. The principal of any Additional Certificates shall mature on December 1 and interest payment dates therefore shall be the same as the interest payment dates for the Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental ordinance or indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Certificates, to provide moneys to pay any one or more of the following:

(a) the costs of acquiring, constructing, improving, installing and equipping any New Facility, or of acquiring a Site for any New Facility (and costs reasonably related thereto);

(b) the costs of completing the Improvement Project or making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the District may deem necessary or desirable, and as in accordance with the provisions of the Lease; or

(c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates.

Each of the Additional Certificates issued pursuant to the Indenture will evidence a proportionate interest in the rights to receive Revenues under the Indenture and shall be ratably secured with all Outstanding Certificates and in respect of all Revenues, and shall be ranked *pari passu* with such Outstanding Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

BASE RENTALS SCHEDULE

The following table sets forth the Base Rentals due pursuant to the Lease, including the Principal Component and the Interest Component.

The District has other capital lease-purchase agreements which are also payable from legally available revenues. See "DEBT AND OTHER FINANCIAL OBLIGATIONS--Other Obligations of the District - Lease Purchase Obligations."

Schedule of Base Rentals[1]

Fiscal Year Ended June 30	Principal Component	Interest Component	Total Base Rentals
2018	$ 760,000	$ 659,308	$ 1,419,308
2019	230,000	643,750	873,750
2020	--	641,450	641,450
2021	865,000	624,150	1,489,150
2022	515,000	596,550	1,111,550
2023	1,975,000	536,875	2,511,875
2024	2,270,000	430,750	2,700,750
2025	3,580,000	284,500	3,864,500
2026	3,900,000	97,500	3,997,500
Total	$14,095,000	$4,514,833	$18,609,833

(1) The Base Rentals are due semi-annually on May 15 and November 15 of each year that the Lease remains in effect. Amounts available in the Base Rentals Fund will be credited against Base Rentals amounts due as provided in the Lease. The Trustee will use the Base Rentals to pay the principal and interest due on the 2017B Certificates.

Source: The Underwriter.

THE DISTRICT

Organization and General Description

The District is a body corporate and a political subdivision of the State which was originally organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 155 square miles with its boundaries coterminous with the boundaries of the County.

The District is fully accredited by the Colorado Department of Education ("CDE").

School District Powers

The District has all rights and powers delegated under the laws of the State for exercise by school districts, including the right to hold property for any purpose authorized by law, to sue and be sued, and to be a party to contracts for any purpose authorized by law. State statutes grant to the Board the power to govern the District. General duties which the Board must perform include the following: to adopt policies and prescribe rules and regulations necessary and proper for the administration of the District; to employ all personnel required to maintain the operations and carry out the educational programs of the District; to fix and pay personnel compensation; to determine the educational programs to be provided by the District; to prescribe the textbooks for any course of instruction or study in such programs; to adopt written policies, rules and regulations relating to the study, discipline, conduct, safety and welfare of all pupils; and to comply with all the rules and regulations adopted by the State Board of Education.

The Board is also granted specific powers to be exercised in its judgment. Notable among these are the powers to purchase, lease or rent undeveloped or improved property located within or outside District boundaries as the Board deems necessary for use as school sites, buildings or structures, or for any school purpose authorized by law; to sell District properties which may not be needed in the foreseeable future for any purpose authorized by law, upon such terms and conditions as the Board may approve; to determine the location of each school site, building, or structure; to construct, erect, repair, alter, and remodel buildings and structures; to provide furniture, equipment, library books, and such other items as may be needed to carry out the District's educational programs; to discharge or otherwise terminate the employment of any personnel; to procure group life, health or accident insurance covering employees of the District; to fix attendance boundaries; to procure appropriate property damage casualty, public liability, and accident insurance; and to contract for the transportation of pupils enrolled in the District's public schools.

The Board of Education

The seven members of the Board are elected at successive biennial elections to staggered four-year terms of office. Two of the members of the Board are elected at-large by the registered electors of the entire District; the remaining five members of the Board are elected by the registered electors residing within their respective director-districts. The Board is a policy-making body; its primary functions are to establish policies for the District, provide for the general operation and personnel of the District and oversee the property, facilities and financial affairs of the District. Members of the Board serve without compensation. The Colorado constitution limits Board members to two consecutive terms. District voters may vote to eliminate, extend or change the term limits imposed by the constitution, but to date this has not been done.

The present Board members, their offices on the Board, principal occupations, their approximate lengths of service on the Board and terms of office are as follows:

Name and Position	Principal Occupation	Length of Service	Term Expires
Anne Rowe, President	Publisher	5 years	2019
Barbara O'Brien, Vice President	President, education nonprofit	3 years	2017
Allegra Haynes, Secretary	Executive Director, Denver Department of Parks and Recreation	5 years	2019
Michael Johnson, Treasurer	Attorney	3 years	2017
Rachele C. Espiritu, Ph.D., Member	Small business owner	9 months	2017
Lisa Flores, Member	Community volunteer	1 year	2019
Rosemary Rodriguez, Member	State Director, Senator Michael Bennet	3 years	2017

The Colorado constitution limits Board members to two consecutive terms. District voters may vote to eliminate, extend or change the term limits imposed by the constitution. The District has not requested that its voters change the existing term limits.

Administrative Staff and Management

Certain information concerning the background and experience of the District's Superintendent, Chief Operating Officer, Chief Financial Officer and Controller is set forth below.

Superintendent - Tom Boasberg. The Board is empowered to employ a chief executive officer, the Superintendent, who is responsible to the Board for the daily operations of the District. The Superintendent is charged with the responsibility for the overall operational management and instructional program of the District, all within the human and financial resources available, as well as being responsible for the philosophical position of the District. The Superintendent works collaboratively with the Board to provide effective leadership for all District personnel in their efforts to accomplish the District mission: "To provide all students the opportunity to achieve the knowledge and skills necessary to become contributing citizens in our diverse society."

Mr. Boasberg was appointed Superintendent in January 2009, after having served as the District's Chief Operating Officer since April 2007. Prior to joining the District, he worked in senior management for Level 3 Communications, a global telecommunications provider, for eight years, most recently as Group Vice President for Corporate Development. Mr. Boasberg also has served as legal advisor to Reed Hundt, Chairman of the Federal Communications Commission, and as Chief of Staff to Martin Lee, Chairman of Hong Kong's largest political party. Mr. Boasberg graduated summa cum laude with a Bachelor of Arts in History from Yale University and received his Juris Doctorate degree with distinction from Stanford Law School.

Chief Operating Officer - David Suppes. Mr. Suppes was appointed Chief Operating Officer for the District in March 2009, after having served as the Interim Chief Operating Officer since January 2009. He previously served as the District's Chief Strategy

Officer for 18 months. Prior to joining the District, he spent seven years at Level 3 Communications, a global telecommunications provider, in several senior financial and business management positions, including Senior Vice President and Chief of Staff for the Wholesale Services Market Group and Senior Vice President of Finance. Before Level 3, Mr. Suppes worked for Corporate Express in several leadership roles, including Director of International Information Technology. Prior to Corporate Express, Mr. Suppes spent eight years at Andersen Consulting (Accenture). Mr. Suppes tutors in the District's WhizKids program and he currently sits on the board and is Treasurer of Metro CareRing, a non-profit organization providing food and other essential services to clients in Denver. Mr. Suppes received his Bachelor of Science in Finance from Arizona State University.

Chief Financial Officer - Mark Ferrandino. Mr. Ferrandino was appointed Chief Financial Officer of the District effective July 21, 2014. While attending the University of Rochester, he earned a bachelor's degree in political science and economics in 1999 and a master's degree in public policy analysis in 2000. In Washington D.C. he worked as a policy analyst for the White House Office of Management and Budget. After relocating to Colorado he worked as program analyst for the United State Department of Justice and as senior budget analyst for the Colorado Department of Health Care Policy and Financing until 2007 when he was appointed to the Colorado House of Representatives where he served until December 2014. While in the Colorado House of Representatives, he was elected by his peers to be Speaker of the House of Representatives in 2013. The Chief Financial Officer has general oversight of general accounting and accounts payable, budgeting, disbursement, cash management, financial planning, debt management and risk management.

Controller - Stephen Clawson. Mr. Clawson joined the District in September 2011 as Controller. Prior to joining the District, he was Senior Audit Manager with the CPA firm Clifton Gunderson LLP for four years. His experience includes 15 years of auditing with primary focus on governmental entities including Denver Public Schools, Cherry Creek School District, Aurora Public Schools, Colorado Housing and Finance Authority, Colorado Department of Labor and Employment among others. Mr. Clawson also has experience working with clients in banking and non-profit industries and worked for 6 years with Money Line Financial Services, a national mortgage lender, progressing to Chief Financial Officer. Mr. Clawson is a Certified Public Accountant licensed in the state of Colorado since 1992. He received his Bachelor of Science in Accounting from the University of Utah.

District Employees, Benefits and Pension Matters; Labor Relations

Employees. In order to provide the variety of services required by law, as of November 2016, the District employed 14,058 personnel (headcount), comprised of 10,110 full-time and 3,948 part-time employees (including temporary and administrative leave employees but excluding substitute teachers). The total number of employees includes 5,626 certificated/licensed employees and 8,432 classified employees. Licensed employees include teachers, nurses (RN), psychologists and social workers. Classified employees include administrators, nurses (LPN), health aides, professional/technical staff, secretaries, clerks, counselors, bus drivers, custodians, mechanics, food service, warehouse staff and other non-affiliated staff.

As of November 2016, the District's certified/licensed employees held the following degrees:

Highest Degree Held	Percent of Certified/ Licensed Staff
Bachelor's	37.9%
Master's	58.0
Doctorate	2.3
Other	1.9
Total	100.0%

Approximately 43.5% of the District's classroom teachers are non-probationary, and the average annual salary for teachers is approximately $51,821.

Employee Benefits. The District has developed a comprehensive compensation package for its employees. Available benefits include health, dental and vision, group life and accident, and disability insurance plans to which the District contributes a fixed amount. The District also offers sick leave benefits and other optional benefits. Workers' compensation and unemployment insurance are provided in accordance with State law.

Labor Relations. Teachers are employed by the District pursuant to contracts established by the Board. Approximately 50% of the District's teachers are members of the Denver Classroom Teachers Association (the "DCTA"), the local chapter of the Colorado Education Association and the collective bargaining agent for the District's teachers. In addition, approximately 30% of the District's classified office staff are members of the Denver Association of Educational Office Professionals (the "DAEOP"), an affiliate of the Colorado Education Association. Other District employees are members of several other collective bargaining organizations. Labor relations for the District are accomplished through a process of meeting and conferring by representatives of the Board and representatives of the various employee groups. Recommendations which emanate from this process are then presented to the Board for consideration and decisions on final policy. According to District officials, management/employee relations are currently stable. The current DCTA contract expires on August 31, 2017; the current DAEOP contract expires on July 31, 2019.

Pension Matters. All of the District's employees are members of the Public Employees Retirement Association ("PERA") as a result of the merger and transfer of assets, liabilities, and obligations of the Denver Public Schools Retirement System ("DPSRS") into PERA as of January 1, 2010. The merger was authorized and implemented pursuant to the terms of Senate Bill 09-282 ("SB 09-282") adopted by the State Legislature (the "Legislature) in 2009. See Note 8 to the District's audited financial statements attached hereto as Appendix A for additional information regarding the merger of DPSRS into PERA and other matters with respect to the District's pension plan. At the time of the merger, all of the assets, liabilities and obligations of the DPSRS were transferred into a separate newly created division within PERA known as the Denver Public Schools Division of PERA (the "DPS Division"). The DPS Division is a single-employer defined benefit pension plan administered by PERA. SB 09-282 also established a separate District division within PERA for health care benefits (the "DPS HCTF").

PERA is a cost-sharing multiple-employer defined benefit pension plan that provides retirement and disability, post-retirement annual increases and death benefits for members or other beneficiaries. The District is required by law to contribute to PERA at rates established by State statute. The contribution rates may be changed by the Legislature from time to time. The District's prior and current contribution rates (excluding contributions to the DPS HCTF) are: 17.33% for 2011, 18.23% for 2012, 19.13% for 2013, 20.03% for 2014, 20.93% for 2015, 21.73% for 2016, 22.23% for 2017, and 22.73% for 2018 and thereafter. In addition to the District's contributions to the DPS Division, each member employee contributes 8% of his or her salary. However, these gross contribution rates are reduced to account for payments made by the District on certain outstanding certificates of participation; the calculation of those credits is discussed below. See Note 8 in the audited financial statements attached hereto for a depiction of the District's reduced contribution rates.

SB 09-282 established DPS Division's pension contributions at a rate 3.6% higher than the PERA division that covers all other school districts (the "School Division"). However, effective January 1, 2015, the Legislature reduced the DPS Division's gross contribution rate by 3.6% to equal the School Division Rate. The School Division existed prior to the merger of PERA and DPSRS and the creation of the DPS Division. The rate differential originally was intended to ensure that the DPS Division would reach full funding status after 30 years (as of January 1, 2040). According to PERA's 2015 audited financial statements, the DPS Division's funding status as of December 31, 2015 was 82.1% (assuming an investment rate of return of 7.5%, which was reduced from 8% effective January 1, 2014), which exceeds that of the School Division (60.7%). The assets and liabilities of the DPS Division and the School Division are separate and distinct from each other. The DPS Division is not obligated or responsible to contribute any monies to the School Division; and the School Division is not obligated or responsible to contribute any monies to the DPS Division. However, SB 09-282 does allow for the portability of benefits between the DPS Division and the School Division.

Beginning January 1, 2015, and every fifth year thereafter, the statute provides for a "true-up" to determine if the DPS Division and the School Division are both on track to reach equal funding status at the end of the 30-year period, and provides for an adjustment to the DPS Division contribution rate as needed after each true-up to ensure this will occur. At the time of any true-up, the District's annual pension contributions could increase or decrease. The true up mechanism requires legislative action. Accordingly, at this time, the District cannot predict the timing or effective date of the required true-up or the level of any contribution increases or decreases.

Since 1997, the District has issued several series of certificates of participation to fund its then-existing pension unfunded actuarial accrued liability and to refund certain of its pension-related certificates of participation. As illustrated in "DEBT AND OTHER FINANCIAL OBLIGATIONS--Other Financial Obligations - Certificates of Participation," the District currently has outstanding the 1997 Pension Certificates of Participation (the "1997 Certificates"), the 2011 Certificates of Participation (the "2011 Certificates") and the 2013B Certificates of Participation (the "2013B Certificates"). Pursuant to SB 09-282, the District's required annual pension contributions are reduced by the amount of principal and interest (assumed to be fixed at 8.5% per annum) the District pays each year with respect to the 1997 Certificates, the 2011 Certificates and 2013B Certificates, and any other obligations incurred to refund such obligations (collectively, the "PCOPs Credit"). The District's required annual pension contributions will continue to be reduced by the amount of the PCOPs Credit until the 1997 Certificates, the 2011 Certificates, the 2013B Certificates and any other obligations incurred to refund such obligations are no longer outstanding.

The statute also provides that if the District is in arrears in its payments to PERA, all State funds due to the District are to be reduced by 10%. The District's pension contributions for fiscal years 2015 and 2016 were $12,268,871 and $11,450,384 (excluding $1,764,423 and $1,634,054 contributed for component units), respectively. See Note 8 in the audited financial statements attached hereto as Appendix A.

The following table sets forth the funding status for the DPS Division of PERA for calendar years 2011 to 2015.

Schedule of Funding Progress (in 000's)

Years Ended December 31,	2011	2012	2013(1)	2014	2015
Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Actuarial value of assets (a)	$2,804,706	$2,936,695	$3,075,895	$3,151,456	$3,207,327
Actuarial accrued liability (b)	3,442,527	3,495,549	3,785,895	3,816,094	3,905,420
Total unfunded actuarial accrued liability ("UAAL") (b-a)	637,821	558,854	709,977	664,639	697,913
Funded ratio (a/b)	81.5%	84.0%	81.2%	82.6%	82.1%
Covered payroll	$491,646	$510,872	$547,660	584,319	621,115
UAAL as a % of covered payroll	129.7%	109.4%	129.6%	113.7%	112.4%

(1) Effective January 1, 2014, PERA changed its assumed investment return rate from 8.0% to 7.5% (among other assumption changes used to calculate actuarial values). The change in assumed investment return rate resulted in a decrease in funded ratio for all PERA trust funds, including the DPS Division. Had the assumed investment rate remained at 8.0%, the funded ratio would have been 85.5%.

Source: PERA Comprehensive Annual Financial Reports for the years ended December 31, 2011-2015.

PERA adopted Governmental Accounting Standards Board No. 67, *Financial Reporting for Pension Plans* ("GASB 67"), effective for the year ending December 31, 2014. GASB 67 establishes a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. The actuarial valuation for accounting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process. The primary purpose of the valuation for accounting purposes is to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability. GASB 67 requires a different approach for determining the net pension liability ("NPL") as opposed to the previously disclosed UAAL.

The following table sets forth the DPS Division funding status for 2013 through 2015 using GASB 67. Implementation of GASB 67 requires the inclusion of this information in the Required Supplementary Information section of PERA's CAFR; as a result, it is considered to be unaudited information.

Schedule of Net Pension Liability - DPS Division (in 000's)

Years Ended December 31,	2013	2014	2015
Actuarial valuation date	12/31/13	12/31/14	12/31/15
Total pension liability	$3,792,543	$3,888,361	$3,920,964
Plan fiduciary net position ("PFNP")	3,272,439	3,253,791	3,107,329
Net Pension Liability ("NPL")	$ 520,204	$ 624,570	$ 813,535
PFNP as a % of the total PL	86.29%	83.94%	79.25%
Covered employee payroll	$547,660	$584,319	$621,115
NPL as a % of covered employee payroll	94.97%	106.89%	130.98%

(1) Effective January 1, 2014, PERA changed its assumed investment return rate from 8.0% to 7.5% (among other assumption changes used to calculate actuarial values).

Source: PERA Comprehensive Annual Financial Report for the year ended December 31, 2015.

Actuarially determined contributions ("ADC") have replaced annual required contributions ("ARC") as the gauge of the adequacy of the State's statutory contribution rates. GASB 67 requires the disclosure of the amount of contributions, the ADC amount and the difference between those amounts. The ADC is calculated using the investment rate of return and discount rate assumptions according to the Board's Funding policy (currently 7.5%). An ADC deficiency arises when contributions are less than the ADC. For 2015 and 2016, the DPS Division's ADC deficiency was $40.7 million and $63.4 million, respectively. Over the past six years, the ACD cumulative shortfall in funding (without adjustment for investment earnings) has been $289.6 million. The following table provides a history of employer contributions.

Schedule of Employer Contributions - DPS Division (in 000's)

Years Ended December 31,	2011	2012	2013(1)	2014	2015
Actuarially Determined Contribution rate (a)	11.85%	9.60%	11.53%	9.67%	11.06%
Covered employee payroll (b)	$491,646	$510,872	$547,660	$584,319	$621,115
Annual Increase Reserve contribution (c)	--	--	--	2,633	3,186
Actuarially Determined Contribution (a) x (b) + (c)	58,260	49,044	63,145	59,137	78,881
Contributions in relation to the ADC	11,722	13,145	23,104	18,478	8,494
Annual contribution deficiency	$46,538	$35,899	$40,041	$40,659	$63,387
Actual contribution as a % of covered payroll	2.38%	2.57%	4.22%	3.16%	1.37%

(1) Effective January 1, 2014, PERA changed its assumed investment return rate from 8.0% to 7.5% (among other assumption changes used to calculate actuarial values).

Source: PERA Comprehensive Annual Financial Report for the years ended December 31, 2015.

According to PERA's CAFR for the year ended December 31, 2015, the market value of the assets in the DPS Division was approximately $3.094 billion (a decrease from the $3.254 billion as of December 31, 2014; the market value of assets was $3.266 billion as of December 31, 2013, and $2.992 billion as of December 31, 2012). PERA employs a four-year smoothing technique to value assets in order to reduce the volatility in contribution rates. The impact of this results in 'smoothed' assets that are lower or higher than the market value of the assets depending upon whether the remaining amount to be smoothed is either a net gain or a net loss. Using the market value of the assets in the DPS Division for the year ended December 31, 2015, the funded ratio of the DPS Division was approximately 79.2% (compared to an actuarial value of assets of approximately 82.1%).

Effective with fiscal year 2015, the District was required to apply GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* ("GASB 68"), to its audited financial statements. Among other requirements, the District will be required to report its proportionate share of the total PERA net pension liability in its government-wide financial statements. Fund level statements, including the General Fund statements, will not be impacted by the GASB 68 reporting. Using PERA estimates measured as of December 31, 2015, the District reported net pension liability of $733.8 million as of June 30, 2016 (compared to $568.2 million as of June 30, 2015), and the component units reported an aggregate liability of $79.7 million (compared to $52.8 million as of June 30, 2015). The DPS Division includes the District as the primary government and its charter school component units. The DPS Division net pension liability is allocable to the District and component units based on the percentage of contributions from each employer.

Further information regarding PERA and the DPS Division, including its funding status, can be found at the PERA website: http://www.copera.org. *The reference to the PERA website is included herein for informational purposes only, and information available at such website is not incorporated herein by reference. The District makes no representations regarding the accuracy of the information available at such website.*

Other Post-Employment Benefits. In addition to pension benefits, the School District provides post-retirement life insurance benefits in accordance with the Board of Education Resolution 1643. These benefits constitute other post-retirement benefits ("OPEB") for purposes of Governmental Accounting Standards Board Statement No. 45 ("GASB 45"). The benefit is administered in a non-revocable trust by an independent trustee as a single-employer defined benefit OPEB plan. A separate, audited GAAP-basis OPEB plan report is not available for the plan. A closed group of approximately 4,000 retired employees are eligible for a fully insured life insurance benefit under the Retiree Life Insurance Trust.

Post-employment health insurance is provided under PERA's retiree health program, PERACare.

The District established two trust funds to account for its OPEB liabilities: a Retiree Health Benefit Trust (established in 2005) and a Retiree Life Insurance Trust (established in 2007); and has provided pay-as-you go funding each year. SB 09-282 created a separate Denver Public Schools Health Care Trust Fund ("HCTF") and mandated the transfer of the balance of the Retiree Health Benefit Trust on January 1, 2010, to provide a premium subsidy for health care to benefit recipients choosing to enroll in PERACare. A portion of the School District's PERA contribution (1.02% percent of covered salary) is allocated to the HCTF. Additional information for the HCTF can be found in Note 8 to the audited financial statements attached of the District hereto as Appendix A.

The District's annual required contribution ("ARC") to the Retiree Life Insurance Trust represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Detailed descriptions of the assumptions, post-retirement benefits offered as well as actuarial information with respect to the District's OPEB liabilities can be found in Note 9 and the Required Supplementary Information to the audited financial statements attached of the District hereto as Appendix A.

Facilities and Enrollment

The following table sets forth, for the current school year and the past four school years, the District's total student enrollment (headcount) for Early Childhood Education (pre-kindergarten) through 12th grade.

District Enrollment(1)

School Year	Enrollment	Percent Change
2011-12	81,870	--
2012-13	84,424	3.1%
2013-14	87,595	3.8
2014-15	90,150	2.9
2015-16	91,429	1.4
2016-17	92,331	1.0

(1) Total student enrollment (headcount) for Early Childhood Education through 12th grade.

Source: The District.

The District's current enrollment forecast predicts continued growth through school year 2020 and beyond. The forecast, which is based on statistical modeling by the District, reflects an expected increase over the five-year period of approximately 4,100 students (for K-12 only; excludes preschool/Early Childhood Education numbers). These forecasts are updated annually and are subject to change based upon numerous factors, including population shifts, changes in housing or economic conditions, birth rates, and other unforeseen factors.

In 2008-09, the District began receiving funds from a 0.12% sales tax rate increase approved by Denver voters in 2006 for the purpose of defraying the costs of expanded preschool programs within Denver. The sales tax is administered by The Denver Preschool Program, Inc. ("DPPI"), an independent, non-profit organization created to operate the program under a contract with the City and County of Denver. DPPI allocates sales tax funds to entities operating qualifying preschool programs (including the District) pursuant to annual memoranda of understanding. In fiscal year 2013, District revenue from the sales tax was capped at $5,650,000, fiscal year 2014 was capped at $5,400,000, for fiscal year 2015 District revenue was capped at $6,000,000. At the November 2014 election, Denver voters approved the extension of the existing tax (through 2026) and an increase in the rate of the tax by 0.03%. For fiscal year 2016, District revenue from the sales tax was capped at $7,700,000 and for fiscal year 2017, District revenue is capped at $8,200,000. There is no guarantee that the District's cap will continue to increase in the future or that the District will realize the full amount of the cap in any year as the amount received is based on monthly enrollment, attendance and approval of parent applications.

Facilities. The District operates and maintains a variety of facilities in meeting its obligation to provide an educational program for the school-age children residing within its boundaries. The District's major fixed assets are its school buildings.

For the 2015-16 school year, there were 231 programs, including district-run and charter. This includes 99 elementary schools, 18 K-8 schools, 48 middle schools, 60 high schools (including alternative schools; also note that some middle and high schools may operate as a combined 6-12), and six other support buildings (two transportation complexes, a service center, a data center, food service, and educational support and administration facilities). Some of these schools are charter schools (covering a variety of grades) authorized and overseen by the District. See "Charter Schools" below.

The District opens new schools (including district schools and charter schools) from time to time. New schools are evaluated against standard quality criteria of having a solid research-based educational model, proven school leadership, highly qualified design teams, strong board governance and demonstrated community support.

The District owns or leases 189 facilities spanning approximately 16.1 million square feet of buildings and approximately 2,133 acres of land. The District also owns numerous vehicles, including a fleet of school buses and maintenance and food service vehicles.

The District's staff has recommended that the Board consider changes to how low-performing and charter schools operate. These discussions are ongoing with the Board as a variety of school improvement strategies are considered to create additional high performance seats across the District.

Charter Schools. Under State law, the District may contract with individuals and organizations for the operation of charter schools within the District. For purposes of the School Finance Act, pupils enrolled in a charter school authorized by the District are included in the pupil enrollment of the District. Charter schools are financed in part from a portion of the District's revenues received under the School Finance Act and amounts derived from the District's mill levy override property taxes, each as discussed herein. The District is required to pay a charter school a certain percentage of per pupil revenues for each pupil enrolled in such charter school, less certain central administrative overhead costs. Charter schools have separate governing boards, but the District's Board must approve all charter school applications. The District has 56 operating charter schools for school year 2016-17.

For accounting purposes, the charter schools are component units of the District; however, the District is not financially responsible for their operations or outstanding obligations. See Note 14 in the audited financial statements attached hereto as Appendix A for a further description of the finances of the charter schools, including their long-term obligations.

Each charter school is responsible for its own operation, including but not limited to, preparation of a budget, contracting for services and personnel matters. Services for which a charter school contracts with the District are negotiated and provided by the District at cost. No rent may be charged by the District for use of District facilities which are available for use by the charter school.

State law created the Charter School Institute as an alternative mode of authorizing charter schools. No charter schools have been authorized by the Charter School

Institute within the District. By statute, the District has sole chartering authority for charter schools seeking to operate within the District.

District Capital Plans

Strategic Regional Analysis. The District continually assesses its capital needs. Each spring and fall, the DPS Planning & Analysis department provides a Strategic Regional Analysis (SRA), an in-depth analysis specifically looking at trends in school and program quality, specific program needs in particular regions (e.g. preschool, intensive pathways, etc.), and growth and demand for programming. This analysis, along with guidance from parents and communities, drives strategies and staff recommendations to the Board regarding school quality improvements, new school approval and placement, allocation of capital funding for facility improvements, and enrollment and boundary decisions.

2016 General Obligation Bond Program. Recognizing that there is a significant need for capital investment to address critical facility needs, add new capacity and increase technology in classrooms District-wide, in August 2016, the Citizens Planning and Advisory Committee ("CPAC") recommended to the Board that a referendum be placed on the ballot asking Denver voters to consider a $572 million general obligation bond package. Through this process, the CPAC analyzed four categories of bond investment, Maintenance, New Capacity, Quality Learning Environments and Technology and Safety to respond to pressing needs.

At the November 2016 election (the "Election"), Denver voters approved bond and mill funding measures for students in the District, agreeing to invest $572 million in bond funding to build and improve schools. In early 2017, the District issued $466,675,000 of bonds pursuant to that authorization. Separately, voters also approved $56.6 million in operating dollars to support proven initiatives, such as early literacy in the form of a mill levy override.

A summary of the approved 2016 bond investments includes the following projects. The Board may, in its discretion, reallocate funds among projects within the purposes approved at the Election.

- Approximately $252 million investment in maintaining facilities, including funding for critical maintenance items that are necessary for the safe operation of schools. Approximately half of District facilities were built before 1969; the oldest buildings are also the largest, encompassing about 2/3 of the District's total square feet. This investment also includes $70 million to provide cooling solutions for 79 schools with partial or no air-conditions (including classroom air-conditioning at the hottest 18 buildings) and $26 million in sustainability, such as converting the entire District to LED lighting.

- Approximately $142 million of investment in constructing new schools and creating additions to existing schools to support the projected 4,000-student enrollment increase by 2020. This investment includes building a new campus in Far Northeast Denver to address elementary and middle school enrollment needs, expanding a campus in Far Northeast Denver to address high school enrollment needs, creating an early childhood center at Place Bridge Academy and expanding five proven programs that are over capacity by a total of 500 seats.

- Approximately $108 million to upgrade learning environments at the district's older facilities, including focused investments at the District's large "baby boomer"-era secondary facilities that have received minimal visible updates or remodels in recent decades. This includes Abraham Lincoln, Thomas Jefferson, John F. Kennedy and George Washington high schools. This investment additionally includes a flexible award to 151 schools/programs averaging $90,000 to make targeted improvements such as new, personalized furniture or upgrading classrooms to science labs.

- Approximately $70 million of investment to increase student technology access, which will significantly bolster the number of schools offering one device per student as well as the number of schools allowing students to take a device home.

<u>Agreements with Denver Urban Renewal Authority</u>. The District has entered into numerous agreements with the Denver Urban Renewal Authority ("DURA") and other entities involved in the redevelopment of the former Lowry Air Force Base and Stapleton International Airport sites. A description of those agreements is set forth below.

Redevelopment of Stapleton and Lowry Sites. In June 2004, the District entered into agreements with DURA and other entities involved in the redevelopment of the former Lowry Air Force Base and Stapleton International Airport sites. Pursuant to those agreements, DURA and such other entities agreed to reimburse the District from tax increment revenues for costs incurred in connection with the construction of an elementary school at Lowry and one elementary school at Stapleton; those reimbursements amount to $1 million per year for each school and began in calendar year 2006. DURA made the final reimbursement for payment of the construction of Lowry Elementary School under the original funding agreement in March 2015, and continues to make reimbursement payments related to the elementary school at Stapleton. In September 2014, the District entered into a supplemental agreement with DURA to reimburse the District for costs incurred in the connection with the expansion of the original Lowry Elementary School due to continued development near the Lowry redevelopment site.

The agreements required that DURA or other entities provide sites and fund the costs of constructing three additional elementary schools and a middle school or four K-8 schools at the Stapleton site from tax increment revenues derived by DURA from the redevelopment of the respective sites. DURA funded the second Stapleton school (which opened in 2006) with the proceeds of tax increment bonds. The District subsequently determined that the capacity of District facilities in Stapleton would not be sufficient to accommodate continued growth as of 2010-11. In May 2010, the District entered into agreements with DURA and Forest City Enterprises ("Forest City"), the Stapleton master redeveloper, providing that a third school would be built in Stapleton using up to $9 million in bond proceeds from a 2008 ballot issue to be advanced by the District, approximately $5.4 million previously contributed by Forest City and an additional $5 million advance from Forest City. DURA agreed to repay the amounts advanced by the District and Forest City from tax increment revenues derived within Stapleton. The third Stapleton school, Swigert-McAuliffe, opened in August 2011. DURA finished repaying DPS for the amounts advanced for the third school, Swigert-McAuliffe in December 2014.

In August 2013, the District, DURA, the City of Denver and Park Creek Metropolitan District entered into an additional agreement in connection with the construction and equipping of one elementary school and one K-8 school, certain street improvements and athletic fields to be located in Stapleton. These projects were funded with the proceeds of the Certificates of Participation, Series 2013C (the "2013C COPS," discussed in "DEBT AND OTHER FINANCIAL OBLIGATIONS--Other Financial Obligations - Lease Purchase Obligations"). Conservatory Green is an ECE-8 school with a capacity of 950 students. Conservatory Green opened in August 2014 housing two separate programs - High Tech Elementary School and one campus of the Denver School of Technology Middle School. Isabella Bird Community School Elementary, a new ECE-5 school opened in August 2014; the school has a capacity of 650 and is designed to expand to an ECE-8 school in the future. DURA is required to reimburse the District from available tax increment revenues, if any, for specified costs incurred in connection with these improvements. DURA's authority to collect tax increment revenues derived within Stapleton will terminate in 2025.

Development of Northfield Area of Stapleton. Additional infrastructure and school facilities are needed to support the final development at Stapleton (Northfield). DPS is currently forecasting a need for two additional elementary school facilities in Stapleton over the next four to five years, to meet the enrollment demand from the anticipated final build-out of the development (approximately 2,800 residences). The first new facility is the Stapleton Street Park School project to be funded with the proceeds of the 2017A Certificates; that school is expected to be needed in 2018 to meet elementary capacity needs for an additional 820 to 950 students. The Stapleton development plans have designated tax increment ("TIF") funds generated within the development to provide funding for construction of the first school.

The District currently plans to enter into the Lease and the 2017A lease to fund acquisition of a school site, construction of the new school and construction of other required public infrastructure. See "SOURCES AND USES OF FUNDS--The Project." Pursuant to a proposed funding agreement with the City and DURA, the District expects to receive TIF revenues sufficient to support its payments under the associated lease-purchase agreements.

Other DURA Agreement. The District has additional agreements with DURA to provide for the payment of costs incurred by the District due to the increased demand for and needs of schools in two new urban renewal areas of the city. Development in east Denver at the former location of the University of Colorado Health Sciences Center and northwest Denver at the site of the former St. Anthony's Medical Center is underway.

District Insurance Coverage

The Board acts to protect the District against loss and liability by maintaining combined liability and property insurance coverage through the Colorado School Districts Self Insurance Pool (the "Pool"). Pool assets consist primarily of direct obligations of the United States government or funds collateralized by such obligations. For more information, see Note 10 of the District's financial statements attached hereto as Appendix A. For the prior three years, the amount of claims payments for property and liability insurance has not exceeded the amount of insurance coverage. The District also has a self-funded workers' compensation program with the State. This program requires the District to pay the first $550,000 of each loss; Arch Insurance Company is the insurance carrier for excess coverage. In addition to the insurance coverage described above, the Colorado Governmental Immunity Act provides the District with substantial protection from liability. See “LEGAL MATTERS--Sovereign Immunity.” In the opinion of the District, the insurance coverage described above provides adequate insurance protection for the District.

DISTRICT FINANCIAL OPERATIONS

The School Finance Act and Total Program Funding

General. School districts in Colorado are funded pursuant to the terms of the Public School Finance Act of 1994, as amended (the "School Finance Act"). The School Finance Act requires that all school districts operate under the same financing formula. The School Finance Act has been amended every year since its adoption.

In recent years, the Legislature has made amendments to the various formulas embedded in the School Finance Act in response to severe State budget difficulties; those amendments have negatively impacted the amount of State funding available to districts pursuant to the School Finance Act. It is possible that future legislative amendments to the School Finance Act will further erode State support of public education. It also is possible that future legislative amendments will take the form of more substantial modifications or even the complete revamping the school finance system in the State, rather than changes to the existing embedded funding formulas. Any such actions could have a detrimental effect on the District's future operations.

Sources of Total Program Funding. Total Program Funding is provided by (a) local sources of revenue consisting of property taxes and specific ownership taxes (a State-imposed tax on motor vehicles which is shared with local governments), and (b) if necessary to fund any shortfall, State funds in the form of State "equalization" payments.

The District's share of the cost of its Total Program Funding is derived from its property tax mill levy (imposed in compliance with TABOR) and specific ownership tax receipts. The State's share of the cost of the District's Total Program Funding each year is equal to the amount by which the Total Program Funding calculation exceeds the District's local revenue amounts for that year, assuming 100% collection of the local revenues.

Total Program Funding Formula. The amount of annual Total Program Funding revenue allowed under the School Finance Act is determined by a statutory formula. Every school district in the State is allocated the same "base" dollar amount of per-pupil funding. In addition, the Statewide base per-pupil funding amount and the funding for categorical programs are required to increase by at least the rate of inflation pursuant to a State constitutional amendment adopted in 2000 and implemented in 2001 (the "School Amendment"). The School Amendment provides that funding be derived from all revenues collected from 1/3 of 1% of the State's existing income tax. The Legislature may appropriate funds only to increase funding in preschool through twelfth-grade education or for purposes specifically stated in the School Amendment. The funds may not be used to reduce the previous level of General Fund appropriations for Total Program Funding and categorical programs.

For the past five years and the current fiscal year, the School Finance Act provided for the following "base" amounts per pupil:

Historical Base Per Pupil Funding

	Per-Pupil Funding Amount			
Fiscal Year	Base Amount	Addition	Total	Addition Due To:
2011-12	$5,530	$105	5,635	Inflation (1.9%)
2012-13	5,635	208	5,843	Inflation (3.7%)
2013-14	5,843	111	5,954	Inflation (1.9%)
2014-15	5,954	167	6,121	Inflation (2.8%)
2015-16	6,121	171	6,292	Inflation (2.8%)
2016-17	6,292	76	6,368	Inflation (1.2%)

For 2017-18, the base per-pupil funding is expected to be $6,546.20, which includes an inflationary increase of 2.8% (or approximately $178 per pupil).

Each school district's base per-pupil amount is adjusted pursuant to a formula set forth in the School Finance Act to account for differences among school districts. Adjustments are made for cost of living, school district size and personnel costs. Upward adjustments are also made for on-line students and "at risk" students (generally defined as students who qualify for the federal free lunch program). A downward adjustment is made by the State to all K-12 funding in an amount sufficient to balance the State budget (the "negative factor"). Application of the negative factor reduces each district's State aid by a proportional amount. Application of the negative factor, together with other statutory provisions, has had the effect of decreasing the State share of the Total Program Funding and increasing the local share.

Notwithstanding the adjustments described above, the Legislature has established a minimum amount of annual per pupil funding equal to 95% of the "minimum per pupil funding base" calculated in accordance with State law. In 2010, the Legislature enacted legislation suspending the statutory requirement that no school district receive less in State aid than an amount established by the Legislature in the annual general appropriation act for fiscal years 2010-11 to 2014-15. It is possible that similar legislation will be adopted in the future in response to financial difficulties at the State level.

The per pupil amount of funding is multiplied by each school district's "funded pupil count" to arrive at the school district's Total Program Funding. "Funded pupil count" consists of the sum of a school district's (a) pupil enrollment as calculated in October of the applicable school year (or, if the school district's enrollment is declining, the pupil enrollment may be determined by using average October pupil counts as specified by law), (b) on-line pupil enrollment, (c) preschool enrollment, kindergarten enrollment and supplemental kindergarten enrollment as specified by statute, and (d) extended high school enrollment as specified by statute.

The School Finance Act restricts each school district's annual Total Program Funding per pupil funding to no more than 125% of its prior year Total Program Funding per pupil before the negative factor. TABOR also may restrict overall school district revenues to no more than 100% of the prior year revenue, adjusted for inflation and for pupil growth.

Funding of the State's Share of Total Program Funding. The Legislature is to make annual appropriations to fund the State's share of the Total Program Funding of all school districts. The availability of State funds to school districts may be affected by actions of the

Legislature and by the cash position of the State itself. The ability of the State to fund the Total Program Funding of all State school districts may be impacted by numerous factors beyond the control of the State and the District, including general economic conditions, other State program increases, unemployment, the rate of economic growth, and tourism. In the event that the State's appropriation for its share of the Total Program Funding of all school districts is not sufficient to fully fund such share, the State Department of Education must submit a request for a supplemental appropriation in an amount which will fully fund the State's share during the fiscal year in which such insufficiency occurs. If a supplemental appropriation is not made, the School Finance Act states that a percentage reduction in State aid to all school districts receiving State aid is to be made.

In 2003, the State Office of Legislative Legal Services issued an opinion stating that the School Amendment does not limit or restrict the Legislature's ability to set the level of appropriations for public education or rescind a portion of the General Fund appropriation for Total Program Funding for public schools. This opinion is not binding and represents only the legal advice currently being provided to the Legislature; however, it could be relied upon by the Legislature to decrease the amount of State aid to public education in the future.

Uses of Total Program Funding. The Board has the discretion to determine how the District's Total Program Funding will be expended. In prior years, State law required districts to set aside specific amounts for instructional supplies and materials and for capital and risk management (insurance) reserves. Those funding requirements were eliminated for fiscal years 2010 and thereafter. However, any balances remaining in the accounts from previous allocations must be budgeted for those specific purposes. The District has continued to fund the capital and risk management reserves as well as setting aside amounts for instructional supplies and materials as allowed by available funds.

Changes to State Laws. Colorado's public school finance laws are subject to review and examination through the judicial process, and are subject to legislative changes as well. Appropriation decisions regarding the State's share of Total Program Funding are made on an annual basis by the Legislature.

All school districts in Colorado were severely impacted by cuts in State funding for the School Finance Act in recent years, beginning with a State budget shortfall in excess of $1.4 billion for fiscal year 2010. Various mandated rescissions and the introduction of the negative factor were implemented to deal with the State's budget difficulties. The Legislature included the negative factor in the Total Program Funding formula beginning in fiscal year 2010-11 in order to assist the State in balancing its budget due to the economic downturn. The total amount of the negative factor was approximately $1 billion. As a result of these actions, the District's per-pupil funding under the School Finance Act declined in fiscal years 2010 through 2012 before beginning to increase again in fiscal year 2013. For fiscal year 2014-15, the State appropriated approximately $110 million against the negative factor; the 2015 Legislature adopted legislation authorizing an additional $14 million in negative factor "buydown" during fiscal year 2014-15. In fiscal year 2015-16, an additional $25 million was appropriated for "buydown" of the negative factor. The negative factor for fiscal year 2016-17 was budgeted as approximately $830.7 million and was budgeted as approximately $828.3 million for 2017-18.

There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws (including but not limited to the School Finance Act), provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District.

Other Sources of School District Revenue

Additional Property Taxes. In addition to property taxes levied to fund a school district's portion of Total Program Funding, school districts may impose certain other levies with the approval of local voters. The proceeds of these mill levies are not included in the Total Program Funding calculation.

Override Levy. School districts are permitted to receive additional property taxes for general operating uses pursuant to a separate mill levy (an "override levy"). For override levies approved prior to 2009, a school district's override revenues cannot exceed, generally, 20% of its Total Program Funding, or $200,000, whichever is greater. Override levies voted in 2009 or later cannot exceed, generally, 25% of the district's Total Program Funding or $200,000, whichever is greater, if specified information is filed with the State Department of Education prior to the election. Override mill levies also increase a district's share of the specific ownership tax.

The District's electors have approved numerous override levies for various specified purposes, most recently at the Election. Approved mill levy overrides include: November 2003 ($20 million beginning calendar year 2004) to support various programs; November 2005 ($25 million in calendar year 2006, growing by inflation to $27,587,957 in calendar year 2011) to support the professional compensation system for teachers; and November 2012 (up to $49 million in calendar year 2013 and whatever is raised from a 4.86-mill levy in each year thereafter) to support early childhood education, enrichment programs such as art, music and physical education, and technology; and November 2016 (up to $56.6 million in calendar year 2017, increasing thereafter to provide funding at the maximum level of 25% of Total Program Funding) to support early childhood reading programs, mental health professionals, expanded technology access, teacher training programs, teacher recruitment and college and career programs.

Bond Redemption Levy. School districts also may impose a separate mill levy for purposes of generating revenues for the Bond Redemption Fund. Property taxes imposed for the repayment of general obligation debt are received and accounted for separately from property taxes imposed to finance the Total Program and pursuant to override authorization. The District currently imposes a bond redemption mill levy for purposes of paying debt service on its general obligation bonds.

Other Authorized Levies. Additional property tax levies authorized by law include special building and technology, transportation levies, debt-free schools capital construction and full-day kindergarten levies. Each of those mill levies must be imposed in amounts authorized by law and must be used for specific purposes. The District does not currently impose any of these additional levies.

Other State Revenue - Categorical Programs. In addition to the State equalization payments made pursuant to the School Finance Act, school districts may receive State funding to pay for specific programs designed to serve particular groups of students or particular student needs, such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education. Such programs are known as "categorical" programs. The District receives various levels of State funding to pay for such programs.

Fees. Pursuant to the School Finance Act, any fee collected by a school district for a specific purpose to be spent only for that purpose. For example, if a district imposes a $100 fee for athletics, all money collected from that fee must be used for athletics. In addition, school districts must disclose whether a fee is voluntary or mandatory and what activities a child will be excluded from for failure to pay the fee. The District imposes various such fees.

Miscellaneous Revenue Sources. The District also receives General Fund revenues from specific ownership taxes (levied by the State on owners of motor vehicles), interest income, tuition, other charges for services and other miscellaneous sources.

District Funds and Accounts

Funds and Accounts Mandated by State Law. The basic format for the financial operation of Colorado school districts is provided by State law, which creates the following funds: the General Fund, the Bond Redemption Fund, the Capital Reserve Fund, the Insurance Reserve Fund (which may be an internal service fund or an account in the General Fund to satisfy generally accepted accounting principles ("GAAP")), the Special Building and Technology Fund, the Transportation Fund and the Full Day Kindergarten Fund. Interpretive regulations of the State Board of Education also authorize the use of additional funds. Some school districts also maintain certain Special Revenue Funds, Enterprise Funds and Internal Service Funds. The bulk of the financial operations of most school districts, including the District, are conducted through the General Fund.

General Fund. The bulk of the financial operations of most school districts, including the District, are conducted through the General Fund. The General Fund contains all revenues of the District not attributable to its other established funds. The majority of these revenues are derived from the District's general property tax levy and from State aid. TABOR requires each school district to establish emergency reserves constituting 3% of fiscal year spending. See "LEGAL MATTERS--Certain Constitutional Limitations."

Pursuant to State law, the District's budget must ensure that the TABOR reserve requirement is met by holding unrestricted General Fund or cash fund emergency reserves; except that a district may designate property owned by the district as all or a portion of the required reserve subject to certain statutory requirements.

Bond Redemption Fund. The Bond Redemption Fund contains the revenues from property tax levies for the purpose of satisfying, when due, the principal and interest obligations on any debt of a school district. The Bond Redemption Fund may also include certain other voter-approved tax revenues imposed to pay long-term obligations authorized by law. In accordance with State law, the District has designated Wells Fargo Bank, National Association in Denver, Colorado, as the custodian of its Bond Redemption Fund. The Custodian is responsible for making debt service payments on the District's general obligation bonds from the Bond Redemption Fund.

Capital Reserve Fund and Risk Management Reserves. The Capital Reserve Fund and the Insurance Fund (which may be an internal service fund or an account of the General Fund) receive the majority of funding from an allocation of a portion of the District's Total

Program Funding. Beginning in fiscal year 2009-10, the School Finance Act eliminated required minimum allocations to these funds; however, school districts may continue to make allocations to the funds as determined by the annual budget.

Primary Sources of General Fund Revenue

Local and State Shares of General Fund Revenues. The percentage of revenues derived from local, State and other sources for each school district varies depending upon the local tax base and other factors relevant to each school district.

Local Sources. For fiscal years 2014-15 and 2015-16, approximately $451.9 million and $541.9 million (comprising approximately 55.1% and 62.1%, respectively, of the District's General Fund revenues was derived from local sources (including property taxes, specific ownership taxes, charges for services, investment income and other local sources).

The primary local source of General Fund revenues is the District's General Fund levy (described below). Other sources of General Fund local revenue received by the District include the District's share of the annual specific ownership tax levied by the State on owners of motor vehicles, interest income earned on the District's investments, tuition and miscellaneous income.

Calculation of Local Share Mill Levy. The District's mill levy for its share of Total Program Funding is limited by the School Finance Act to the lesser of (i) the number of mills levied by the District for the immediately preceding property tax year, or (ii) the number of mills necessary to generate property tax revenue in an amount equal to Total Program Funding for the applicable budget year, less the amount of specific ownership tax revenue paid to the district; or (iii) 27 mills. The effect of the formula is to increase the portion of Total Program Funding paid from local property tax revenues and to decrease the State's share of Total Program Funding.

This formula does not impact the District's ability to levy taxes to pay debt service on its outstanding general obligation bonds; the debt service mill levy is entirely separate from the Total Program Funding calculation.

Mill Levy Information. The District's General Fund levy includes its operating mill levy, its override levy and any delinquent taxes, penalties and interest associated with those levies. The District's General Fund levy in fiscal years 2014-15 and 2015-16, respectively, yielded collections of $372,016,127 and $455,211,641, or 45.4% and 52.1% of the total revenue in the General Fund, respectively, making it the largest source of revenue to the District. For 2016-17, the District has budgeted approximately $458.3 million in General Fund levy revenues.

State Sources. For fiscal years 2014-15 and 2015-16, approximately $367.1 million and $330.1 million (or 44.8% and 37.8%), respectively, of the District's General Fund revenues was derived from State sources, including State equalization payments.

State equalization payments are the second largest source of revenues in the General Fund. The following sets forth State equalization payments received by the District for the past five years.

State Equalization Payments

Fiscal Year Ended June 30	State Equalization Payment	Percent Change
2012	$234,783,298	--
2013	257,727,050	9.8%
2014	282,036,930	9.4
2015	331,433,138	17.5
2016	294,025,391	(11.3)

Source: The District.

State equalization payments received by the District for fiscal years 2014-15 and 2015-16, represented 40.4% and 33.7%, respectively, of General Fund revenues. The District has budgeted to receive approximately $308.5 million in State equalization payments in fiscal year 2016-17.

CDE audits school districts regularly and requests the return of State funds if it determines that such an action is warranted. CDE audits of the District's enrollment have been completed and accepted for the 2013-14 and 2014-15 school years; the District returned funds for both years in the amount of $436,510. Any amounts due to the State as a result of those audits have been set aside from prior year funds, and amounts due from District charter schools will be reduced from future funding to be paid to those charter schools.

Cash Flow Measures

The salaries of most District employees are paid over a 12-month period, and most District expenses occur on a relatively consistent monthly basis. A significant portion of District revenue, however, is received from March through June, when property taxes are paid by District taxpayers. Accordingly, the District typically experiences cash flow shortages from October until tax collections begin in March of the following year.

Colorado school districts (including the District) typically address this problem by (i) borrowing funds from the State pursuant to a special State loan program designed to alleviate cash flow management problems (the "State Program," described below); (ii) transferring funds to the general fund from other district funds on a short-term basis; or (iii) borrowing funds on a short-term basis through the issuance of tax anticipation notes.

Under the State Program, the State Treasurer is directed to provide sufficient funds in the form of no-interest or low-interest loans from the State general fund to any district which applies for such funds and which does not have moneys available for expenditure, in each month of the budget year, equal to at least one-twelfth of the amount of the Total Program Funding to which it is entitled for the fiscal year. There are certain limits on the receipt and use of such loans. Any district receiving a loan under this program must begin to repay the loan to the State when the monthly property tax revenues and State aid received exceed one-twelfth of the amount of Equalization Program Funding to which such district is entitled for the budget year, and all loans must be repaid prior to June 25 of the State fiscal year in which the loan was made. A lien in the amount of any loan attaches to any district property tax revenues (except Bond Redemption Fund revenues) collected during the State fiscal year (which runs from July 1 through June 30) in which the loan was made; that lien has priority over all other expenditures from such revenues until the loan is repaid in full. Districts receiving loans from the State Program also are subject to audit by the State and can be penalized through the withholding of State aid in the event an audit finds that loan proceeds were used in a manner not allowed by law. The Legislature may change the terms of the State Program at any time or abolish it altogether.

State law allows the State to issue tax and revenue anticipation notes and to loan the proceeds of such notes to school districts under the State Program. Each district participating in the State Program must issue a note to the State Treasurer granting a first lien on all of the District's General Fund ad valorem tax revenues received between March 1 and June 30; that lien has a priority over all other expenditures. Each participating school district must pay all of its General Fund tax revenues received between March 1 and June 30 to the State Treasurer until its note is paid in full. Accordingly, participating districts have no property tax revenues available to pay ongoing expenses until their notes are fully paid. Districts may borrow sufficient funds to cover their expenses during the time required to repay their notes.

The District historically has participated in the State Program every year. During fiscal years 2015 and 2016, the District received loans in the total amounts of $163.6 million and $197.0 million, respectively. All of the District's past loans from the State Program have been repaid in a timely manner. The District is authorized to borrow up to $248 million from the State Program in fiscal year 2017; borrowing began in October 2016.

Budget Process

The District is required by State law to adopt an annual budget which presents a complete financial plan for the ensuing fiscal year. At the time of adoption, the Board is required to adopt a resolution specifying the amount of money appropriated to each fund. The proposed budget and a statement describing the major objectives of the educational program for the ensuing fiscal year must be submitted to the Board no later than thirty days prior to the start of the fiscal year, i.e., on or before June 1. Within ten days after submission of the proposed budget, the Board must publish a notice stating that the proposed budget is available for inspection, that any District taxpayer may file or register objections to the proposed budget at any time prior to its adoption, and that the Board will consider adoption of the proposed budget at a designated meeting of the Board. Formal adoption of the budget is required by resolution by the Board by June 30 of each year. The Board may review and amend the budget with respect to both revenues and expenditures at any time prior to January 31 of the fiscal year for which the budget was adopted.

The District is prohibited from expending any moneys in excess of the amount appropriated by resolution for a particular fund. When money for a specific purpose, other than ad valorem taxes, subsequently becomes available, a supplemental budget for expenditures not to exceed the amount of said money may be adopted and appropriation of said money may be made therefrom. Such procedure is applied to unbudgeted revenues from State and federal sources.

Districts are prohibited from providing for expenditures in excess of available revenues and beginning fund balances and the Board is required to review the financial condition of the District at least quarterly. Districts are required to annually prepare an itemized reconciliation between the fiscal year-end fund balances based on the budgetary basis and the fiscal year-end fund balances based on a modified accrual basis of accounting (utilizing GAAP).

Districts also are required to adopt a resolution authorizing and explaining any use of beginning fund balance authorized for expenditure in the budget.

Pursuant to the provisions of the School Finance Act, during any budget year, if the Board determines that the anticipated revenues specified in the budget and the amounts appropriated in the budget for expenditure exceed the actual revenues available to the district due, in whole or in part, to action by the general assembly or the governor relating to the State appropriation for the Total Program Funding under the School Finance Act, the Board may declare a fiscal emergency in such budget year. A declaration of emergency may only occur upon an affirmative vote of two-thirds of the members of the Board at a public meeting held after a duly noticed public hearing. If a fiscal emergency is declared, the Board may implement a reduction in salaries for all employees of the district on a proportional basis or may alter the work year of such employees. This reduction in salaries is permitted to be made notwithstanding provisions of State law which otherwise prohibit the Board from changing or modifying teacher salary schedules during a school year.

Financial Results and Budget

General. The following table sets forth a comparison of the General Fund actual results for the fiscal year ended June 30, 2015, the General Fund actual results for the fiscal year ending June 30, 2016; and the amended General Fund budget for the fiscal year ended June 30, 2017.

Beginning in fiscal year 2015-16, the District is reporting its budget on a modified accrual (GAAP) basis. In previous years, the District's budget used the budgetary basis of accounting. Additional financial information for the District, including historic budgets and audited financial statements can be found on its website, currently at http://financialservices.dpsk12.org/welcome/financial-transparency.

Reserve Policy. In accordance with TABOR, District maintains an emergency reserve of 3% of fiscal year spending by designating real property owned by the District in lieu of cash. Additionally, in accordance with Section 22-44-105, C.R.S., the District established an emergency cash reserve as restricted fund balance in the General Fund equal to 3% of budgeted general fund revenues. See Note 12 in the audited financial statements attached hereto as Appendix A for a description of amounts restricted for these reserves. Further information relating to the General Fund, as well as certain other Funds of the District may be found in the District's audited basic financial statements in Appendix A.

General Fund Financial Summary (in 000's)

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Budget(1)
REVENUE			
Property Taxes	$372,015	$455,212	$513,715
Specific Ownership Taxes	36,830	40,304	43,254
Other Local Support	43,091	46,390	22,591
State Equalization	331,433	294,025	297,994
State Categorical	35,698	36,046	31,479
Federal Revenue	1,018	1,022	1,000
Other Revenue	--	--	2,892
Total Revenue	820,085	872,999	912,925
EXPENDITURES			
Salaries	455,498	495,472	498,777
Employee Benefits	50,314	58,846	62,817
Purchased Services	71,399	52,722	46,799
Charter Schools	105,140	120,587	145,165
Supplies & Materials	53,803	87,217	49,124
Property	8,371	7,910	5,155
Other expenses	3,600	420	17,132
Debt Service	59,238	60,839	64,555
Interfund transfers (net)	12,942	996	(4,875)
Total Expenditures	820,305	885,009	884,648
Net change in fund balance	(220)	(12,010)	--
Fund balance - beginning	106,773	106,553	--
Fund balance - ending	$106,553	$94,543	--
Appropriated reserves			75,612
Total Appropriation			$960,260

(1) As amended.

Source: The District.

The District is in the process of formulating its budget for fiscal year 2017-18. The Board will consider a proposed budget in April 2017 and will adopt a final budget in May 2017. The Legislature has not yet considered a school finance bill for fiscal year 2017-18; accordingly, the District's proposed budget includes assumptions regarding per-pupil funding, the magnitude of the negative factor and other matters. The District has conservatively estimated a $75 million increase in the negative factor for fiscal year 2017-18; the Legislature currently is considering a negative factor increase of approximately $48.8 million, although that number may change during the legislative process. The District will adjust its budget prior to final adoption to account for legislative actions. The District is also monitoring the potential impact of proposed federal budget cuts to education programs. If adopted as currently proposed, federal budget cuts could negatively impact the District's programs by $5 million to $10 million. Should federal budget cuts be realized, the District will consider whether to terminate certain existing programs that receive federal funds or whether to fund them through the General Fund.

Accounting Records and Financial Statements

General. The District accounts for its financial operations in compliance with State law. All funds are audited on a fiscal year running from July 1 to June 30. The annually audited financial statements must be submitted to the Board within five months after the end of the fiscal year and filed with the State auditor and the commissioner of education 30 days after receipt by the District. If the District fails to file an audit report with the State auditor, the State auditor may, after notice to the District, notify the County Treasurer holding moneys of the District (if any) and authorize such treasurer to prohibit release of such moneys until the District files the audit report with the State. The District's fiscal year 2016 audit was filed on time.

Awards. The District received the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association ("GFOA") and the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International ("ASBO") for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2015. Such certificates are the highest form of recognition in the area of governmental finance reporting and are awarded to governmental entities whose comprehensive annual financial reports are judged to conform substantially to program standards. The District has received a Certificate of Achievement from GFOA for 30 consecutive fiscal years and has received the Certificate of Excellence from ASBO for 16 consecutive years.

History of Revenues, Expenditures, and Changes in Fund Balance

General. Set forth in the following table is a five-year comparative statement of revenues and expenditures for the General Fund, including the beginning and ending fund balances for each year. The information has been derived from the District's audited financial statements for the fiscal years ended June 30, 2012 through 2016. This table should be read in conjunction with the District's audited basic financial statements and accompanying notes for the year ended June 30, 2016, which are attached hereto as Appendix A. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

In accordance with Board policy requiring periodic changes in auditors, the District's fiscal year 2014 through 2016 financial statements were audited by BKD, LLP. The financial statements for the other two years shown in the following table were audited by CliftonLarsonAllen LLP, independent certified public accountants, Greenwood Village, Colorado.

The District previously reported the activity of the Risk Management Fund as an internal service fund. Beginning in fiscal year 2014-15, the District opted to being reporting the Risk Management Fund in the General Fund. Accordingly, the General Fund reported a reclassified beginning balance of $106,772,358, which is equal to the addition of the net current assets and current liabilities previously reported in the internal service fund.

Management Discussion and Analysis. For a detailed discussion and analysis of the District's operations for fiscal year 2016, see the Management Discussion and Analysis in the District's audited basic financial statements for the fiscal year ended June 30, 2016, which are attached hereto as Appendix A.

General Fund – History of Revenues, Expenditures, and Changes in Fund Balance

	Years ended June 30,				
Revenues	2012	2013	2014	2015	2016
Beginning Balance (GAAP) (1)	$116,513,738	$98,865,437	$114,417,389	$106,772,358	$106,552,800
Local Revenue Sources					
Property Taxes	316,037,748	359,990,084	375,711,637	372,016,127	455,211,641
Specific Ownership Tax	27,021,138	30,035,934	33,376,380	36,829,684	40,303,943
Other Local Sources (2)	27,106,768	32,508,803	35,472,939	43,090,604	46,390,080
Total Local Sources	370,165,654	422,534,821	444,560,956	451,936,415	541,905,664
State Revenue Sources					
State equalization	234,783,298	257,727,050	282,036,930	331,433,138	294,025,391
State categorical	21,506,047	21,305,207	25,669,527	35,697,951	36,046,063
Total State	256,289,345	279,032,257	307,706,457	367,131,089	330,071,454
Federal Revenue Sources	7,863,578	7,573,147	922,508	1,017,755	1,021,504
Total Revenue	634,318,577	709,140,225	753,189,921	820,085,259	872,998,622
Operating Transfers In	1,567,163	3,631,681	67,042	6,785,586	8,931,274
Par amount of COPS	--	536,855,000	--	--	--
TOTAL RESOURCES	752,399,478	1,348,492,343	867,674,352	933,643,203	988,482,696
Expenditures					
Instruction	326,490,335	364,156,448	418,723,429	435,036,390	466,866,692
Supporting Services	118,705,976	128,415,092	136,988,932	162,817,165	182,740,475
Business Supporting Services	112,784,548	122,895,418	139,169,191	139,814,946	158,815,938
Community Services	5,641,526	6,651,925	7,790,165	8,555,867	11,021,566
Education for adults	622,852	823,417	1,173,530	629,177	2,256,856
Capital Outlay	1,847,261	195,172	528,674	1,270,899	1,467,271
Debt Service (3)	56,397,285	589,677,089	57,934,712	59,238,257	60,844,624
Issuance Cost of Debt	--	3,633,148	--	--	--
Total Expenditures	622,489,783	1,216,447,709	762,308,633	807,362,701	884,013,422
Operating Transfers Out	28,240,127	22,505,189	7,067,866	19,727,702	9,926,794
TOTAL EXPENDITURES AND OTHER USES	650,729,910	1,238,952,898	769,376,499	827,090,403	893,940,216
Ending Fund Balance (GAAP)	$101,669,568	$109,539,445	$98,297,853	$106,552,800	$94,542,480

(1) The 2013 beginning balance includes a $2,804,131 prior period adjustment to properly report the annual transportation categorical revenue as recognized when received. In 2014, the beginning fund balance includes a prior period adjustment for accounts payable of $4,877,945. In 2015, the beginning fund balance reflects the inclusion of the Risk Management Fund as described in the paragraph preceding the table.

(2) Includes charges for services, other local sources and investment income.

(3) Includes amounts for the payments due under various lease-purchase agreements. In 2013, includes the principal amounts of refunded certificates of participation.

Source: Derived from the District's CAFRs for the fiscal years ended June 30, 2012 through 2016.

PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT

Ad Valorem Property Taxes

Property Subject to Taxation. Subject to the limitations imposed by TABOR (described in "LEGAL MATTERS--Certain Constitutional Limitations"), the Board has the power to certify to the Commissioners a levy for collection of ad valorem taxes against all taxable property within the District.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the District. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the County Assessor to determine its statutory "actual" value. This amount is then multiplied by the appropriate assessment percentage to determine each property's assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

Determination of Statutory Actual Value. The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within each county as of January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessors utilizing a "level of value" ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Real property is reappraised by the County Assessor's office every odd numbered year. The statutory actual value is based on the "level of value" for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for levy year 2014 (collection year 2015) were based on an analysis of sales and other information for the period January 1, 2011 to June 30, 2012. The following table sets forth the State Property Appraisal System for property tax levy years 2012 through 2017.

Collection Year	Levy Year	Value Calculated As Of	Based on the Market Period
2013	2012	July 1, 2010	Jan. 1, 2009 to June 30, 2010
2014	2013	July 1, 2012	Jan. 1, 2011 to June 30, 2012
2015	2014	July 1, 2012	Jan. 1, 2011 to June 30, 2012
2016	2015	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2017	2016	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2018	2017	July 1, 2016	Jan. 1, 2015 to June 30, 2016

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility's tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

Residential Property. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the Colorado General Assembly to adjust the assessment rate of residential property for each year in which a change in the base year level of value occurs. This adjustment is constitutionally mandated to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year (although, notwithstanding the foregoing, TABOR prohibits any valuation for assessment ratio increase for a property class without prior voter approval).

Pursuant to the adjustment process described above, the residential assessment rate is adjusted every two years, resulting in the following history of residential assessment rates since levy year 1989: 15.00% of statutory actual value (levy years 1989-90); 14.34% of statutory actual value (levy years 1991-92); 12.86% of statutory actual value (levy years 1993-94); 10.36% of statutory actual value (levy years 1995-96); 9.74% of statutory actual value (levy years 1997-00); 9.15% of statutory actual value (levy years 2001-02); and 7.96% of statutory actual value (levy years 2003-16). Starting with levy year 2017, the residential assessment rate will be 7.20%. The residential assessment rate may decline further in future years. The residential assessment rate cannot increase without the approval of Colorado voters.

Non-residential property. All non-residential taxable property, with certain specified exceptions, is assessed at 29% of its statutory actual value. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the County's Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The Colorado General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the District's assessed valuation may be subject to modification following any such annual assessment study.

Homestead/Disabled Veterans Property Tax Exemptions. The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009 to 2012), the exemption is equal to 50% of the first $200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

<u>Taxation Procedure</u>. The County Assessor is required to certify to the District the assessed valuation of property within the District no later than August 25th of each year. If the County Assessor makes changes in the valuation for assessment or the total actual value prior to December 10, the County Assessor notifies the District of those changes. Subject to the

limitations of TABOR, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the District's property tax, and together with other legally available District revenues, will raise the amount required by the District in its upcoming fiscal year. The District subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year. The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25 mills would impose a $250 tax on a parcel of property with an assessed valuation of $10,000.

The Commissioners levy the tax on all property subject to taxation by the District. By December 22nd of each year, the Commissioners must certify to the County Assessor the levy for all taxing entities within the applicable county. If the Commissioners fail to so certify, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County Treasurer.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2016 are being collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly basis. The payments to the District must be made by the tenth of each month, and shall include all taxes collected through the end of the preceding month. The County Treasurer also is required to make a second monthly payment to the District on or before the twenty-fourth day of the months of March, May and June, reflecting taxes collected through the twentieth day of the respective month.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer would be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to a county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Overlap with Tax Increment Authorities. Colorado law allows the formation of public highway authorities. Pursuant to statute, the board of directors of a public highway authority is entitled to designate areas within the authority's boundaries as "value capture areas" to facilitate the financing, construction, operation or maintenance of highways constructed by the authority; an authority is entitled to capture a portion of the property taxes in such an area to support these purposes. No public highway authority exists in the District.

Similarly, the State law allows the formation of urban renewal authorities and downtown development authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. Certain of the property within the District is located within DURA and the Denver Union Station Downtown Development Authority ("DUSDDA"). With respect to the property included in the boundaries of such districts (or within any urban renewal authority or downtown development authority created in the future and subject to a renewal plan), the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Any increase above the "base" amount is paid to the applicable authority. See "History of District Assessed Valuation" and "Ad Valorem Property Tax Data" below for information on the assessed valuation attributable to the existing increment districts. Currently, it is the State Department of Education's policy to provide State equalization funding to school districts in order to equalize amounts of taxes that would be lost as a result of tax increment areas. However, this policy could change at any time.

Ad Valorem Property Tax Data

The following tables set forth a five-year history of the District's certified assessed valuations and its mill levies.

History of District's Assessed Valuation

Levy/Collection Year	Assessed Valuation	Tax Increment Valuation(1)	Net Assessed Valuation	Percent Change
2012/2013	$10,757,438,400	$750,170,508	$10,007,267,892	--
2013/2014	11,264,201,810	809,720,581	10,454,481,229	4.5%
2014/2015	11,385,251,250	867,864,581	10,517,386,669	0.6
2015/2016	14,371,074,760	1,149,380,666	13,221,694,094	25.7
2016/2017	14,602,699,970	1,141,847,073	13,460,852,897	1.8

(1) Represents the assessed valuation attributable to tax increment areas. See "Potential for Overlap with Tax Increment Authorities" above.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2012-2014; and the Assessor's Office of the City and County of Denver.

History of District's Mill Levy[1]

Levy/Collection Year	General Fund	Debt Service	Mill Levy Override	Abatements	Total Mill Levy
2012/2013	25.541	10.913	12.714	1.320	50.488
2013/2014	25.541	10.446	12.431	0.881	49.299
2014/2015	25.541	10.519	12.466	0.773	49.299
2015/2016	25.541	10.250	10.976	0.630	47.397
2016/2017	25.541	9.383	14.948	0.524	50.396

(1) One mill equals one-tenth of one cent.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2012-2015; and the District.

The following tables set forth the assessed and statutory "actual" valuations for the 2016 levy/2017 collection year (the latest year for which information is available) for specific classes of property within the District as well as a history of prior statutory "actual" valuations.

As shown in the following table, commercial and residential property account for the largest percentages of the District's assessed valuation, and therefore it is anticipated that owners of commercial and residential property will pay the largest percentages of ad valorem property taxes levied by the District.

2016 Assessed and "Actual" Valuation of Classes of Property in the District

Property Class	Total Assessed Valuation	Percentage of Total Assessed Valuation	Statutory "Actual" Valuation	Percentage of Total "Actual" Valuation
Commercial	$6,521,347,640	44.49%	$22,487,405,655	21.26%
Residential	6,059,029,320	41.33	76,118,458,794	71.96
State Assessed	920,535,100	6.28	3,173,352,400	3.00
Vacant Land	186,912,160	1.28	644,524,690	0.61
Industrial	143,930,150	0.98	496,310,862	0.47
Personal Property	827,331,330	5.64	2,852,866,655	2.70
Gross Assessed Value	$14,659,085,700	100.00%	$105,772,919,056	100.00%
Less Tax Increment[1]	1,141,847,073			
Net Assessed Value[2]	$13,517,238,627			

(1) Incremental assessed valuations in excess of "base" valuation in property tax increment areas from which the District does not receive property tax revenue.
(2) The total figures presented here do not match the assessed and statutory "actual" valuations set forth elsewhere in this Official Statement because of adjustments made after the final certification.

Source: Assessor's Office of the City and County of Denver.

History of Statutory "Actual" Valuation of Classes of Property in the District[1]

Property Class	2012 Levy/ 2013 Collection Year	2013 Levy/ 2014 Collection Year	2014 Levy/ 2015 Collection Year	2015 Levy/ 2016 Collection Year
Residential	$54,619,696,600	$56,185,168,100	$57,414,798,100	$69,852,195,954
Commercial	17,870,479,200	19,037,568,200	19,207,897,200	25,798,804,107
State Assessed	2,786,957,600	2,859,333,200	2,890,957,900	2,842,022,100
Industrial	751,757,000	765,730,900	750,440,700	910,551,144
Vacant Land	668,558,400	733,579,100	626,988,700	800,034,100
Agriculture	0	0	0	0
Oil and Gas	0	0	0	0
Gross "Actual" Valuation	$76,697,448,800	$79,581,379,500	$80,891,082,600	$100,203,607,405

(1) Values presented in this table reflect adjustments made after the final certification and, therefore, will differ from the "actual" valuation presented elsewhere in this official statement. "Actual" valuation is not equal to the market valuation of the classes of property.

Source: Assessor's Office of the City and County of Denver.

The following table sets forth a history of District ad valorem property tax collections.

Historical Property Tax Collections

Levy/ Collection Year	Total Taxes Levied[1]	Current Tax Collection[2]	Percent of Levy Collected	Delinquent Taxes Collected[3]	Total Taxes Collected	Percent of Total Collections
2011/2012	$431,137,524	$423,198,128	98.16%	$(643,674)	$422,554,454	98.01%
2012/2013	505,246,942	496,654,572	98.30	80,707	496,735,279	98.32
2013/2014	515,395,469	510,861,186	99.12	300,305	511,161,491	99.18
2014/2015	518,497,219	513,891,640	99.11	(1,137,249)	512,754,391	98.89
2015/2016	626,668,635	611,582,921	97.59	30,260	611,613,181	97.60

(1) Figures do not include revenue attributable to the various tax increment areas.
(2) The City and County Treasurer's collection fees have not been deducted from these amounts. Figures do not include interest, fees and penalties.
(3) According to the Denver Finance Department, the negative amounts of delinquent tax collections in each of the years shown are attributable to various abatements/refunds.

Source: City and County of Denver Finance Department.

Set forth in the following table are the largest taxpayers within the District for the 2015 levy/2016 collection year (the latest year for which information is available). No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

Largest Taxpayers Within the District

Taxpayer Name	2015 Assessed Valuation	Percentage of Total Assessed Valuation[1]
Public Service Co.	$256,596,540	1.79%
Brookfield Office Properties	200,283,650	1.39
Beacon Capital Partners	169,289,600	1.18
CenturyLink	151,990,590	1.06
Invesco Realty Advisers Inc.	128,357,120	0.89
Taubman Centers Inc.	101,355,070	0.71
UBS Realty Investors	100,320,900	0.70
Columbia-Healthone	99,232,300	0.69
Callahan Capital Partners	96,867,430	0.67
Shorenstein Properties LLC	86,696,940	0.60
TOTAL	$1,390,990,140	9.68%

(1) Based upon the total 2015 assessed valuation figure of $14,371,074,760, which includes the assessed valuation attributable to the tax increment authorities within the District.

Source: Assessor's Office of the City and County of Denver.

Overlapping Mill Levies

Numerous entities located wholly or partially within the District are authorized to levy taxes on property located within the District. For example, according to the City and County Assessor, the lowest total mill levy imposed in 2016 (to be collected in 2017) on a taxpayer located in the District is 81.547 and the highest is 231.547. As a result, property owners within the District may be subject to different mill levies depending upon the location of their property.

The following table is representative of a sample total 2016 mill levy (to be collected in 2017) attributable to taxpayers within the District and is not intended to portray the mills levied against all properties within the District. Additional taxing entities may overlap the District in the future.

Sample 2016 Mill Levy

Taxing Entity[1]	2016 Mill Levy[2]
City and County of Denver	30.531
Urban Drainage and Flood Control District	0.620
Total Sample Overlapping Mill Levy	31.151
The District	50.396
Total Sample Mill Levy	81.547

(1) Regional Transportation District also overlaps the District, but does not assess a mill levy.
(2) One mill equals 1/10 of one cent. Mill levies certified in 2016 are for the collection of ad valorem property taxes in 2017.

Source: Assessor's Office of the City and County of Denver.

Estimated Overlapping General Obligation Debt

In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries which overlap or partially overlap the boundaries of the District. The following table sets forth the estimated overlapping general obligation debt attributable to property owners within the District as of the date of this Official Statement. Additional taxing entities may overlap the District in the future.

Estimated Overlapping General Obligation Debt

Entity[1]	2016 Assessed Valuation[2]	Outstanding G.O. Debt[3]	Outstanding G.O. Debt Chargeable to District[4] Percent	Amount
Adams County Fire Protection District	$822,021,730	$2,710,000	0.83%	$22,493
Belleview Station Metropolitan District No. 2 (formerly known as Madre Metropolitan District No. 2)[5]	15,333,280	39,967,178	100.00	39,967,178
BMP Metropolitan District No. 3[6]	4,200,213	3,645,000	100.00	3,645,000
Bowles Metropolitan District	58,929,179	20,925,000	50.37	10,539,923
Central Platte Valley Metropolitan District	231,145,168	64,825,000	100.00	64,825,000
Cherry Creek North Business Improvement District No. 1	226,906,760	15,760,000	100.00	15,760,000
City and County of Denver	13,460,852,897	761,405,500	100.00	761,405,500
Colorado International Center Metropolitan Dist. No. 14	10,961,600	10,140,000	100.00	10,140,000
Denargo Market Metropolitan District No. 2[7]	8,578,320	10,000,000	100.00	10,000,000
Denver Gateway Center Metropolitan District	4,258,060	7,200,000	100.00	7,200,000
Denver International Business Center Metro. Dist. No. 1	22,584,450	11,910,000	100.00	11,910,000
Ebert Metropolitan District	84,033,340	109,860,000	100.00	109,860,000
Gateway Regional Metropolitan District	48,567,280	8,725,000	100.00	8,725,000
Goldsmith Metropolitan District[8]	580,516,177	4,591,153	54.54	2,504,015
Mile High Business Center Metropolitan District	23,979,200	6,550,000	100.00	6,550,000
Park Creek Metropolitan District[9]	408,078,081	258,290,000	99.87	257,954,223
Sand Creek Metropolitan District	192,583,830	61,905,000	22.23	13,761,482
SBC Metropolitan District	75,274,069	24,105,000	100.00	24,105,000
Section 14 Metropolitan District	61,500,293	2,820,000	26.34	742,788
South Sloan's Lake Metropolitan District No. 2[10]	8,267,562	8,000,000	100.00	8,000,000
Southeast Public Improvement Metropolitan District	2,188,259,644	2,985,000	13.10	391,035
TOTAL				$1,368,008,637

(1) The following entities also overlap the District, but have reported no general obligation debt outstanding: 9th Avenue Business Improvement District; 9th Avenue Metropolitan Districts Nos. 1 to 3; Alameda Station Metropolitan District; Aviation Station North Metropolitan Districts Nos. 1 to 6; Belleview Station Metropolitan Districts Nos. 1 and 3 (formerly known as Madre Metropolitan Districts Nos. 1 and 3); Bluebird Business Improvement District; BMP Metropolitan Districts Nos. 1 and 2; Broadway Station Metropolitan Districts Nos. 1 to 3; CCP Metropolitan Districts Nos. 1 and 2; Central Platte Valley Coordination Metropolitan District; Cherry Creek Subarea Business Improvement District; Clear Creek Valley Water and Sanitation District; Colfax Business Improvement District; Colfax Mayfair Business Improvement District; Colorado International Center Metropolitan District No. 13; Community Coordinating Metropolitan District No. 1; Denargo Market Metropolitan Districts Nos. 1 and 3; Denver 14th Street General Improvement District; Denver Connection West Metropolitan District; Denver Gateway Meadows Metropolitan District; Denver High Point at DIA Metropolitan District; Denver Union Station Downtown Development Authority; Downtown Denver Business Improvement District; Denver Urban Renewal Authority; DUS Metropolitan Districts Nos. 1 to 5; Fairlake Metropolitan District; Federal Boulevard Business Improvement District; First Creek Village Metropolitan District; Five Points Business Improvement District; Gateway Village General Improvement District; Grant Water and Sanitation District; Greenwood Metropolitan District; Greenwood Plaza Water District; GVR Metropolitan District; Holly Hills Water and Sanitation District; Lakehurst Water and Sanitation District; Lochmoor Water and Sanitation District; Lowry Vista Metropolitan District; North Pecos Water and Sanitation District; North Washington Street Water and Sanitation District; Old South Gaylord Business Improvement District; Regional Transportation District; RiNo Business Improvement District; RiNo Denver General Improvement District; Santa Fe Business Improvement District; Sheridan Sanitation District No. 2; Smith Metropolitan Districts Nos. 1 to 4; South Sloan's Lake Metropolitan District No. 1; Southgate Water District; Town Center Metropolitan District; Town Center Metropolitan District Subdistricts Nos. 1 and 2; Urban Drainage and Flood Control District; Urban Drainage and Flood Control District - South Platte Levy; Valley Sanitation District; West Colfax Business Improvement District; and West Globeville Metropolitan Districts Nos. 1 and 2.

(2) Assessed values certified in 2016 are for collection of ad valorem property taxes in 2017. For entities located in more than one county, includes the total assessed valuation, not just the portion that overlaps the District.

(3) Does not include obligations payable to developers issued on a subordinate basis to outstanding bonds.

(4) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.

(5) The figure for Belleview Station Metropolitan District No. 2 (formerly known as Madre Metropolitan District No. 2) includes unpaid accrued interest on subordinate bonds in the amount of $2,557,178 as of December 31, 2016. The senior and subordinate bonds are limited tax general obligation bonds secured by a required mill levy, specific ownership taxes and other legally available monies.

(6) Pursuant to a Capital Pledge Agreement, BMP Metropolitan District No. 2 collects and transfers property tax revenue to BMP Metropolitan District No. 3 for repayment of No. 3's general obligation debt. BMP Metropolitan District No. 2 has a 2016 assessed valuation of $13,038,775 and certified a levy of 15.200 mills for debt service.

(7) The debt for this entity consists of limited tax general obligation bonds secured by a required mill levy, specific ownership taxes and other legally available monies.

(8) Goldsmith Metropolitan District paid off its outstanding general obligation bonds through an Amended and Restated Funding Agreement with Goldsmith Metropolitan District Block K Subarea, dated November 1, 2014. Under this agreement, the subarea is reimbursing Goldsmith Metropolitan District for the principal amount of the bonds then outstanding ($4,960,000) plus interest. Payments are scheduled through December 1, 2034.

(9) Park Creek Metropolitan District ("Park Creek") was organized concurrently with Westerly Creek Metropolitan District ("Westerly"). Park Creek is the financing and operating district and issues bonds to finance improvements in both districts. Westerly is the taxing district. Park Creek and Westerly have entered into an intergovernmental agreement requiring Westerly to remit all revenues to Park Creek, including revenues for payment of bonds. The 2016 assessed value shown above is for Westerly.

(10) South Sloan's Lake Metropolitan District No. 2 has drawn $8,000,000 on a maximum $15,500,000 draw down loan.

Sources: Assessors' Offices of Adams, Arapahoe, Douglas and Jefferson Counties; Assessor's Office of the City and County of Denver; and information obtained from individual taxing entities.

DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

General. Debt" or "indebtedness" as used in this Official Statement means, generally, obligations backed by the full faith and credit of the District and secured by the unlimited power to levy ad valorem property taxes of the District. Debt refers only to principal amounts and not to the interest to become due thereon. Debt does not include debt that has been refinanced, obligations arising upon a contingency or obligations which do not extend beyond the fiscal year in which incurred.

Authorization. The Board has the power to contract indebtedness on behalf of the District for specific purposes authorized by statute relating to the acquiring, purchasing, constructing, enlarging, improving, remodeling, repairing, and equipping or furnishing of school grounds and buildings, for funding floating indebtedness, for acquiring, constructing or improving any capital asset that the District is authorized by law to own or for supporting charter school capital construction. Debt may be incurred only by resolution which is irrepealable until such indebtedness has been fully paid, specifying the use of the funds, and providing for the levy of a tax which, together with other legally available revenues of the District, will be sufficient to pay the principal of and interest on such debt when due, subject to the limitations of TABOR. No debt may be created unless the question of incurring the indebtedness has first been submitted to and approved by a majority of the registered electors of the District voting at an election held for that purpose.

Limitations on School District Indebtedness. The State Constitution provides that the Legislature shall establish limitations on the authority of any political subdivision to incur general obligation indebtedness in any form. Bonded indebtedness of school districts is limited by Section 22-42-104 of C.R.S. In its 1994 session (as amended during its 1996, 1998 and 2007 sessions), the Legislature established the limitation as the greater of (1) 20% of the latest valuation for assessment of the taxable property in such district or (2) 6% of the most recent determination of the actual value of property in such district, each as certified to the board of county commissioners. However, for districts whose enrollment has increased by 2.5% in each of the three preceding years, the limitation is the greater of 25% of the latest valuation for assessment or 6% of the most recent determination of actual value. The assessed valuation used to determine the District's debt limitation is the assessed valuation certified on the December 10 prior to the date on which the applicable bonds are issued. By law, any obligations which have been refunded, either by immediate payment or redemption and retirement or by the placement of proceeds of refunding bonds in escrow, shall not be deemed outstanding for the purposes of determining compliance with debt limitations.

The District's total legal debt limit, based upon a limitation of 20% of its 2016 assessed valuation of $14,602,699,970 (which includes the assessed valuation attributable to tax increment districts) is $2,920,539,994. The District currently has $1,718,072,000 in general obligation debt outstanding, leaving debt capacity of $1,202,467,994.

The District has $105,325,000 in authorization to issue additional general obligation debt as approved at the Election. Other than that authorization, the District can issue additional general obligation bonds (other than refunding bonds) only with voter approval.

Outstanding General Obligation Debt

As of the date of this Official Statement, the District has the following general obligation debt outstanding.

General Obligations of the District

Name of Bond Issue	Principal Amount Outstanding (1)
Refunding Bonds, Series 2005A	$129,510,000
Qualified School Construction Series 2009B	24,022,000(2)
Taxable Build America New Money Series 2009C	250,000,000
Tax-Exempt Refunding Series 2009F	17,665,000
Tax-Exempt Refunding Series 2009G	16,040,000
Taxable Qualified School Construction Series 2010A	29,260,000(2)
Taxable Build American New Money Series 2010B	1,545,000
Tax-Exempt Refunding Series 2010C	85,390,000
Refunding Bonds, Series 2012A	113,855,000
Tax-Exempt Series 2012B	249,975,000
Taxable Qualified Zone Academy Series 2012C	16,000,000(2)
Taxable Refunding Series 2012D	27,415,000
Series 2014A	20,090,000
Refunding Bonds, Series 2014B	130,805,000
Refunding Bonds, Series 2016	139,825,000
Series 2017	466,675,000
Total	$1,718,072,000

(1) Outstanding as of the date of issuance of the 2017B Certificates.

(2) Represents the entire principal amount of the 2009B Bonds, 2010A Bonds and 2012C Bonds, respectively. The bond resolutions authorizing those bonds require the District to make sinking fund deposits in each year; however, those resolutions do not require mandatory sinking fund redemptions. Although the District has set aside deposits as required by the resolutions, the outstanding principal amount of the bonds has not been reduced.

Other Financial Obligations

Capital Lease Obligations. The Board has the authority to enter into installment or lease purchase contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval. The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment. The Board also has the authority to enter into annually appropriated capital or operating leases. The District enters into capital and operating leases from time to time. See Note 12 in the audited financial statements attached hereto as Appendix A for a description of the leases existing as of June 30, 2016.

Lease Purchase Obligations. As previously described, the District has entered into several lease agreements with third-party lessors. In connection with such leases, the lessors executed and delivered certificates of participation representing undivided interests in the right to receive lease revenues paid by the District under the respective leases. Each of the leases is secured by specified leased property. Payments due under each of these lease agreements is subject to annual appropriation by the District. The District's obligation to pay base rent under each lease purchase agreement supports the payment of an associated series of certificates of participation.

The following table sets forth the aggregate principal amount of the certificates of participation outstanding as of May 1, 2017. The table also includes the 2017A Certificates, which are expected to be issued concurrently with the 2017B Certificates.

Outstanding Certificates of Participation

Obligation	Principal Amount Outstanding
Certificates of Participation, Series 1997	$ 917,470
Certificates of Participation, Series 2011	396,235,000
Certificates of Participation, Series 2013A	35,195,000
Certificates of Participation, Series 2013B	516,295,000
Certificates of Participation, Series 2013C	57,790,000
Certificates of Participation, Series 2015A&B	8,570,000
Certificates of Participation, Series 2017A	32,080,000
Total	$1,047,277,470

Source: The District.

The following table sets forth the base rentals payable by the District under the leases entered into with respect to the Prior Certificates. The table also sets forth the base rentals payable under the 2017A lease. The base rentals payable under those leases are also payable from any legally available revenues of the District.

Base Rent Payable Pursuant to Other District Lease-Purchase Agreements(1)

Fiscal Year Ending June 30	1997 Base Rent	2011B Base Rent	2013A Base Rent(2)	2013B Base Rent	2013C Base Rent	2015A&B Base Rent	2017A Base Rent(3)	Total Base Rent
2017(4)	$10,950,000	$26,978,875	$695,834	$26,626,256	$3,588,513	$554,784	--	$69,394,262
2018	3,980,000	31,135,456	--	31,099,036	3,599,513	552,433	$3,417,553	73,783,991
2019	--	33,751,096	--	33,936,928	3,569,313	549,463	2,242,900	74,049,700
2020	--	34,084,022	--	34,267,050	4,989,113	550,688	2,957,150	76,848,023
2021	--	34,400,477	--	34,612,388	5,153,713	545,163	3,259,200	77,970,941
2022	--	34,732,197	--	34,942,431	5,141,188	547,263	3,528,000	78,891,079
2023	--	35,065,137	--	35,277,730	5,138,313	548,013	3,840,300	79,869,493
2024	--	35,400,411	--	35,607,424	5,133,063	548,263	3,994,050	80,683,211
2025	--	35,729,131	--	35,941,695	5,130,063	548,013	4,355,775	81,704,677
2026	--	36,062,099	--	36,266,103	5,123,938	547,263	4,521,125	82,520,528
2027	--	36,404,338	--	36,585,320	5,119,313	546,013	2,070,625	80,725,609
2028	--	36,741,787	--	36,903,594	5,115,688	546,663	2,065,875	81,373,607
2029	--	37,073,725	--	37,220,207	5,143,169	546,813	2,066,875	82,050,789
2030	--	37,411,636	--	37,538,329	5,107,525	546,338	2,063,375	82,667,203
2031	--	37,742,276	--	37,847,396	5,102,775	547,556	2,060,250	83,300,253
2032	--	38,081,699	--	38,149,424	5,124,425	546,000	--	81,901,548
2033	--	38,415,255	--	38,442,079	5,127,163	541,750	--	82,526,247
2034	--	38,757,594	--	38,727,923	5,089,125	541,875	--	83,116,517
2035	--	39,087,841	--	39,014,198	--	541,250	--	78,643,289
2036	--	39,419,593	--	39,288,148	--	544,750	--	79,252,491
2037	--	39,755,043	--	39,547,225	--	544,150	--	79,846,418
2038	--	40,042,263	--	39,847,614	--	544,650	--	80,434,527
2039	--	--	--	--	--	544,550	--	544,550
2040	--	--	--	--	--	543,850	--	543,850
2041	--	--	--	--	--	542,550	--	542,550
2042	--	--	--	--	--	538,500	--	538,500
2043	--	--	--	--	--	541,375	--	541,375
2044	--	--	--	--	--	538,125	--	538,125
2045	--	--	--	--	--	538,750	--	538,750
2046	--	--	--	--	--	538,125	--	538,125
Total	$14,930,000	$796,271,951	$695,834	$797,688,498	$87,495,913	$16,354,973	$42,443,053	$1,755,880,222

(1) Totals may not add due to rounding. Does not include regularly scheduled fees of the trustee for the 2011B Certificates and the 2013B Certificates. Those fees are expected to be approximately $3,000 per year for each series of certificates.

(2) The base rent payable under the 2013A Lease consists only of interest through fiscal year 2017. Prior to that time, the District expects to redeem the 2013A Certificates with proceeds from the sale of properties and/or any other available District funds. If the District does not redeem the 2013A Certificates as planned, beginning in fiscal year 2019 the base rent payable under the 2013A Lease will consist of principal and interest calculated at an interest rate equal to the lesser of: (a) 12%; or (b) the one-month London Interbank Offered Rate (LIBOR) plus a spread calculated pursuant to the 2013A Lease.

(3) Represents base rentals under the 2017A lease, which is expected to be executed simultaneously with the Lease.

(4) Includes all amounts due in fiscal year 2017, including amounts already paid in December 2016.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the District. It is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population

The following table sets forth population statistics for the City and County of Denver ("Denver"), the Denver-Aurora Core Based Statistical Area ("Denver-Aurora CBSA") and the State. The Denver-Aurora CBSA is comprised of six metropolitan counties and four bordering counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. Between 2000 and 2010, the population of Denver increased 8.2%, the Denver-Aurora CBSA's population increased 15.8%, and the population of the State increased 16.9%

Population

Year	Denver	Percent Change	Denver-Aurora CBSA	Percent Change	Colorado	Percent Change
1970	514,678	--	1,116,226	--	2,207,259	--
1980	492,365	(4.3)%	1,450,768	30.0%	2,889,735	30.9%
1990	467,610	(5.0)	1,650,489	13.8	3,294,394	14.0
2000[(1)]	554,636	18.6	2,196,957	33.1	4,301,261	30.6
2010	600,158	8.2	2,543,482	15.8	5,029,196	16.9
2011	620,817	--	2,601,637	--	5,120,686	--
2012	634,940	2.3%	2,648,529	1.8%	5,193,097	1.4%
2013	649,214	2.2	2,699,708	1.9	5,272,677	1.5
2014	664,453	2.3	2,754,951	2.0	5,356,626	1.6
2015	683,096	2.8	2,813,024	2.1	5,456,584	1.9

(1) The Colorado State Demography Office adjusted the population of the Denver-Aurora CBSA to reflect the 2001 creation of the City and County of Broomfield.

Sources: United States Department of Commerce, Bureau of the Census (1970-2010) and Colorado State Demography Office (2011-2015 figures, which are subject to periodic revision, and 2000 figure for the Denver-Aurora CBSA).

Income

The following table sets forth historical per capita personal income for Denver, the Denver-Aurora CBSA, Colorado and the United States.

Per Capita Personal Income

Year[1]	Denver	Denver-Aurora CBSA	Colorado	United States
2011	$53,016	$46,666	$42,946	$42,453
2012	57,238	49,290	45,073	44,267
2013	62,320	51,558	46,792	44,462
2014	68,304	54,937	49,768	46,414
2015	68,299	55,975	50,899	48,112

(1) Figures for Denver and the Denver-Aurora CBSA updated November 17, 2016. Figures for the State and the nation updated September 28, 2016. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The following table sets forth the number of individuals employed within selected Denver industries which are covered by unemployment insurance. In 2015, the largest employment sector in Denver was health care and social assistance (comprising approximately 11.9% of Denver's work force), followed, in order, by accommodation and food services, professional and technical services, administrative and waste services, and educational services. For the twelve-month period ended December 31, 2015, total average employment in Denver increased 3.8% as compared to the same period ending December 31, 2014, and total average weekly wages increased 2.7%.

Average Number of Employees Within Selected Industries – Denver

Industry	2011	2012	2013	2014	2015	2016(1)
Accommodation and Food Services	41,474	42,790	44,751	47,312	50,028	51,493
Administrative and Waste Services	32,006	34,145	33,039	34,672	34,869	35,706
Agriculture, Forestry, Fishing, Hunting	128	180	183	450	563	768
Arts, Entertainment and Recreation	7,289	7,816	8,066	8,457	9,180	9,383
Construction	14,552	15,051	16,524	18,438	19,408	20,072
Educational Services	31,377	33,118	27,974	28,741	30,407	31,805
Finance and Insurance	24,043	24,202	25,281	25,502	26,083	25,951
Government	27,506	27,402	27,404	27,663	28,265	28,647
Health Care and Social Assistance	52,120	50,246	51,317	53,576	56,776	58,336
Information	12,608	12,107	11,557	11,906	11,988	12,395
Management of Companies/Enterprises	9,568	10,637	11,559	12,212	12,792	13,160
Manufacturing	19,163	19,385	20,145	20,438	21,123	20,934
Mining	6,977	7,716	8,219	9,112	8,738	7,227
Non-Classifiable	33	37	71	69	65	136
Other Services	14,492	15,062	15,361	16,053	16,380	16,653
Professional and Technical Services	38,993	41,114	44,040	46,445	49,773	52,232
Real Estate, Rental and Leasing	10,151	10,321	10,743	11,287	11,675	12,281
Retail Trade	26,365	27,280	27,928	28,965	29,667	29,622
Transportation and Warehousing	26,178	27,202	28,766	29,702	30,276	30,639
Utilities	3,250	3,226	3,251	3,246	3,285	3,349
Wholesale Trade	24,492	25,050	25,210	26,447	27,030	27,294
Total(2)	422,764	434,086	441,388	460,691	478,370	488,077

(1) Figures are averaged through the second quarter of 2016.
(2) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

The following table presents information on employment within Denver, the Denver-Aurora CBSA, the State and the nation, for the period indicated.

Labor Force and Employment

	Denver(1)		Denver-Aurora CBSA(1)		Colorado(1)		United States
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2011	352,226	8.6%	1,431,161	8.3%	2,736,079	8.4%	8.9%
2012	357,969	7.8	1,449,450	7.7	2,759,437	7.9	8.1
2013	364,573	6.6	1,471,025	6.6	2,780,536	6.8	7.4
2014	370,579	4.8	1,494,529	4.8	2,815,200	5.0	6.2
2015	373,109	3.7	1,504,944	3.7	2,828,529	3.9	5.3
Month of December							
2015	370,832	3.1%	1,495,883	3.1%	2,829,174	3.3%	5.0%
2016	384,123	2.7	1,549,275	2.6	2,899,662	2.7	4.7

(1) Figures for Denver, the Denver-Aurora CBSA, and the State are not seasonally adjusted.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data; and United States Department of Labor, Bureau of Labor Statistics.

Selected major employers in the Denver Metro area are set forth in the following table. No independent investigation has been made of, and there can be no representation as to, the stability or financial condition of the companies listed below, or the likelihood that such companies will maintain their status as major employers in the area.

Ten Largest Employers in the Denver Metro Area

Name of Employer	Product or Service	Estimated Number of Employees(1)
HealthONE Corporation	Healthcare	11,960
Centura Health	Healthcare	9,450
SCL Health System	Healthcare	9,060
Lockheed Martin Corporation	Aerospace/Defense Related Systems	7,460
UCHealth	Healthcare, Research	6,770
Comcast Corporation	Telecommunications	6,760
Kaiser Permanente	Healthcare	6,420
Children’s Hospital Colorado	Healthcare	6,100
CenturyLink	Telecommunications	5,840
United Airlines	Airline	5,500

(1) Revised May 2016.

Source: Development Research Partners as posted by Metro Denver Economic Development Corporation.

Retail Sales

The below table sets forth information on retail sales within Denver, the Denver-Aurora CBSA and the State for the years indicated.

Retail Sales
(in thousands)

Year	Denver	Percent Change	Denver-Aurora CBSA	Percent Change	Colorado	Percent Change
2011	$24,207,050	--	$83,602,220	--	$154,697,943	--
2012	25,053,275	3.5%	91,013,567	8.9%	164,387,648	6.3%
2013	26,207,360	4.6	95,950,943	5.4	172,784,033	5.1
2014	27,479,111	4.9	100,015,391	4.2	182,461,920	5.6
2015	28,191,050	2.6	101,283,636	1.3	182,845,695	0.2

Source: State of Colorado Department of Revenue, "Sales Tax Statistics," 2011-2015.

Building Activity

The following table provides a history of building permits issued for new residential and commercial construction in Denver for the years indicated.

Building Permits Issued in the City and County of Denver

	Single Family		Multi-Family		Commercial/Industrial	
Year	Permits	Value	Permits	Value	Permits	Value
2012	1,014	$215,601,341	264	$301,704,355	25	$106,553,797
2013	1,269	291,025,038	339	630,046,868	29	67,766,635
2014	1,691	381,989,288	334	461,417,224	31	36,692,670
2015	1,058	314,742,404	926	970,358,154	28	40,769,723
2016	941	275,380,913	1,346	1,040,086,845	26	66,794,770

Source: City and County of Denver, Community Planning and Development.

Foreclosure Activity

The following table presents historical information on foreclosure filings. Such information represents the number of foreclosures filed and does not take into account the number of foreclosures which were subsequently redeemed or withdrawn.

History of Foreclosures – Denver

Year	Number of Foreclosures Filed	Percent Change
2012	3,064	--
2013	1,616	(47.3)%
2014	1,087	(32.7)
2015	690	(36.5)
2016	720	4.3
2017(1)	63	--

(1) Figures are for January 1 through January 31, 2017.

Sources: Colorado Division of Housing (2012 through 2015) and City and County of Denver Office of the Clerk and Recorder (2016 and 2017).

TAX MATTERS

In the opinion of Special Counsel, assuming continuous compliance with certain covenants described below, the portion of the Base Rentals which is designated in the Lease and paid by the Trustee as interest on the 2017B Certificates, is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2017B Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 2017B Certificates.

The opinion of Special Counsel does not cover the treatment for federal or Colorado income tax purposes of any monies received in payment of or in respect to the 2017B Certificates subsequent to the occurrence of an Indenture Event of Default, a Lease Event of Default or an Event of Nonappropriation.

The Tax Code and Colorado law impose several requirements which must be met with respect to the 2017B Certificates in order for the interest thereon to be excludable from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the 2017B Certificates. These requirements include: (a) limitations as to the use of proceeds of the 2017B Certificates; (b) limitations on the extent to which proceeds of the 2017B Certificates may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2017B Certificates above the yield on the 2017B Certificates to be paid to the United States Treasury. The District covenants and represent in the Lease that it will, during the Lease Term, take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the 2017B Certificates) to the extent necessary to maintain the exclusion of interest on the 2017B Certificates from gross income and alternative minimum taxable income under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Special Counsel's opinion as to the exclusion of interest on the 2017B Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants and assumes continuous compliance therewith. (The foregoing covenant does not, however, preclude the District from exercising its right to terminate the Lease at the times and in the manner previously described in this Official Statement.) The failure or inability of the District to comply with these requirements could cause the interest on the 2017B Certificates to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Special Counsel's opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Special Counsel. Special Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2017B Certificates.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2017B Certificates. Owners of the 2017B Certificates should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2017B Certificates made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. The 2017B Certificates were sold at a premium, representing a difference between the original offering price of those 2017B Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such 2017B Certificates (if any) may realize a taxable gain upon their disposition, even though such 2017B Certificates are sold or redeemed for an amount equal to the owner's acquisition cost. Special Counsel's opinion relates only to the exclusion of interest on the 2017B Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the 2017B Certificates. Owners of the 2017B Certificates should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2017B Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2017B Certificates, the exclusion of interest on the 2017B Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the 2017B Certificates or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2017B Certificates. Owners of the 2017B Certificates are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2017B Certificates. If an audit is commenced, the market value of the 2017B Certificates may be adversely affected. Under current audit procedures, the Service will treat the District as the taxpayer and the Owners may have no right to participate in such procedures. The District has covenanted in the Lease not to take any action that would cause the interest on the 2017B Certificates to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the District, the Financial Advisors, the Underwriter or Special Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the 2017B Certificates.

LEGAL MATTERS

Litigation

The District's General Counsel states that to the best of its knowledge, there are no pending lawsuits or claims that have been filed against the District that will materially adversely affect the financial position of the District or its ability to enter into the Lease or to pay Base Rentals under the Lease as set forth therein. The District is, however, subject to certain pending and threatened litigation or administrative proceedings regarding various other matters arising in the ordinary course of the District's business. It is the opinion of General Counsel to the District that the pending litigation is either adequately covered by insurance or, to the extent not insured, the final settlement thereof, individually or in the aggregate, is not expected to materially adversely affect the District's financial position or its ability to perform its obligations under the Lease. See Note 12 in the audited financial statements attached hereto as Appendix A.

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; failure to perform an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. Effective July 1, 2017, financial immunity is also waived for serious bodily injury or death resulting from an incident of school violence (murder, first degree assault or felony sexual assault). In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act for injuries occurring on or after July 1, 2013, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of $350,000; and (b) for an injury to two or more persons in any single occurrence, the sum of $990,000 ($900,000 in the case of incidents of school violence); except in such instance, no person may recover in excess of $350,000. Those amounts will increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index.

The District may increase any maximum amount that may be recovered from the District for certain types of injuries. However, the District may not be held liable either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. The District has not acted to increase the damage limitations in the Immunity Act.

The District may be subject to civil liability and damages including punitive or exemplary damages under various federal laws, and it may not be able to claim sovereign immunity for actions founded upon federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

The approving opinion of Butler Snow LLP, as Special Counsel, will be delivered with the 2017B Certificates. A form of the Special Counsel opinion for the 2017B Certificates is attached to this Official Statement as Appendix E. Butler Snow LLP, Denver, Colorado, has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its General Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado.

Certain Constitutional Limitations

TABOR - General. In 1992, Colorado voters approved TABOR as Article X, Section 20 of the Colorado constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes and to issue debt and certain other types of obligations without voter approval in advance. TABOR generally applies to the State and all local governments, including school districts ("local governments"), but does not apply to "enterprises," defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that imposed in the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain, (b) any increase in a local government's spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever (subject to certain exceptions such as the refinancing of obligations at a lower interest rate). In the opinion of Special Counsel, based upon decisions of the Colorado appellate courts, the Lease does not constitute a "multiple fiscal year obligation" which requires an election under the terms of TABOR.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based, for school districts, upon the percentage change in enrollment from year to year. Unless voter approval is obtained as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, including the debt service on the District's general obligation bonds, can be paid without regard to any spending limits, assuming revenues are available to do so.

At an election held on November 2, 1999, the District received voter approval to exceed the revenue and spending limits imposed by TABOR, beginning in the 1999-2000 fiscal year.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The District has budgeted emergency reserves as required by TABOR. See "DISTRICT FINANCIAL OPERATIONS--School District Funds - General Fund."

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

Police Power

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including bankruptcy.

INDEPENDENT AUDITORS

The audited basic financial statements of the District for the fiscal year ended June 30, 2016, included in this Official Statement as Appendix A, have been audited by BKD, LLP, independent certified public accountants, Denver, Colorado, to the extent and for the period indicated in their report thereon.

The District has not requested and will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. BKD, LLP, the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and Fitch Ratings ("Fitch") have assigned ratings to the 2017B Certificates as shown on the cover page hereof. An explanation of the significance of any ratings assigned by the rating agencies may be obtained from S&P at 55 Water Street, New York, New York 10041, and from Fitch at One State Street Plaza, New York, New York 10004.

Such ratings reflect only the views of the respective rating agencies, and there is no assurance that the ratings will be obtained or will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or liquidity of the 2017B Certificates. Other than its obligations under the Disclosure Certificate, the District has not undertaken any responsibility to bring to the attention of the owners of the 2017B Certificates any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

UNDERWRITING

The Underwriter has agreed to purchase the 2017B Certificates pursuant to a Certificate Purchase Agreement at a purchase price of $16,594,180.14 (which is equal to the par amount of the 2017B Certificates, plus reoffering premium of $2,552,712.95, and less Underwriter's discount of $53,532.81). The Underwriter is committed to take and pay for all of the 2017B Certificates if any are taken.

The Underwriter intends to offer the 2017B Certificates to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers who may reallow concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriter, and the 2017B Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2017B Certificates into investment accounts.

Stifel, Nicolaus & Company, Incorporated has made and may make additional voluntary contributions to various committees (including committees formed to support bond elections) or foundations related to the District.

OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement has been authorized by the Board. This Official Statement is not to be construed as an agreement or contract between the District and any purchaser, owner or holder of any 2017B Certificate.

SCHOOL DISTRICT NO. 1, IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

By /s/ Anne Rowe
President, Board of Education

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Note: The audited basic financial statements of the District contained in this Appendix A were excerpted from the District's Comprehensive Annual Financial Report for the year ended June 30, 2016. Certain supplemental schedules and other information included in the CAFR were purposely excluded from this Official Statement. Such statements provide supporting details and are not necessary for a fair presentation of the basic financial statements of the District.

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Independent Auditor's Report

Board of Education
School District No. 1 in the
City and County of Denver and State of Colorado
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado (the District), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Denver Public Schools Professional Compensation System for Teachers Trust (ProComp) fund or, with the exception of the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, we did not audit the financial statements of the aggregate discretely present component units, which represent 78.96% of total assets and 72.84% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2016. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the ProComp fund and the aggregate discretely presented component units, insofar as it relates to the amounts included for the ProComp fund and the aggregate discretely presented component units, except for the charter schools KIPP Colorado Schools and STRIVE Preparatory Schools, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, except for Academy 360, Rocky Mountain Preparatory Schools, KIPP Colorado Schools and STRIVE Preparatory Schools, all of which were audited under *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District No. 1 in the City and County of Denver and State of Colorado as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the beginning net position of the aggregate discretely presented component units have been restated for a change in reporting entity. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary, postemployment benefits other than pensions, and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Education
School District No. 1 in the
City and County of Denver and State of Colorado

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including the combining fund statements – nonmajor funds, agency funds statement of changes in assets and liabilities, the budgetary comparison schedules, the Colorado Department of Education Auditor's Integrity Report, and the schedule of expenditures of federal awards required by the Uniform Guidance listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 18, 2016

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Management of School District No. 1 in the City and County of Denver and State of Colorado (the "District"), provides readers of the District's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is presented in the letter of transmittal, which starts on page ten of this report.

Financial Highlights

On the Statement of Net Position, as of June 30, 2016, the District's net position for governmental activities is a deficit of $1.26 billion. The deficit net position is primarily the result of two factors. The first is the result of the District executing Certificates of Participation to fund the District's pension plan known as Denver Public Schools Retirement System (DPSRS) prior to its merger as a separate division within the state's Public Employees Retirement Association (PERA). In July of 1997, the District executed $384.2 million in Certificates of Participation with the net proceeds contributed to DPSRS. In April of 2008, the District issued $750 million in Certificates of Participation to refund existing certificates and to fund an additional $397.8 million contribution to DPSRS in anticipation of the merger with PERA. As a result of these contributions, the District's PERA division is 79.3% funded compared to the PERA School division of 60.4% as of December 31, 2015. Second, in order to fund the District's capital program, the voters of Denver authorized General Obligation bonds in November 1998, 2003, 2008 and 2012 of $305 million, $310.8 million, $454 million, and $466 million respectively. The proceeds of these bonds were used to fund necessary capital and maintenance of the District's facilities.

Long-term liabilities increased to $3,232.4 million from $3,120.4 million in FY 2015 primarily due to an increase in pension liability.

On the statement of activities, general revenues accounted for $1,024.7 million or 79% of total revenues, and program revenues were $269.9 million or 21% of the total revenues of the primary government. The total revenues increased from $1,196.6 to $1,294.6, or 8% when compared to prior year, primarily due to increased property taxes and specific ownership taxes.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with information about the District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position to the exclusion of fiduciary funds. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information on how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and retiree sick leave payable).

The government-wide financial statements consolidate the governmental and internal service activities that are supported from taxes and intergovernmental revenues. In the government-wide financial statements, the District's activities are shown as:

Governmental activities: Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. Taxes and intergovernmental revenues principally support these activities.

The government-wide financial statements encompass not only the District itself (the primary government), but also legally-separate entities including the Denver School Facilities Leasing Corporation as a blended component unit, and the Denver Public Schools Foundation and charter schools as discretely presented component units.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant or major funds, not the District as a whole. The District has three types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Most of the District's services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Grants Special Revenue, Food Services Special Revenue, ProComp Special Revenue, Bond Redemption (debt service), Building and Capital Reserve, all of which are considered to be major funds. Data for the other three governmental funds (Pupil Activity, Tuition Special Revenue and Permanent) is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements included in this report.

Proprietary funds: The District uses internal service funds to account for its warehouse activities. Internal service funds allocate costs internally among the District's various functions while deriving revenue from the other funds served.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds: Fiduciary funds are used to account for resources held by the District in a fiduciary capacity and can only be used for specified purposes. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements: The notes provide additional information essential to a full understanding of the information provided in the financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report presents required supplementary information concerning the District's annual appropriated budgets with comparison schedules that demonstrate compliance with budgets for the General Fund and Special Revenue Funds. In addition, two schedules related to other post-employment benefits are included in this section.

The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information. These are followed by budgetary comparison schedules for the District's Building and Capital Reserve Fund. The budgetary comparison schedules for the remaining funds follow. The combining statements for the internal service funds and the schedule of changes in the collective net pension liability are provided next.

The final schedules in this report provide additional information on the District's agency fund and capital assets.

Financial Analysis of the District

A significant portion of the District's assets are its investment in capital assets (e.g., land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students. Capital assets (net) increased from $1.10 billion in 2015 to $1.17 billion in 2016. The increase is primarily a result of capital spending from the District's general obligation bonds and certificates of participation. The District's capital assets will continue to increase as planned projects are completed in the Capital Reserve and Building Fund. Combined, these funds have available fund balance of $104.5 million.

Current and other assets decreased from $714.7 million to $596.8 million primarily due to the spending of the proceeds from general obligation bonds and certificates of participation as described in the capital improvement plan in the letter of transmittal.

The following table provides a summary of the District's net position as of June 30, 2016 and 2015, respectively (in millions):

	June 30, 2016	June 30, 2015
	Governmental activities	Governmental activities
Current and other assets	$ 596.8	$ 714.7
Capital assets, net	1,168.8	1,104.1
Total assets	1,765.6	1,818.8
Deferred outflow of resources	430.6	276.6
Long-term liabilities	3,232.4	3,055.9
Other liabilities	132.4	228.5
Total liabilities	3,364.8	3,284.4
Deferred inflow of resources	88.4	3.6
Net position:		
Net investment in capital assets	105.0	118.6
Restricted	290.7	391.7
Unrestricted	(1,652.7)	(1,702.9)
Total net position	$ (1,257.0)	$ (1,192.6)

To calculate net investment in capital assets, the original long-term debt was evaluated to ascertain the amount of proceeds not spent, and of the amount spent, what portion of it had been used on capital assets versus maintenance projects and other non-capital expenditures. That percentage was then applied to the outstanding long-term debt to determine the amount applicable to capital assets.

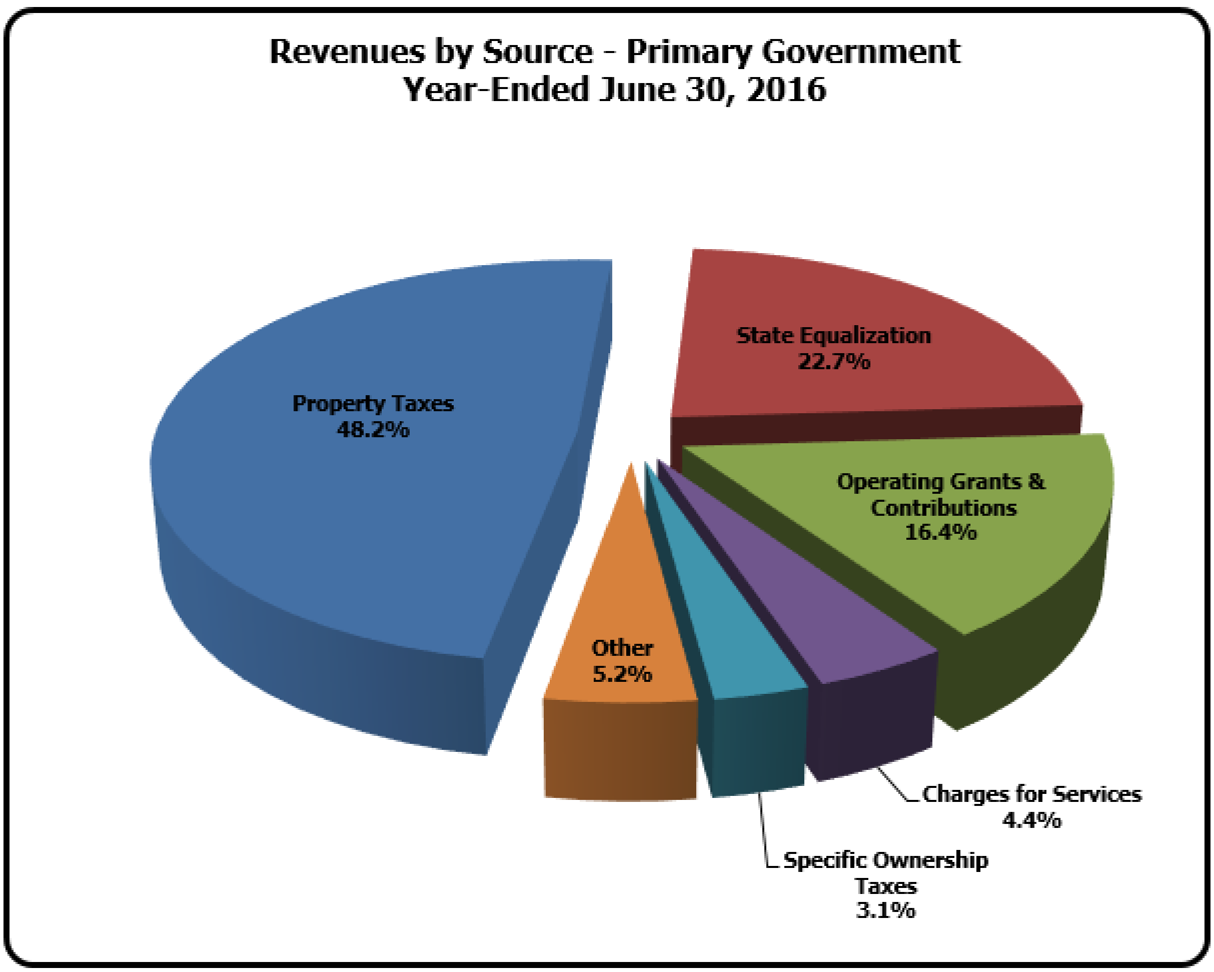
The following table provides a summary of the District's activities for the fiscal years ended June 30, 2016 and 2015, respectively (in millions):

	June 30, 2016	June 30, 2015
	Governmental activities	Governmental activities
REVENUES		
Program revenues		
Charges for services	$ 57.2	$ 53.7
Operating grants and contributions	212.7	221.9
General revenues		
Taxes	666.3	551.4
State equalization	294.0	331.5
Investment income	2.0	2.5
Other	62.4	35.6
Total revenues	1,294.6	1,196.6
EXPENSES		
Instruction	668.9	606.2
Support services	562.1	529.9
Interest on long-term debt	128.0	127.9
Total expenses	1,359.0	1,264.0
Change in net position	(64.4)	(67.4)
Net position - beginning	(1,192.6)	(1,125.2)
Net position - ending	$ (1,257.0)	$ (1,192.6)

Most revenues to Colorado's school districts are provided through the Public School Finance Act of 1994 (as amended). The District's adjusted total program funding for fiscal year 2016 was $651.5 million based on a funded pupil count of 85,585 and per pupil total program funding of $7,612, compared to total program funding of $618.3 million, funded pupil count of 84,044 and per pupil total program funding of $7,357 in fiscal year FY 2015. Of the $651.5 million adjusted program, $294.0 million was funded through state share and the remainder through a combination of local property and specific ownership taxes compared to $331.5 million funded through state share in FY 2015.

The District generated $623.5 million in property tax revenues in fiscal year 2016 compared to $512.1 million in fiscal year 2015. Total property tax revenues include School Finance Act mills, Override Election mills, Tax Abatement mills, and Bond Redemption Fund mills. Total expenses for the primary government in fiscal year 2016 were $1,359.0 million compared to $1,264.0 million in fiscal year 2015.

The following chart illustrates the District's revenues by source.



Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending.

Fund balance of all governmental funds decreased by $112.6 million. The General Fund is the primary operating fund of the District. Fund balance of the General Fund at June 30, 2016 was $94.5 million, compared to $106.5 million as of June 30, 2015. This decrease is a planned spend down of reserves in order to limit the effects of decreases in state funding levels from the 2009-10 school year. The Building Fund and Capital Reserve Funds decreased by $115.2 million and $7.3 million, respectively, as a result of planned capital spending. They are offset by an increase in the Bond Redemption fund of $30.5 million due to timing of upcoming debt service payments. Fund balance of the ProComp Special Revenue Fund decreased by $13.0 million due to planned increases in program spending. The Food Services Fund balance increased $141 thousand year over year.

Proprietary funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The fund statements show the Internal Service Fund, the District's only proprietary fund, which is included with the governmental activities for the government-wide financial statements.

General Fund Budgetary Highlights

In accordance with state law, the District's budget is prepared on a GAAP basis except for the General, Capital Reserve, and Building funds, which are budgeted on the budgetary basis and adjusts for salary accruals and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the General Fund original and final budget for expenditures was an overall increase of $12.89 million and is due to higher forecasted expenses, shifting certain funds from Government Designated Purpose Grant Fund, a lower beginning balance and a shift from Unappropriated Reserves to Appropriated Reserves.

The major difference between the District's final budget and actual expenditures relates to budgeted reserves that were not spent.

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets for its governmental activities as of June 30, 2016 amounted to $1,168.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and construction in progress with an original cost greater than $5,000.

The major capital events during the current fiscal year included spending on capital projects in the Building and Capital Reserve Funds. Such capital projects are used to make necessary improvements and critical repairs.

The District's total capital assets at June 30, 2016 and 2015, respectively, net of accumulated depreciation, were as follows (in millions):

	June 30, 2016	June 30, 2015
	Governmental activities	Governmental activities
Land	$ 74.4	$ 70.0
Buildings and improvements	984.2	829.6
Construction in progress	50.9	149.6
Equipment	59.3	54.9
Total	$ 1,168.8	$ 1,104.1

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Long-Term Debt

At June 30, 2016 and 2015, respectively, the District's long-term debt consisted of the following (in millions):

	June 30, 2016	June 30, 2015
	Governmental activities	Governmental activities
Certificates of participation	1,044.5	1,049.3
General obligation bonds	1,433.2	1,482.5
Compensated absences	17.6	17.1
OPEB Net Obligation	3.3	3.4
Net Pension Liability	733.8	568.2
Total	$ 3,232.4	$ 3,120.5

Additional information on the District's long-term debt can be found in Note 6 to the basic financial statements.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department, Denver Public School District, 1860 Lincoln Street, Denver, Colorado 80203.

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BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	$ 180,679,273	$ 44,723,123
Investments	24,634	-
Receivables:		
Taxes	26,002,418	-
Intergovernmental	24,624,462	-
Interest	305,500	-
Other	99,556,348	5,240,321
Due from fiduciary funds	56,272	-
Inventory	4,189,831	160,848
Prepaid expenses	651,685	545,114
Held by fiscal agent	2,853,775	10,704
Restricted cash and cash equivalents	63,828,809	9,103,058
Restricted investments	194,006,078	1,717,686
Capital assets:		
Land and construction in progress	125,292,256	10,636,563
Buildings, improvements, and equipment, net of accumulated depreciation	1,043,463,952	20,902,080
Total assets	1,765,535,293	93,039,497
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	224,737,010	-
Difference between projected and actual earnings on pension plan	165,590,291	17,382,420
Contributions subsequent to measurement date on pension plan	7,252,687	988,241
Change in proportionate share on pension plan	-	10,334,076
Change in experience assumption	33,042,470	4,129,417
Total deferred outflows of resources	430,622,458	32,834,154
LIABILITIES		
Accounts and interest payable	46,342,770	9,096,711
Accrued payroll and benefits	66,407,002	3,555,667
Accrued claims	11,027,570	-
Unearned revenue	8,581,875	326,372
Long-term liabilities:		
Due within one year	92,055,924	788,236
Due in more than one year	3,140,373,766	110,810,093
Total liabilities	3,364,788,907	124,577,079
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience on pension plan	95,613	10,003
Change in proportionate share on pension plan	6,160,112	3,125,295
Change in other assumptions related to pension plan	82,139,834	8,503,923
Total deferred inflows of resources	88,395,559	11,639,221
NET POSITION		
Net investment in capital assets	104,965,907	1,850,263
Restricted for:		
Debt service	134,596,480	817,597
Performance-based teacher compensation	18,345,329	-
Higher education	10,572,551	-
Non-governmental grantor-designated purposes	6,111,724	-
Federal programs	8,548,506	-
Permanent fund and nonexpendable	128,553	-
Capital projects	87,492,008	-
Donor-designated purposes	-	5,129,059
Emergency reserve	24,910,740	4,943,370
Unrestricted (deficit)	(1,652,698,513)	(23,082,938)
Total net position (deficit)	$ (1,257,026,715)	$ (10,342,649)

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
Primary government				
Governmental activities:				
Instruction:				
Regular	$ 588,024,597	$ 28,983,681	$ 92,644,992	$ (466,395,924)
Special education	71,273,012	-	20,421,793	(50,851,219)
Vocational	1,970,478	-	1,461,515	(508,963)
Other	7,605,342	821,798	2,637,228	(4,146,316)
Total instruction	668,873,429	29,805,479	117,165,528	(521,902,422)
Support services:				
Pupil support	45,246,471	1,996,401	6,406,637	(36,843,433)
Instructional support	111,594,016	5,817,302	18,668,274	(87,108,440)
General administration	6,096,731	379,922	1,219,208	(4,497,601)
School administration	69,544,540	3,717,727	11,930,538	(53,896,275)
Business services	8,609,001	-	-	(8,609,001)
Operations and maintenance	79,314,548	5,318,289	17,066,893	(56,929,366)
Pupil transportation	26,012,440	-	4,589,941	(21,422,499)
Central services	134,964,286	9,120,534	29,268,661	(96,575,091)
Other support services	48,582,600	296,205	950,550	(47,335,845)
Community services	14,366,660	752,542	2,414,978	(11,199,140)
Education for adults	17,828,984	-	3,021,453	(14,807,531)
Interest on long-term debt	128,003,672	-	-	(128,003,672)
Total support services	690,163,949	27,398,922	95,537,133	(567,227,894)
Total governmental activities	1,359,037,378	57,204,401	212,702,661	(1,089,130,316)
Total primary government	$ 1,359,037,378	$ 57,204,401	$ 212,702,661	$ (1,089,130,316)
Component units				
Charter schools	$ 159,701,630	$ -	$ 382,705	$ (159,318,925)
DPS Foundation	13,760,585	-	13,425,345	(335,240)
Total component units	$ 173,462,215	$ -	$ 13,808,050	$ (159,654,165)

	Primary Government Governmental Activities	Component Units
Net (expense) revenue	$ (1,089,130,316)	$ (159,654,165)
General revenues:		
Property taxes	623,495,039	17,175,328
Specific ownership taxes	40,303,943	-
Payment in lieu of taxes	2,522,094	-
State equalization	294,025,391	121,523,363
Interest and investment income	1,958,554	(2,554)
Other	62,368,644	18,824,766
Total general revenues	1,024,673,665	157,520,903
Changes in net position	(64,456,651)	(2,133,262)
Net position (deficit) - beginning, as previously stated	(1,192,570,064)	(9,002,000)
Change in reporting entity	-	10,922
Prior period adjustment	-	781,691
Net position (deficit) - beginning, as restated	(1,192,570,064)	(8,209,387)
Net position (deficit) - ending	$ (1,257,026,715)	$ (10,342,649)

The notes to the financial statements are an integral part of this statement.

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND THE STATE OF COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2016

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
ASSETS				
Assets:				
Cash and cash equivalents	$ 136,417,802	$ -	$ 315,591	$ 43,828,824
Investments	-	-	-	20,652
Receivables:				
Taxes receivable	19,988,987	-	-	1,163,144
Intergovernmental	-	20,036,650	4,587,812	-
Interest receivable	3,203	-	-	-
Other	2,760,731	6,506,303	-	-
Due from other funds	21,674,744	3,853,227	-	-
Due from fiduciary funds	56,272	-	-	-
Inventory	704,168	-	3,485,663	-
Prepaid Expenses	142,383	-	-	-
Cash with fiscal agents	2,853,775	-	-	-
Restricted cash and cash equivalents	1,553,656	-	-	-
Restricted investments	-	-	-	-
Total assets	$ 186,155,721	$ 30,396,180	$ 8,389,066	$ 45,012,620
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 22,126,143	$ 4,634,607	$ 128,041	$ 22,584
Accrued payroll and benefits	61,709,523	336,809	-	4,360,670
Due to other funds	-	-	8,120,095	21,950,462
Unearned revenue	3,038,977	5,542,898	-	-
Total liabilities	86,874,643	10,514,314	8,248,136	26,333,716
Deferred inflows of resources:				
Property taxes	4,738,598	-	-	333,575
Unavailable revenues - long-term receivables	-	-	-	-
Total deferred inflows of resources	4,738,598	-	-	333,575
Fund balances:				
Nonspendable:				
Inventory	704,168	-	3,485,663	-
Prepaid expenses	142,383	-	-	-
Permanent fund	-	-	-	-
Restricted for:				
Higher education	-	10,572,551	-	-
Non-governmental grantor-designated purposes	-	760,809	-	-
Federal programs	-	8,548,506	-	-
Performance-based teacher compensation	-	-	-	18,345,329
Debt service	-	-	-	-
Capital projects	-	-	-	-
Emergency reserve	24,910,740	-	-	-
Committed to:				
Capital projects	-	-	-	-
Pupil activities	-	-	-	-
Assigned to:				
Subsequent year expenditure	1,315,705	-	-	-
Special projects	17,397,322	-	-	-
Debt service	-	-	-	-
Unassigned	50,072,162	-	(3,344,733)	-
Total fund balances	94,542,480	19,881,866	140,930	18,345,329
Total liabilities, deferred inflows of resources and fund balances	$ 186,155,721	$ 30,396,180	$ 8,389,066	$ 45,012,620

The notes to the financial statements are an integral part of this statement.

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2016

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	$ -	$ -	$ -	$ 117,056	$ 180,679,273
Investments	-	-	-	3,982	24,634
Receivables:					
Taxes receivable	4,850,287	-	-	-	26,002,418
Intergovernmental	-	-	-	-	24,624,462
Interest receivable	24,395	277,476	426	-	305,500
Other	-	-	90,250,020	37,496	99,554,550
Due from other funds	-	-	13,627,787	8,527,188	47,682,946
Due from fiduciary fund	-	-	-	-	56,272
Inventory	-	-	-	-	4,189,831
Prepaid Expenses	-	-	509,302	-	651,685
Cash with fiscal agents	-	-	-	-	2,853,775
Restricted cash and cash equivalents	-	57,238,717	5,036,436	-	63,828,809
Restricted investments	136,851,634	57,154,444	-	-	194,006,078
Total assets	$ 141,726,316	$ 114,670,637	$ 109,423,971	$ 8,685,722	$ 644,460,233
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 4,875	$ 9,637,830	$ 2,697,073	$ 37,655	$ 39,288,808
Accrued payroll and benefits	-	-	-	-	66,407,002
Due to other funds	70,999	17,540,799	-	-	47,682,355
Unearned revenue	-	-	-	-	8,581,875
Total liabilities	75,874	27,178,629	2,697,073	37,655	161,960,040
Deferred inflows of resources:					
Property taxes	1,369,704	-	-	-	6,441,877
Unavailable revenues - long-term receivables	-	-	89,699,825	-	89,699,825
Total deferred inflows of resources	1,369,704	-	89,699,825	-	96,141,702
Fund balances:					
Nonspendable:					
Inventory	-	-	-	-	4,189,831
Prepaid expenses	-	-	509,302	-	651,685
Permanent fund	-	-	-	128,553	128,553
Restricted for:					
Higher education	-	-	-	-	10,572,551
Non-governmental grantor-designated purposes	-	-	-	5,350,915	6,111,724
Federal programs	-	-	-	-	8,548,506
Performance-based teacher compensation	-	-	-	-	18,345,329
Debt service	140,280,738	-	-	-	140,280,738
Capital projects	-	87,492,008	-	-	87,492,008
Emergency reserve	-	-	-	-	24,910,740
Committed to:					
Capital projects	-	-	5,554,771	-	5,554,771
Pupil activities	-	-	-	3,168,599	3,168,599
Assigned to:					
Subsequent year expenditure	-	-	-	-	1,315,705
Special projects	-	-	-	-	17,397,322
Debt service	-	-	10,963,000	-	10,963,000
Unassigned	-	-	-	-	46,727,429
Total fund balances	140,280,738	87,492,008	17,027,073	8,648,067	386,358,491
Total liabilities, deferred inflows of resources and fund balances	$ 141,726,316	$ 114,670,637	$ 109,423,971	$ 8,685,722	$ 644,460,233

DENVER PUBLIC SCHOOLS

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RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

Total fund balances for governmental funds	$ 386,358,491
Add:	
Deferred inflow of resources related to property taxes and long-term receivables are not available to pay for current-period expenditures, and therefore, are not recorded in the funds.	96,141,702
Capital assets do not provide current financial resources and are not included in the governmental funds.	1,840,030,518
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and are related to loss on refundings.	224,737,010
Deferred outflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	198,632,761
Pension contributions subsequent to the plans measurement date are not included in the long-term liability and are deferred.	7,252,687
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net position of internal service funds is included in the governmental activities statement of net position.	1,207
Due to/due from amounts are eliminated for District-wide reporting:	
Due to other funds	(47,682,946)
Due from other funds	47,682,946
Less:	
Accumulated depreciation, related to capital assets.	(671,274,310)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(2,495,311,707)
Accrued interest payable not included in the funds.	(7,053,962)
OPEB are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	(3,300,404)
Accrued claims liability is not reported in governmental funds, but are included as a government-wide liability.	(11,027,570)
Deferred inflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	(88,395,559)
Net pension liability for the District is a long-term liability not due and payable in the current period and therefore is not reported in governmental funds.	(733,817,579)
Net position (deficit) of governmental activities	$ (1,257,026,715)

The notes to the financial statements are an integral part of this statement.

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
REVENUES				
Taxes	$ 495,515,584	$ -	$ -	$ 32,138,047
Intergovernmental:				
Revenue from state sources	330,071,454	21,757,998	714,396	-
Revenue from federal sources	1,021,504	84,547,682	36,078,403	-
Charge for services	36,843,509	5,564,588	4,960,729	-
Investment income	876,883	-	-	(462,866)
Other local sources	8,669,688	22,037,425	89,614	-
Total revenues	872,998,622	133,907,693	41,843,142	31,675,181
EXPENDITURES				
Current:				
Instruction:				
Regular instruction	403,233,858	36,290,813	-	43,252,123
Special education	58,772,221	12,348,064	-	-
Vocational education	1,593,401	377,077	-	-
Other instruction	3,267,212	756,823	-	-
Total instruction	466,866,692	49,772,777	-	43,252,123
Support services:				
Pupil supporting services	37,126,952	7,934,067	-	-
Instructional support	70,635,195	38,642,397	-	-
General administration	5,642,389	359,341	-	56,077
School administration	68,299,902	842,330	-	-
Business services	7,571,069	242,845	-	-
Operations and maintenance	71,563,249	68,786	-	-
Pupil transportation	25,724,818	130,955	-	-
Central services	53,956,802	6,709,486	-	1,374,013
Other support services	1,036,037	5,217,762	42,328,801	-
Total support services	341,556,413	60,147,969	42,328,801	1,430,090
Community services	11,021,566	3,259,436	-	-
Education for adults	2,256,856	15,572,128	-	-
Capital outlay	1,467,271	1,271,539	32,811	-
Debt service:				
Principal payments	14,730,000	-	-	-
Interest and fiscal charges	46,114,624	-	-	-
Total debt service	60,844,624	-	-	-
Total expenditures	884,013,422	130,023,849	42,361,612	44,682,213
Excess (deficiency) of revenues over (under) expenditures	(11,014,800)	3,883,844	(518,470)	(13,007,032)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,931,274	48,197	659,400	-
Transfers out	(9,926,794)	(995,670)	-	-
Bond proceeds	-	-	-	-
Refunding bonds	-	-	-	-
Premium on bonds	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total other financing sources (uses)	(995,520)	(947,473)	659,400	-
Net change in fund balances	(12,010,320)	2,936,371	140,930	(13,007,032)
Fund balance - beginning	106,552,800	16,945,495	-	31,352,361
Fund balance - ending	94,542,480	19,881,866	$ 140,930	$ 18,345,329

The notes to the financial statements are an integral part of this statement.

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 134,433,831	$ -	$ -	$ -	$ 662,087,462
Intergovernmental:					
Revenue from state sources	-	-	-	-	352,543,848
Revenue from federal sources	-	-	6,496,354	-	128,143,943
Charge for services	-	-	336,185	15,833,060	63,538,071
Investment income	727,823	536,425	22,902	2,387	1,703,554
Other local sources	-	-	13,623,697	612,619	45,033,043
Total revenues	135,161,654	536,425	20,479,138	16,448,066	1,253,049,921
EXPENDITURES					
Current:					
Instruction:					
Regular instruction	-	8,485,515	66,975	8,164,587	499,493,871
Special education	-	6,900	-	145,827	71,273,012
Vocational education	-	-	-	-	1,970,478
Other instruction	-	-	-	3,581,307	7,605,342
Total instruction	-	8,492,415	66,975	11,891,721	580,342,703
Support services:					
Pupil supporting services	-	-	-	185,452	45,246,471
Instructional support	-	16,090	-	2,300,334	111,594,016
General administration	-	38,924	-	-	6,096,731
School administration	-	24,391	-	377,917	69,544,540
Business services	-	377,159	387,338	2,640	8,581,051
Operations and maintenance	-	2,336,834	5,345,679	-	79,314,548
Pupil transportation	-	-	156,667	-	26,012,440
Central services	-	1,790,765	3,235,333	-	67,066,399
Other support services	-	-	-	-	48,582,600
Total support services	-	4,584,163	9,125,017	2,866,343	462,038,796
Community services	-	-	-	85,658	14,366,660
Education for adults	-	-	-	-	17,828,984
Capital outlay	-	102,685,275	26,540,355	59,511	132,056,762
Debt service:					
Principal payments	47,933,175	-	-	-	62,663,175
Interest and fiscal charges	57,356,061	-	3,355,253	-	106,825,938
Total debt service	105,289,236	-	3,355,253	-	169,489,113
Total expenditures	105,289,236	115,761,853	39,087,600	14,903,233	1,376,123,018
Excess (deficiency) of revenues over (under) expenditures	29,872,418	(115,225,428)	(18,608,462)	1,544,833	(123,073,097)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,600,000	4,814,111	16,052,982
Transfers out	(130,518)	-	-	(5,000,000)	(16,052,982)
Bond proceeds	-	-	9,680,591	-	9,680,591
Refunding bonds	143,280,000	-	-	-	143,280,000
Premium on bonds	26,500,712	-	-	-	26,500,712
Payment to bond escrow agent	(169,003,421)	-	-	-	(169,003,421)
Total other financing sources (uses)	646,773	-	11,280,591	(185,889)	10,457,882
Net change in fund balances	30,519,191	(115,225,428)	(7,327,871)	1,358,944	(112,615,215)
Fund balance - beginning	109,761,547	202,717,436	24,354,944	7,289,123	498,973,706
Fund balance - ending	$ 140,280,738	$ 87,492,008	$ 17,027,073	$ 8,648,067	$ 386,358,491

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net change in fund balance - governmental funds	$ (112,615,215)
Add:	
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense.	139,921,373
Principal retirements - Retirements of principal outstanding on the School District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reductions against the long-term liability.	201,148,175
Amortization of premium on debt has no effect on the governmental funds, but increases the change in net position of governmental activities.	33,134,964
Change in deferred property tax and other revenues - Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but are recognized on the government-wide financial statements.	27,034,786
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net gain of the internal service funds is included in the government-wide statement of activities.	23,234
Expenses for OPEB reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	55,354
Net change in compensated absences - The change in this liability is not considered in the governmental fund statements but is included as a change in expense in the government-wide statement of activities.	(449,347)
Less:	
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the current year depreciation.	(68,163,745)
Loss on disposal of capital assets.	(7,149,406)
Issuance of debt - The issuance of debt and related premium provides current financial resources to the governmental funds, but has no effect on the change in net position of the governmental activities.	(179,461,303)
Capital appreciation bonds, accretion of premium - has no effect on the governmental fund statements, but is recorded as an expense on the government-wide statement of activities.	(745,975)
The unamortized deferred losses on refunding of debt are not reported on the governmental fund statements while on the government-wide net position they are amortized over the life of the debt as an increase in interest expense. Current year Deferred Loss on Refunding less Amortization - Loss on Refunding.	(8,028,724)
Accrued claims	(171,104)
Increase in interest payable related to long-term liabilities.	(574,741)
Pension Expense	(88,414,977)
Change in net position of governmental activities	$ (64,456,651)

The notes to the financial statements are an integral part of this statement.

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2016

	Warehouse Fund
ASSETS	
Receivables	$ 1,798
Total assets	1,798
LIABILITIES	
Current liabilities:	
Due to other funds	591
Total current liabilities	591
NET POSITION	
Unrestricted	1,207
Total net position	$ 1,207

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2016

	Warehouse Fund
OPERATING REVENUES	
Billings to funds	$ 907,766
Other revenue	57,515
Total operating revenues	965,281
OPERATING EXPENSES	
Cost of goods:	
Purchased	302,736
Salaries and employee benefits	101,111
Purchased property services	232,570
Other purchased services	133,765
Supplies	165,456
Other	6,409
Total operating expenses	942,047
Operating income	23,234
Total net position - beginning	(22,027)
Total net position - ending	$ 1,207

The notes to the financial statements are an integral part of this statement.

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STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2016

	Warehouse Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 911,888
Payments to suppliers	(834,527)
Payments to employees	(101,111)
Payments from (to) other funds	(27,356)
Other receipts (payments)	51,106
Net cash provided (used) by operating activities	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income	$ 23,234
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accounts receivable	4,122
Due to other funds	(27,356)
Net cash provided (used) by operating activities	$ -

The notes to the financial statements are an integral part of this statement.

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2016

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	$ 8,710,372	$ 2,964,365
Total assets	8,710,372	2,964,365
LIABILITIES		
Due to general fund	56,272	-
Due to student groups	-	2,964,365
Total liabilities	56,272	2,964,365
Net position held in trust for other post employment benefits and other purposes	$ 8,654,100	$ -

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	Private Purpose Trust Fund
ADDITIONS	
Contributions:	
Employer	$ 2,040,000
Interest income	1,012,064
Total additions	3,052,064
DEDUCTIONS	
Medical and life insurance for retirees	2,284,683
Student scholarships	13,913
Supplies	
Total deductions	2,298,596
CHANGE IN NET POSITION HELD FOR:	
Change in net position	753,468
Net position - beginning	7,900,632
Net position - ending	$ 8,654,100

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of School District No. 1 in the City and County of Denver and State of Colorado (the District) is presented to assist in understanding the District's financial statements. The following is a summary of the more significant policies:

Financial Reporting Entity

The district was created for the purpose of supervising and governing the public schools and public school property within the boundaries of the City and County of Denver.

The financial statements of the district include all of the integral parts of the district's operations. The district applied various criteria to determine if it is financially accountable for any legally separate organizations, which would require that organization to be included in the district's reporting entity. These criteria include fiscal dependency, financial benefit/burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

This report contains financial statements of the district (the primary government) and its component units. Refer to Note 14 to the basic financial statements for additional information on component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) display the information about the district as a whole. These statements include the financial activities of the primary government, except for fiduciary funds and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely on charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are also included in the program expense reported for individual functions and activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for major governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds (General Fund, Grants Special Revenue, Food Services Special Revenue, ProComp Special Revenue, Bond Redemption, Building and Capital Reserve) are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of interfund activity has generally been eliminated from the government-wide financial statements. Exceptions to this are charges between the district's governmental activities and component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers grant revenues to be available if they are collected within 180 days of the fiscal year-end. Property tax and other revenues are considered available if collected within 60 days of the year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

The District's agency funds apply the accrual basis of accounting, but do not have a measurement focus.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

For governmental activities, when both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

The district reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds as detailed below. Primary revenue sources for the general fund include property taxes and state equalization.

Grants Special Revenue Fund – This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. Both the federal, state and local grants fund and the foundation and private grants fund account for revenue and expenses specifically related to grants which have various restrictions based on the specific grant.

Food Services Special Revenue Fund – This fund accounts for the revenue and expenses related to providing breakfast, lunch and snacks to district students and employees. Revenue sources for this fund include federal and state grants and private sources.

ProComp Special Revenue Fund – This special revenue fund is used to account for the proceeds of voter-approved taxes from the 2005 mill levy override. The investments and expenditures are for the professional compensation system for teachers.

Bond Redemption Fund - The Bond Redemption Fund (debt service fund) accounts for and reports financial resources that are restricted for the payment of principal and interest on long-term general obligation debt of the district as a result of the issuance of general obligation bonds.

Building Fund – This fund is used to account for and report bond funded financial resources that are restricted to expenditure of capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Reserve Fund – This fund is used to accumulate non-bond funded resources, for the acquisition, renovation and maintenance of capital assets.

The other governmental funds of the district account for resources where use is restricted to a particular purpose and include the Pupil Activity Fund and the Permanent Fund.

Pupil Activity Fund – This fund accounts for the revenue and expenditures of sponsoring athletic events at district middle and high schools.

Tuition Special Revenue Fund – This fund accounts for revenues and expenses for providing early childhood education and full day kindergarten. Revenues are primarily derived from tuition billings.

Permanent Fund – This fund is used to account for and report resources that are restricted to the extent that only earnings and not principal may be used for purposes that support the district's programs.

Additionally, the District reports the following other fund categories:

Internal Service Fund – This fund is used to account for goods and services provided to departments and schools primarily within the District on a cost-reimbursement basis.

Fiduciary Funds – The district's fiduciary funds include private-purpose trust funds and an agency fund. The private-purpose trust funds of the District account for student and employee scholarships. The District's postemployment health benefits were transferred to PERACare on January 1, 2010. The agency fund of the district represents the bank accounts maintained at each school to account for monies derived from school-sponsored student activities.

Proprietary (internal service) funds distinguish *operating* revenues and expenses from *non-operating*. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to customers for sales and services. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

The District adopts an annual budget for all funds, following these procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. Late in April but no later than June 1, the Superintendent presents to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and projected revenue.

2. A public hearing is conducted at the administration building to obtain taxpayer comments.

3. A balanced budget and appropriation resolution must be adopted by June 30. The District cannot expend monies in excess of the amount appropriated for an individual fund unless an amended or supplemental budget is approved by resolution. In addition, any further change in legally allowable transfers between funds requires approval by Board resolution.

4. The District's Board of Education or management can modify the budget by line item within the total fund's appropriation.

5. Mill levies must be certified to the City and County of Denver by December 15.

6. Formal budgetary integration is employed as a management control device during the year for all funds.

7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Revenues are on the modified accrual basis.

8. Total appropriations are as amended.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Deposits and Investments

For the purposes of the government-wide financial statements, the fund financial statements, and the statements of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits held in banks and other securities with original maturities of less than one week.

Investments are reported at fair value in accordance with GASB Statement 72. Investments reported at cost are:

1. Retiree Life Insurance which is reported at the cash surrender value.
2. Investments in external investment pool Colorado Surplus Asset Fund Trust (CSAFE) are reported at $1 net asset value per share.
3. Stocks held by trust which are reported at cost.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of governmental funds are associated with nonspendable fund balance. In accordance with GASB Statement 54, nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, including items that are not expected to be converted to cash.

Food Services inventory consists of food items, including commodities donated by the federal government, and cafeteria supplies held at the central warehouse for distribution to school lunchrooms. General fund inventory consists of transportation and building maintenance parts and fuel. Expendable supplies issued to schools or other locations are not included in inventory.

The cost of inventory items is recorded as expenditures when consumed. Donated government commodities are recorded as inventory at the acquisition value at the time of donation.

Capital Assets

Capital assets are real, personal, and intangible property that have a cost equal to or greater than an established capitalization threshold of $5,000 and have an estimated useful life extending beyond one year. For additional information, refer to Note 5.

Due From and Due to Other Funds

A general disbursing account within the General Fund is used on an imprest basis to make expenditures on behalf of all funds. This account is periodically reimbursed by the applicable funds. Interfund balances at June 30, 2016 represent reimbursements and adjustments due but not transferred as of that date.

Indirect Costs

Indirect costs are allocated to grants in the Special Revenue Fund based on an indirect cost rate established by the Colorado Department of Education. The indirect cost expenditure in the Special Revenue Fund is offset against expenditures in the General Fund.

Accrued Payroll

The accrued payroll represents the liability to teachers and certain other employees who earn their salaries over the nine-month school year but are paid over a twelve-month period from September 1 to August 31. Changes in the accrual are reflected in expenditures or expenses on the applicable fund's statement of revenues, expenditures and changes in fund balances. Certain payroll benefits and part-time salaries which are payable at June 30 are also included.

Compensated Absences

The compensated absence liability, consisting of accumulated sick and vacation leave which vests and is payable upon termination or retirement, is reported on the government-wide financial statements. Accumulated sick leave vests only at qualified retirement and vests at a rate determined by contract, which is less than the normal rate of pay. A qualified retiree can be paid for up to one work-years’ worth of accumulated sick leave. Retirees who accumulate vacation leave are compensated at their normal rate of pay for the balance at retirement. On the fund financial statements, compensated absence amounts are reported as expenditures or expenses, as appropriate, when paid.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method. The appropriate obligations are reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. In accordance with Section 22-45-103, CRS, the District's bond redemption fund custodian for fiscal year 2015-2016 was Wells Fargo Bank, N.A., third party.

Deferred Outflows of Resources and Deferred Inflows of Resources

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the government-wide statements include deferred outflows of resources representing the deferred loss on refundings of the district's certificates of participation and bond obligations and items relating to the District's pension obligations and deferred inflows of resources relating to pension obligations. Additionally, the governmental fund financial statements include deferred inflows of resources for property taxes receivable and long-term receivables that have not met modified accrual revenue recognition criteria.

Net Position

In the government-wide statements, net position consists of net investment in capital assets, restricted and unrestricted net positions. Restricted net position includes restricted amounts for debt service, performance-based teacher compensation, emergency reserve, higher education, non-governmental grantor-designated purposes, state and federal programs, permanent fund, capital projects, and donor-designated purposes.

Fund Balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For the classification of fund balances, the District considers amounts to have been spent when expenditure is incurred for purposes for which fund balance is both available and can be used. In accordance with GASB Statement 54, the fund balances of the District are classified into the following categories: nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, including items that are not expected to be converted to cash.

Restricted fund balance includes amounts where constraints have been placed on the use of resources by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of formal action (for example, resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education adopted a fund balance policy and as part of the policy delegated the authority to the Superintendent or designee to assign amounts to be used for specific purposes.

Unassigned fund balance represents residual fund balance that has not been restricted, committed or assigned. Positive unassigned fund balance exists only in the general fund.

2. CASH AND INVESTMENTS

Investments Authorized by the Colorado Statutes and District's Investment Policy

The table below identifies the investment types that are authorized by the District's investment policy or Colorado Revised Statutes (CRS), where more restrictive. The table also identifies certain provisions of the District's investment policy that address interest rate risk, credit risk and concentration of credit risk. The table does not address the investments of (a) debt proceeds that are governed by the provisions of the debt agreements of the District, or (b) Special Revenue ProComp Trust assets that are governed by the Trust's Investment Policy Statement rather than the general provisions of the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury and U.S. Agency Obligations or Securities	5 years	100%	N/A
Local Government Investment Pools	13 months	100%	N/A
Money Market Mutual Funds	13 months	100%	N/A
Repurchase Agreements (other than repurchase agreements for investment of general obligation bond proceeds and certificates of deposit)	5 years	100%	25% of portfolio
Commercial Paper	9 months	25%	5% of portfolio
FDIC-guaranteed Corporate Bonds	3 years	15%	3% of portfolio
Municipal Bonds	3 years	15%	3% of portfolio
Corporate Bonds	3 years	10%	3% of portfolio
Certificates of Deposit	1 year	10%	3% of portfolio
Flexible Repurchase Agreements	5 years	N/A	N/A
Guaranteed Investment Contracts	In compliance with C.R.S. 24-75-601	N/A	N/A

Investments Authorized by Debt Agreements

The District has entered into a forward delivery agreement with US Bank with a maturity date of December 2023 and a forward delivery agreement with JP Morgan Chase Bank with a maturity date of December 2018. The provisions of the contracts and not the District's investment policy govern the forward delivery investments. Under the terms of the contracts, the District recorded interest received in advance as unearned revenue in the General Fund.

As of August 9, 2006 when HB 1287 was signed, investments held in the ProComp Special Revenue Fund and administered by the ProComp Trust are exempt from the investment restrictions placed on local governments. Consequently the trust's board of directors adopted an investment policy statement which authorizes domestic and international equity securities, fixed income securities, and alternative investments including hedging strategies.

The district invests in various investment securities. Investment securities are exposed to various risks such as interest rate, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The District does not hold any investments for the purpose of income or profit. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation is based on the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other than those within Level 1, that are directly or indirectly observable; and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016:

- U.S. Treasury securities of $33,232,594 are valued using quoted market price (Level 1 inputs).
- Investment in Local Government Investment Pool (ColoTrust) of $212,223,489 are valued using quoted market price (Level 1 inputs).
- Repurchase Agreements of $15,160,000 are valued using pricing models (Level 2 inputs).
- ProComp Hedge Fund - Limited partnership of $20,652 are valued using inputs other than quoted prices that are unobservable for the assets (Level 3 inputs).

Custodial Credit Risk

Colorado law requires the district to use eligible public depositories as defined by the Public Deposit Protection Act of 1989 (the Act). Under the Act, the depository is required to pledge eligible collateral having a market value at all times equal to 102% of the aggregate public depositories not insured by the Federal Deposit Insurance Corporation. Eligible collateral as defined by the Act primarily includes obligations of, or guarantees by, the U.S. government, the State of Colorado or any political subdivision thereof and obligations evidenced by notes secured by first lien mortgages of trust on real property.

Custodial credit risk is the risk that in the event of a bank failure, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The District's deposits are with eligible public depositories and are considered to be held in the name of the District. These deposits have bank balances of $13,411,300 and related carrying amount of $10,145,460.

Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to a change in interest rates. The District's investment policy addresses interest rate risk by requiring adherence to the Colorado Revised Statutes. The District manages its exposure to interest rate risk by purchasing a combination of shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is either maturing or close to maturing as necessary to provide the cash flow and liquidity needed by operations and debt service requirements.

The following table shows the distribution of the District's cash and cash equivalents and investments by maturity, which displays the sensitivity of the fair values of the District's investments, including investments held by bond trustee, to market rate fluctuations:

		Maturity			
Type of Security	Fair Value	30 days or less	12 months or less	13 to 24 months	More than 24 months
Commercial Paper	$ 39,871,162	$ -	$ 39,871,162	$ -	$ -
US Treasury Note	33,232,594	-	-	33,232,594	-
External Investment Pools	322,487,391	322,487,391	-	-	-
Money Market Funds	6,623,550	6,623,550	-	-	-
Repurchase Agreements	15,160,000	-	-	-	15,160,000
Forward delivery Agreements					
Discount Note	4,165,000	-	4,165,000	-	-
First Amer Treasury Obligations	4,740,126	-	4,740,126	-	-
US Treasury Bills	8,904,000	-	8,904,000	-	-
Retiree Life Insurance	7,713,389	7,713,389	-	-	-
Total	$ 442,897,212	$ 336,824,330	$ 57,680,288	$ 33,232,594	$ 15,160,000

Other Securities without maturities are as follows:

Stocks	$ 3,982
Hedge Funds - Limited Partnership	20,652
Total	$ 24,634

Reconciliation

The following is a reconciliation of cash and investments per this note to the basic financial statements:

Cash and investments per footnote presentation:	
Cash in bank - Carrying amount	10,145,460
Investments	442,897,212
Stocks	3,982
Hedge Funds - Limited Partnership	20,652
Total	$ 453,067,306
Cash and investments per government-wide statements of net position:	
Cash and Cash equivalents	180,679,273
Investments	24,634
Restricted Cash and Cash Equivalents	63,828,809
Held by fiscal agent	2,853,775
Restricted Investments	194,006,078
Cash and investments per the fiduciary statements of net position:	
Private purpose trust:	8,710,372
Agency	2,964,365
Total	$ 453,067,306

Foreign Currency Rate Risk

Foreign currency rate risk is the risk that changes in monetary exchange rates will adversely affect the fair value of an investment or a deposit in terms of U. S. dollars. The District has no formal policy relating to foreign currency risk, nor are any deposits or investments exposed to foreign currency risk. The ProComp hedge equity investments are limited partnerships with minimal foreign investments.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSROs). State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in Rule 2a-7, as amended, as long as such rule does not increase the remaining maturities beyond a maximum of three years. The District's investment policy requires money market funds and local government investment pools to have a rating of AAAm or equivalent by one or more NRSROs. Corporate bonds must have a rating of at least AA- or equivalent by at least two NRSROs. General obligations must be rated at the time of purchase at least AA or the equivalent by two or more NRSROs, and revenue obligations at least AAA or the equivalent at the time of purchase. Commercial paper must have a rating of at least A-1 or the equivalent at the time of purchase by at least two NRSROs.

As of June 30, 2016, the money market funds that the District participated in were rated as follows by Standard and Poor's:

Financial Institution	**Fund**	**Rating on June 30, 2016**
Wells Fargo	Prime Investment Money Market Fund	AAAm
Wells Fargo	Heritage Money Market Fund	AAAm
Morgan Stanley Smith Barney	Western Asset Institutional Liquid Reserves	Not rated
UBS	UBS Select Prime Money Market Institutional Fund Shares	AAAm
MetLife	Liquidity Account	Not rated
Morgan Stanley Smith Barney	Morgan Stanley Liquid market Institutional	AAAm

Standard and Poor's rates all U.S. Agency Obligations as AA+.

The District invests in the Colorado Asset Surplus Fund Trust (CSAFE) and COLOTRUST, local government investment funds. The Colorado Division of Securities regulates these local government investment pools. The District's position is that these pools are the same as the value of pool shares. Standard and Poor's rates COLOTRUST as AAAm and CSAFE as AAAm. The District has $2,853,775 in the State of Colorado Treasury ("T-Pool") as required by the Colorado Workers' Compensation act for self-insurance security. The pool is not rated.

The District's investment policy requires that repurchase agreements and flexible repurchase agreements are collateralized as required by state law at a minimum of 102% of the purchase price plus accrued interest. For repurchase agreements, the collateral is to be delivered and held in a third party safekeeping account and the market value of the collateral securities marked-to-the market daily.

Concentration of Credit Risk

The District places limits on the amount it may invest in any one issuer of repurchase agreements, corporate and municipal bonds, commercial paper, and certificates of deposit. The District's investments contained concentrations in commercial paper and Federal Home Loan Mortgage Corporation (FHLMC) of $39,871,162 and $4,165,000 representing 9.0% and 0.94% respectively of the total investments as of June 30, 2016. The District's collateral securities of repurchase agreements contained concentration in Federal Security (FNMA) of $6,170,000 and US Treasury Obligations of $8,990,000 representing 1.4% and 2.0% of the total investments respectively as of June 30, 2016. FNMA was rated AA+ by Standard and Poor's.

3. REVENUE

Property Taxes

Property taxes are levied during December and attach an enforceable lien on property as of January 1 of the following year. Taxes are payable in either one installment on or before April 30, or in two equal payments on or before February 28 and June 15 of each year. The mill levy is determined by the district in accordance with state laws and finance formulas. The assessments and collections are made by the City and County of Denver and remitted upon receipt to the district.

Property taxes levied for the General Fund totaled $491,146,271 in 2016. In 1988, 1998, 2003, 2005 and 2012 the voters of Denver approved mill levy overrides. The 1988, 1998 and 2003 override election mill levies are fixed amounts of $12.1 million, $17.0 million, and $20.0 million, respectively. The 2005 override election mill levy initially set at $25.0 million is adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 override election mill levy amount for the 2015 collection year was approximately $30.9 million. The 2012 override election mill levy is fixed at 4.860 mills. This will generate $64.2 million for the 2015 property tax collection year. In future years the mill rate of 4.860 will remain fixed regardless of changes to assessed valuation.

Deferred inflow of resources in the General Fund and ProComp Special Revenue fund included $4,738,598 and $333,575 of property taxes at June 30, 2016. In addition, property taxes levied for the Bond Redemption Fund totaled $135,522,364 in 2016 and accounted for the entire deferred inflow of resources of $1,369,704 at June 30, 2016. Property tax revenue is recorded in the General Fund, the ProComp Special Revenue fund, and the Bond Redemption Fund. The taxes receivable are recorded net of an estimated uncollectible amount of $8,106,796 in the governmental activities, $6,377,039 in the General Fund and $1,729,756 in the Bond Redemption Fund.

Collection fees by the City and County of Denver amount to one-quarter of one percent of property taxes collected for the General Fund, and no collection fees are charged for the Bond Redemption Fund. Collection fees are recorded as expenditures.

DURA

The District and the Denver Urban Renewal Authority (Authority) are parties to the Amended and Restated Stapleton School Funding Agreement (Funding Agreement). The Funding Agreement, as amended and restated, provides funding of various projects in the Stapleton Urban Redevelopment Area.

The Stapleton Urban Redevelopment Plan and Cooperation Agreement (Redevelopment Plan) authorize the Authority to receive and use certain incremental increases in sales and property tax revenues generated within the Stapleton Urban Redevelopment Area. To provide for the Authority's participation in funding the schools within the Stapleton Urban Redevelopment Area with the incremental increases in sales and property tax revenues, the Authority and the District entered into the Funding Agreement which provides for the payment of the actual development costs of certain schools identified therein from proceeds of obligations issued by the Authority.

In accordance with the Funding Agreement, the district has performed work and is eligible for reimbursement with respect to an elementary school, a K-8 school, and the acquisition and construction of a District high school and sports field. Reimbursement to the district is in accordance with the Redevelopment Plan and Funding Agreement. The following table summarizes the projects and outstanding reimbursable amounts as of June 30, 2016. The remaining balances are reflected as accounts receivable and deferred inflow of resources in the Capital Reserve Fund.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2016
Stapleton Redevelopment Plan	$ 53,533,713	$ 28,266,112	$ -	$ 81,799,825
	$ 53,533,713	$ 28,266,112	$ -	$ 81,799,825

The district has entered into agreements with National Jewish Health, Westerly Creek and St. Anthony urban redevelopment area. Those entities agreed to make yearly installments to DPS and the amount that remains is outlined below.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2016
National Jewish Health	$ 6,750,000	$ -	$ 750,000	$ 6,000,000
Lowry Elementary	1,599,176	1,429,257	3,028,433	-
Westerly Creek	2,500,000	-	1,000,000	1,500,000
St. Anthony School Agreement	-	400,000	-	400,000
	$ 10,849,176	$ 1,829,257	$ 4,778,433	$ 7,900,000

4. INTERFUND BALANCES AND TRANSFERS

Balances of interfund receivables, payables and transfers at June 30, 2016 are as follows:

Fund	Due From	Due To	Transfer In	Transfer Out
General Fund	$ 21,731,016	$ -	$ 8,931,274	$ 9,926,794
Special Revenue - Grants Fund	3,853,227	-	48,197	995,670
Special Revenue - Food Services Fund	-	8,120,095	659,400	-
Special Revenue - ProComp	-	21,950,462	-	-
Bond Redemption Fund	-	70,999	-	130,518
Building Fund	-	17,540,799	-	-
Capital Reserve Fund	13,627,787	-	1,600,000	-
Non-Major Funds	-	-	-	-
Pupil Activity Fund	3,204,265	-	4,814,111	-
Permanent Fund	8,934	-	-	-
Special Revenue - Tuition Fund	5,313,989	-	-	5,000,000
Internal Service Fund	-	591	-	-
Fiduciary Fund	-	56,272	-	-
	$ 47,739,218	$ 47,739,218	$ 16,052,982	$ 16,052,982

All interfund receivables and payables are the result of normal business and are expected to be paid in the current fiscal year. The majority of the district transfers are from the General Fund to various other funds as approved by the Board of Education in the approved annual budget to meet statutory requirements and support other district programs.

5. CAPITAL ASSETS

Capital assets resulting from expenditures in the governmental funds are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost, or estimated historical cost, and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated.

Depreciation is computed using the straight-line method over the following useful lives.

Description	Estimated Lives
Buildings and improvements	5 - 39 years
Furniture and equipment	5 years
Computer equipment	3 - 5 years
Buses	7 years
Other vehicles	5 years

Following is a detail by function of depreciation expense for governmental activities reported in the government wide statement of activities:

Regular	$	32,484,210
Special education		3,954,824
Vocational		109,339
Other		422,008
Supporting services		
Pupil support		2,510,653
Instructional support		6,192,171
General administration		338,298
School administration		3,858,914
Business services		477,700
Operation & maintenance		4,401,036
Pupil transportation		1,443,388
Central services		7,488,950
Other support services		2,695,770
Community Services		797,183
Education for adults		989,301
Total Depreciation Expense	$	68,163,745

A summary of changes in governmental capital assets is as follows:

Governmental assets:	Land	Buildings and Improvements	Equipment	Construction In-Progress	Capital Leases	Total
Balance July 1, 2015	$ 70,010,408	$ 1,315,455,161	$177,941,360	$149,585,501	$ 435,141	$1,713,427,571
Additions	5,313,182	8,109,142	8,257,839	118,241,210	-	139,921,373
Transfers	-	195,428,358	19,339,526	(214,332,743)	(435,141)	-
Less – Retirements	(900,000)	(3,397,480)	(6,395,644)	(2,625,302)	-	(13,318,426)
Balance June 30, 2016	74,423,590	1,515,595,181	199,143,081	50,868,666	-	1,840,030,518
Less – Accumulated Depreciation	-	531,447,117	139,827,193	-	-	671,274,310
Ending net capital assets	$ 74,423,590	$ 984,148,064	$ 59,315,888	$ 50,868,666	$ -	$1,168,756,208
Accumulated depreciation – July 1, 2015		$ 485,888,680	$122,955,764		$ 435,141	$ 609,279,585
Increases		48,182,307	19,981,438		-	68,163,745
Decreases		(2,623,870)	(3,110,009)		(435,141)	(6,169,020)
Accumulated depreciation – June 30, 2016		$ 531,447,117	$139,827,193		$ -	$ 671,274,310

Net investment in capital assets is estimated by first comparing the total building fund expenditures since 1991 to the capital outlay from the building fund for the same time frame which is 71.83% as of June 30, 2016. The related outstanding debt is then calculated as follows:

Depreciated capital assets	$ 1,168,756,208
Outstanding bonds payable	1,433,272,568
Less fund balance restricted for capital	(87,492,008)
Adjusted bonds payable	1,345,780,560
Percent of capitalized assets	71.83%
Bonds payable related to capital assets	$ 966,674,176
Related Debt:	
Bonds payable	$ 966,674,176
Certificates of participation	97,116,124
Total related debt	1,063,790,300
Net investment in capital assets	$ 104,965,908

6. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance June 30, 2015	Additions	Accretion of Capital Interest	Refunded/ Reductions	Balance June 30, 2016	Due Within One Year
Bonds Payable	$ 1,364,745,175	$ 143,280,000	$ -	$ (186,418,175)	$ 1,321,607,000	$ 70,210,000
Premiums	117,719,791	26,500,712	-	(32,554,935)	111,665,568	-
Total bonds payable	1,482,464,966	169,780,712	-	(218,973,110)	1,433,272,568	70,210,000
Certificates of participation	1,042,796,803	8,930,000	745,975	(14,730,000)	1,037,742,778	19,701,086
Premiums	6,543,422	750,591		(580,029)	6,713,984	-
Total certificates of participation	1,049,340,225	9,680,591	745,975	(15,310,029)	1,044,456,762	19,701,086
Other long-term liabilities:						
Compensated absences	17,133,030	11,086,157		(10,636,810)	17,582,377	2,144,838
Net OPEB obligation	3,355,758			(55,354)	3,300,404	
Net Pension Liability	568,154,460	173,339,272		(7,676,153)	733,817,579	-
Total other long-term liabilities	588,643,248	184,425,429	-	(18,368,317)	754,700,360	2,144,838
Total long-term liabilities	$ 3,120,448,439	$ 363,886,732	$ 745,975	$ (252,651,456)	$ 3,232,429,690	$ 92,055,924

Long-term Liabilities at June 30, 2016 are comprised of the following:

Bonds:	
2005A GO Refunding Bonds, varying interest rates of 5.00% to 5.50% payable semiannually through 2023, principal due in annual installments of $13,895,000 to $26,735,000 December 2018 through December 2023.	129,510,000
2009B GO Qualified School Construction Bonds, interest rate of 1.39% payable semiannually through 2024, principal due in annual installments of $1,580,000 to $1,762,000 and transferred to a sinking fund for principal at maturity in December 2024.	24,022,000
2009C GO Taxable Build America New Money bonds, interest rate of 5.664% payable semiannually through 2033, principal due in annual installments of $6,000,000 to $50,275,000 December 2024 through December 2033.	250,000,000
2009F GO Tax-Exempt Refunding Bonds, varying interest rates of 2.75% to 5.00% payable semiannually through 2023, principal due in annual installments of $1,900,000 to $3,090,000 through December 2023.	19,565,000
2009G GO Tax-Exempt Refunding Bonds, interest rates of 2.75% to 5.00% payable semiannually through 2018, principal due in annual installments of $16,040,000 to $16,750,000 through December 2018.	32,790,000
2010A GO Qualified School Construction Bonds, interest rate of 4.73% payable semiannually through September 2027, principal due in annual installments of $1,435,000 to $2,400,000 and transferred to a sinking fund for principal at maturity in September 2027.	29,260,000

Bonds (continued)

2010B GO Taxable Build America New Money Bonds, interest rate of 4.93% payable semiannually through 2028, principal of $1,545,000 due December 2028.	1,545,000
2010C GO Tax-Exempt Refunding Bonds, varying interest rates of 2.50% to 5.00% payable semiannually through 2023, principal due in annual installments of $16,850,000 to $17,350,000 December 2019 to December 2023.	85,390,000
2012A GO Refunding Bonds, varying interest rates of 3.50% to 5.00% payable semiannually through 2028, principal due in installments of $16,175,000 to $21,210,000 between December 2017 and December 2028.	113,855,000
2012B GO Tax-Exempt Bonds, varying interest rates of 3.00% to 5.00% payable semiannually through 2032, principal due in installments of $11,975,000 to 42,055,000 through December 2032.	262,605,000
2012C GO Taxable Qualified Zone Academy Bonds, interest rate of 3.773% payable semiannually through 2035, principal due in annual installments of $697,000 to 698,000 and transferred to a sinking fund for principal at a maturity in December 2035.	16,000,000
2012D GO Taxable Refunding Bonds, varying interest rates of 0.967% to 3.154% payable semiannually through 2028, principal due in installments of $380,000 to $19,120,000 between December 2015 and December 2028.	45,845,000
2014A GO Bonds, varying interest rates of 5.00% to 5.50% payable semiannually through 2034, principal due in installments of $670,000 to $1,680,000 December 2016 through December 2034.	20,760,000
2014B GO Refunding Bonds, varying interest rates of 3.00% to 5.00% payable semiannually through 2029, principal due in installments of $16,075,000 to $21,440,000 between December 2016 and December 2029.	147,180,000
2016A GO Refunding Bonds, varying interest rates of 1.75% to 5.00% payable semiannually through 2031, principal due in installments of $405,000 to $40,715,000 between December 2016 and December 2031.	143,280,000
Premium	111,665,568
Total bonds payable	**$ 1,433,272,568**

Certificates of Participation:

1997 taxable, varying interest rates of 7.27% to 7.32% payable semiannually through 2017, principal due in annual installments of $917,470 to $2,717,461 through December 2017.	3,634,931
2011B taxable, interest rates of 6.22% and 7.017% payable semiannually through 2037, principal due in annual installments of $4,290,000 to $38,685,000 December 2017 through December 2037.	396,235,000
2013A, interest rates of 1.95% and 12.0% payable semiannually through 2032, principal due in annual installments of $935,000 to $4,650,000 December 2018 through December 2032.	35,195,000
2013B taxable, interest rates of 0.776% and 4.242% payable semiannually through 2037, principal due in annual installments of $7,830,000 to $39,020,000 through December 2037.	524,125,000

Certificates of Participation (continued)

2013C, interest rates of 3.25% and 5.00% payable semiannually through 2033, principal due in annual installments of $950,000 to $4,965,000 December 2016 through December 2033.	58,740,000
2015A taxable, interest rates of 1.250% and 2.00% payable semiannually through 2018, principal due in annual installments of $30,000 to $165,000 through December 2018.	360,000
2015B tax-exempt, interest rates of 2.00% and 5.00% payable semiannually through 2045, principal due in annual installments of 135,000 to 525,000 through December 2045.	8,570,000
Cumulative accretion of interest on capital appreciation certificates	10,882,847
Premium	6,713,984
Total certificates of participation	**$ 1,044,456,762**
Other long-term liabilities:	
Compensated absences payable	17,582,377
Net OPEB obligation	3,300,404
Net Pension Liability	733,817,579
Total other long-term liabilities	**$ 754,700,360**
Total long-term liabilities	**$ 3,232,429,690**

On November 3, 1998, November 4, 2003, November 4, 2008 and November 6, 2012 the registered voters of Denver authorized the School District to issue $305 million, $310.8 million, $454 million, and $466 million respectively, of general obligation bonds. As of June 30, 2016, all previously authorized bonds had been issued.

The Certificates of Participation series 1997 were executed to fund Denver Public Schools Retirement System (DPSRS) pension plan Unfunded Accrued Actuarial Liability (UAAL).

On January 31, 2013, as authorized by Board resolution, the District entered into Lease Purchase Financing Series 2013 for a principal amount of $35.2 million. These funds along with funding from the 2012 General Obligation bonds were used to purchase and refurbish the District's Downtown Campus located at 1860 Lincoln. The building houses the central administrative functions of the District, the Emily Griffith Technical College (EGTC) and High School (EGHS) programs, and the Downtown Denver Expeditionary School (DDES.) The downtown campus creates financial benefits for the District and taxpayers through facility consolidation and sharing.

On May 1, 2013, as authorized by Board resolution, the District executed $58.7 million Certificates of Participation, Series 2013C. The certificates provide funding of various projects in the Stapleton Urban Redevelopment Area consisting of the acquisition, improvement, and placement in service of one additional District elementary school and one additional K-8 school, and the acquisition and construction, including site preparation, of various improvements related to a District high school and sports field. The District and the Denver Urban Renewal Authority have entered into a 2013 Supplemental Denver Public Schools Funding Agreement to provide reimbursement to the District for the above listed projects which will serve as the source of repayment for the Series 2013C Certificates of Participation.

In September of 2015, as authorized by Board resolution, the District executed $8.9 million Certificates of Participation, Series 2015. The proceeds from the issuance used for the purchase of parking garage located at 1855 Lincoln Street in downtown Denver, and the land upon which it is located. The primary purpose is to provide affordable and long-term parking for the users of the Emily Griffith Campus. The Certificates evidence undivided interests in the right to receive certain revenues payable by the District under an annually renewed Lease Purchase Agreement dated on October 5, 2015.

Annual requirements to maturity are as follows:

Year Ending	General Obligation Bonds		Certificates of Participation	
June 30,	Principal	Interest	Principal	Interest
2017	70,210,000	58,136,117	19,701,085	49,499,264
2018	49,980,000	56,029,759	21,651,693	50,371,304
2019	51,320,000	54,203,503	24,865,000	52,102,133
2020	53,425,000	51,885,278	27,900,000	51,151,846
2021	58,365,000	49,386,083	29,825,000	50,022,222
2022-2026	353,907,000	201,431,586	181,320,000	227,681,490
2027-2031	434,745,000	108,794,298	251,800,000	173,162,003
2032-2036	249,655,000	19,599,291	325,775,000	89,563,886
2037-2041	-	-	152,520,000	9,391,896
2042-2045	-	-	1,860,000	296,750
2046	-	-	525,000	13,125
Total	$ 1,321,607,000	$ 599,465,915	$ 1,037,742,778	$ 753,255,919

The bonds are general obligations of the District. The full faith and credit of the District are pledged for the payment of the principal of and interest on the Bonds. The Board annually determines and certifies, to the City and County of Denver, a rate of levy for general ad valorem taxes, on all of the taxable property in the District, sufficient to pay debt service on Bonds when due. The Certificate of Participation are secured by schools and administrative properties owned and operated by the District.

All bond obligations will be paid from the Bond Redemption Fund. The 2013A and 2013C Certificates of Participation are to be paid from the Capital Reserve Fund; whereas the 1997, 2011B and 2013B taxable Certificates of Participation are attributable to pension obligations and are to be paid from the General Fund. The 2015A taxable Certificates of Participation and 2015B tax-exempt Certificates of participation are to be paid from General Fund.

The Building Fund balance of $87,492,008 is from the issuance of Series 2009A, 2009C, 2010A, 2012B, 2012C and 2014A general obligation bonds and related interest earnings. At June 30, 2016, the School District had capital expenditure purchase commitments outstanding of $38,807,013.

Defeasance of Certificates of Participation

In prior years, the District defeased certain Certificates of Participation by placing the proceeds of the new certificates in an irrevocable trust to provide for all future payments on the old obligations. Accordingly, the trust account assets and the liability for the defeased obligations are not included in the District's financial statements. At June 30, 2016, $7,518,310 of outstanding certificates of participation are considered defeased.

Defeasance of General Obligation Bonds

On May 10, 2016 the District advance refunded a portion of the District's Series 2012B general obligation bonds with an average interest rate of 4.99% the proceeds from the issuance of Series 2016A general obligation bonds, with an average interest rate of 4.222%. The defeased bonds are not considered a liability of the District since sufficient funds of $169,003,421 were deposited with an escrow agent and invested in Federal Securities for the purpose of paying the principal and interest when due. Total debt service on the 2016A refunding bonds will be $211,176,125 through December 2031 for a decrease of $7,894,875 from the debt service on the 2012B bonds of $219,071,000 through December 2031. The refunding results in a present value saving to the District and taxpayers of Denver of $7,562,484.

In prior years, the District advance refunded a portion of the District's Series 2004A, 2004C and 2009A general obligation bonds with the proceeds from the issuance of new general obligation bonds. The defeased bonds are not considered a liability of the District since sufficient funds were deposited with an escrow agent and invested in government securities for the purpose of paying the principal and interest when due. At June 30, 2016, $287,655,000 of refunded 2009A and 2012B bonds are considered defeased.

Forward Delivery Agreements

In February 2003, the District entered into a forward delivery agreement whereby it received $9.8 million for the General Fund in exchange for the future earnings from the investment of future general fund revenues that will be used to meet the debt service requirements for the 1997 taxable pension certificates of participation issue. Of this $9.8 million, $8,277,188 has been recognized as revenue, with the remaining amount to be recognized as revenue over the remaining life of the issue or through December 2018.

Compensated Absences Payable

Compensated absences payable consists of accumulated sick leave time which vests and is payable upon retirement and accumulated vacation leave time which vests and is payable upon retirement or termination. On the fund financial statements, compensated absence amounts are reported as expenditures or expenses when paid. The estimated cost for fiscal year 2016 is $2,144,838 based on recent history. These expenditures are recognized in the fund where incurred, a majority of which are incurred by the General Fund.

7. SHORT-TERM DEBT

It was necessary for the district to participate in the State of Colorado interest-free loan program by borrowing $197,000,000 throughout the fiscal year to meet cash flow needs since the majority of property taxes are received starting in March. The loan was repaid during the months of March and May.

June 30, 2015 Balance	Borrowed	Repayment	June 30, 2016 Balance
$0	$197,000,000	$197,000,000	$0

8. PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions - The district participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan, as defined in Governmental Accounting Standards Statement No. 68, administered by the Public Employees' Retirement Association of Colorado ("PERA"). The district's discretely presented component units also participate in the DPS Division, except for the employees of the Denver Public Schools Foundation, Denver School of Science and Technology schools and Ridge View Academy. All assumptions and information contained in this footnote apply to the district and its component units that participate in the plan, unless otherwise noted. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description - Eligible employees of the district are provided with pensions through the Denver Public Schools Division Trust Fund (DPS Division) — a single-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the Federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at the following web address: www.copera.org/investments/pera-financial-reports.

Benefits provided - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

- 15 times the first 10 years of service credit plus 20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by Federal Internal Revenue code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the DPS Division.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions - Eligible employees and the district are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412	(15.97%)	(15.54%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.00%	4.50%
Total Employer Contribution Rate to the DPS Division	1.36%	2.59%

Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the district is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the district and the component units were $11,450,384 and $1,634,054, respectively, for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016 the district reported a liability of $733,817,579 for its proportionate share of the net pension liability and the component units reported an aggregate liability of $79,717,421. The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The district's proportion of the net pension liability was based on the district's contributions to the DPS Division for the calendar year 2015 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2015, the district's proportion was 90.20 percent, which is a decrease of 0.77 percent from its proportion measured as of December 31, 2014. The component unit's aggregate proportion was 9.80 percent at December 31, 2015, which is an increase of 0.77 percent from the proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the district recognized pension expense of $97,249,638 and the component units recognized pension expense of $14,247,741. At June 30, 2016, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 165,590,291	$ -
Contributions subsequent to the measurement date	7,252,687	-
Difference between expected and actual experience	33,042,470	(95,613)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(6,160,112)
Changes of assumptions or other inputs	-	(82,139,834)
Total	$ 205,885,448	$ (88,395,559)

At June 30, 2016, the district's component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 17,382,420	$ -
Contributions subsequent to the measurement date	988,241	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,334,076	(3,125,295)
Difference between expected and actual experience	4,129,416	(10,003)
Changes of assumptions or other inputs	-	(8,503,923)
Total	$ 32,834,153	$ (11,639,221)

There was $7,252,687 reported as deferred outflows of resources related to pensions for the district and $988,241 for the component units, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District	
Year ended:	
2017	29,887,917
2018	29,887,917
2019	29,887,917
2020	20,704,098
2021	(130,647)

Component units	
Year ended:	
2017	5,479,954
2018	5,479,954
2019	5,479,954
2020	3,765,669
2021	1,160

Actuarial assumptions - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 combined mortality table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back 1 year, and females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The DPS Division's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

*In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2014	$ 3,888,361,000	$ 3,263,791,000	$ 624,570,000
Changes for the year:			
Service cost	82,079,000	-	82,079,000
Interest	281,752,000	-	281,752,000
Differences between expected and actual experience	45,767,000	-	45,767,000
Changes of assumptions or other inputs	(113,772,000)	-	(113,772,000)
Contributions – employer	-	8,494,000	(8,494,000)
Contributions – employee	-	53,558,000	(53,558,000)
Net investment income	-	49,172,000	(49,172,000)
Benefit payments, including refunds of employee contributions	(263,323,000)	(263,323,000)	-
Administrative expense	-	(2,599,000)	2,599,000
Other changes	-	(1,764,000)	1,764,000
Net changes	32,503,000	(156,462,000)	188,965,000
Balances at 12/31/2015	$ 3,920,864,000	$ 3,107,329,000	$ 813,535,000

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate share of the net pension liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District	1,148,686,748	733,817,579	389,617,369
Component Units	124,786,252	79,717,421	42,325,631

Pension plan fiduciary net position - Detailed information about the DPS Division's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Membership - Benefit recipients and members of PERA consisted of the following as of December 31, 2015. These numbers include all recipients and members for the DPS Division, including those from the district's component units.

Classification	**Members**
Retirees and beneficiaries	6,812
Terminated employees entitled to benefits but not yet receiving benefits	1,109
Inactive members	8,118
Active members	
Vested general employees	6,849
Non-vested general employees	9,080
Total Actives	15,929
Total	31,968

Payables to the pension plan

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description - Employees of the district that are also members of the DPS Division may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, section 1402 of the C.R.S., as amended. In addition the district does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings. For the year ended 2016, Program members contributed $2,528,155 for the Voluntary Investment Program.

Other Post-Employment Benefits

Denver Public Schools Health Care Trust Fund

Plan Description – The district contributes to the Denver Public Schools Health Care Trust Fund ("DPS HCTF") a cost-sharing multiple-employer healthcare trust administered by PERA. The DPS HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the DPS HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the DPS HCTF. That report can be obtained at the following web address: www.copera.org/investments/pera-financial-reports.

Funding Policy – The district is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the district are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the DPS HCTF is established under Title 24, Article 51, Section 208(1)(f.5) of the C.R.S., as amended. For the years ending 2016, 2015 and 2014, the District's contributions to the DPS HCTF were $6,389,748, $6,026,646 and $6,221,305, respectively, equal to their required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The district provides post-retirement life insurance benefits in accordance with the Board of Education Resolution 1643. The benefit is administered in a non-revocable trust by an independent trustee as a single-employer defined benefit OPEB plan. Separately audited GAAP-basis financial statements are not available for the plan.

Plan Descriptions and Contribution Information

The contributions and benefits are provided to certain employees who retired under the provisions of early, regular, or disability retirement who meet the other eligibility requirements. Contributions to the plan are paid from the general fund. Plan participants consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

Number retired	3,512
Number disabled	162
Total	3,674

Denver Public Schools Retiree Life Insurance Trust (DPSRLIT)

Plan Description - Life insurance benefits are provided to retirees depending on the date they were eligible to retire. Retirees who were eligible to retire prior to September 1, 1997 receive two times their annual earnings, with the amount reduced annually during the five-year period after their retirement date; at the end of the five year period the life insurance benefit remaining is final and paid out upon their death. Retirees who were eligible to retire after September 1, 1997 receive a flat dollar amount of $10,000 payable at the time of their death. Life insurance benefits are not available to anyone who retires after January 1, 2006.

Contributions - The Annual Required Contribution (ARC) was $2,977,219 for fiscal year ending June 30, 2016 based on the most recent actual valuation report dated July 1, 2014. The district's Board of Education determines the annual contribution through the budgeting process. The district's current annual contribution amount is budgeted at $2,040,000, with total contribution of $2,851,044, including $811,044 in dividends received for the fiscal year ended June 30, 2016. Plan participants do not make contributions to the plan. In prior years, the general fund has been used to pay down the net pension obligation.

Annual OPEB Cost and Net OPEB Obligation

The district's annual OPEB cost is calculated based on the ARC for the plan. The ARC represents the level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the district's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the district's net OPEB obligation:

Amortization of Unfunded Actuarial Accrued Liability	$ 2,876,540
Interest on Amortization	100,679
Annual Required Contribution	2,977,219
Interest on Net OPEB Obligation	117,452
Adjustment to ARC	(298,981)
Annual OPEB Cost	2,795,690
Employer Contributions	(2,851,044)
Increase in Net OPEB Obligation	(55,354)
Net OPEB Obligation - June 30, 2015	3,355,758
Net OPEB Obligation - June 30, 2016	$ 3,300,404

The district's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation or asset for 2016, 2015, and 2014 are as follows:

Fiscal Year Ended	Net OPEB Obligation / (Asset)	Annual Required Contribution	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed
June 30, 2016	$ 3,300,404	$ 2,977,219	$ 2,795,690	$ 2,851,044	101.98%
June 30, 2015	3,355,758	2,977,219	2,810,020	2,545,119	90.57%
June 30, 2014	3,090,857	3,062,430	2,926,591	2,346,870	80.19%

Funded Status and Funding Progress – OPEB

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2014	$ 6,602,534	$ 38,888,814	$ 32,286,280	16.98%

The ARC was determined using the "Projected Unit Credit" actuarial cost method and was calculated on a level dollar basis assuming the average remaining lifetime of qualified retirees (14.2 years) for the life insurance benefit with an open amortization period. The significant actuarial assumptions used in the valuation were: (a) life expectancy of participants obtained from the RP-2014 Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis; (b) life expectancy participants obtained from the RP-2014 Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis; (c) a discount rate of 3.50%. Covered payroll is not presented since the plan now covers only a closed group of district retirees.

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Prior to January 1, 2010 the district provided postemployment health benefits by subsidizing health insurance premiums through the Denver Public Schools Retiree Health Benefit Trust (DPSRHBT). The district transferred postemployment health benefits to PERACare on January 1, 2010.

10. RISK MANAGEMENT

The district's risk management program deals with the efficient operations of the commercial insurance programs that provide financial protection to the district. These programs include property insurance, several lines of liability insurance, and workers' compensation insurance. There have been no significant changes in the insurance programs from the prior year. For the prior three years the amount of claim payments for property and liability insurance has not exceeded the amount of insurance coverage.

The district has the normal exposures to loss that are part of any large organization. The district is a public facility that teaches and supervises over 90,000 students, employs approximately 15,000 people to accomplish these functions, and provides these services in over 190 facilities located throughout the City and County of Denver. Exposures to loss include damage to and theft of property, tort claims, errors and omissions on the part of district employees or Board members, on the job injuries, and automobile liability claims.

The district participates in the Colorado School District Self-Insurance Pool (the Pool) for liability and property coverage. The Pool provides coverage, claims handling and loss prevention services to its members.

The district retains a certain level of all liability losses. For the year ended June 30, 2016 the district retained $100,000 of each school entity liability loss and $150,000 for each automobile liability loss. For the same period the retention level for each property claim was $100,000. These deductible levels were arrived at after reviewing the average historical losses and determining the amount of each loss the district could pay directly.

The workers' compensation insurance program is a self-financed program, for the first $550,000 of each loss. Risk Management funds for the workers' compensation program to pay expenses and claims costs. As well as premiums for excess insurance to cover losses above the $550,000 self-insured retention. The district uses a third party claims administrator to process claims. Claim liabilities for automobile liability, school entity, and workers' compensation, including incurred but not reported (IBNR) claims, were determined by Aon Global Risk Consulting (AGRC) at the request of the district. The estimated workers' compensation outstanding liability as of June 30, 2016 is $8,948,385 and the amount was based on historical paid and incurred losses. The workers compensation liability is undiscounted.

The schedule below represents the claims activity for the fiscal year and the liability for accrued claims for property, liability, and workers' compensation combined. The goal is to retain the highest level of each loss that makes economic sense. The liability for all claims is $11,027,570 as of June 30, 2016.

	Beginning Liability	Current Year Claims and Change In Estimate	Claim Payments	Ending Liability
June 30, 2015	$8,713,225	$8,536,968	$6,393,727	$10,856,466
June 30, 2016	$10,856,466	$6,794,170	$6,623,066	$11,027,570

11. RELATED PARTIES

The District has an intergovernmental agreement with Douglas County School District RE-1, Arapahoe County School District No. 6 (Littleton Public Schools), Cherry Creek School District No. 5 and Aurora Public Schools to create a board of cooperative educational servers (BOCES) for the purpose of operating an expeditionary learning school, the Rocky Mountain School of Expeditionary Learning (RMSEL), a kindergarten through 12th grade school. RMSEL is a self-governing organization with its own Board of Education. The six Board members consist of one school Board member from each of the participating districts and one member appointed by the sponsoring districts from the public at large.

By contract, the maximum number of students the RMSEL may serve is 400. These students must be residents of one of the five participating school districts. All students at RMSEL are included in the District’s enrollment number that is reported to the Colorado Department of Education for funding purposes. The District receives the funding related to the RMSEL students and passes 100% of that funding on to RMSEL along with a portion of state and federal categorical aid as appropriate. That funding was $2,942,154 for fiscal year 2016. RMSEL’s special education services paid $116,533 to the District for the same year.

RMSEL is located at 1700 South Holly, Denver, in one of the District’s buildings. RMSEL leases the facility from the District for $150,000 per year.

12. COMMITMENTS AND CONTINGENCIES

The district is a party to numerous pending or threatened lawsuits under which it may be required to pay certain amounts upon final disposition of these matters. After consulting with counsel, the district's management has concluded that no significant adverse effect on the June 30, 2016 financial statements should result upon final disposition of these proceedings. The district has a potential liability relating to the "Asbestos Hazard Emergency Response Act" (the Act), which is a federally-funded hazardous material/asbestos management program administered by the State Health Department. It is not possible at this time to estimate the amount of expenditures which will be required to comply with the Act. It is expected that these expenditures will not have a significant impact on the financial position of the district.

Under terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The district's management believes disallowances, if any, will be immaterial.

For the year ended June 30, 2016, the district reported a deficit net position of $1,257,026,715 in the government-wide statements. This deficit can be partially attributed to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, requiring the recognition of a long-term liability for pensions. Also, liabilities related to the district’s execution of Certificates of Participation and General Obligation bonds to fund retirement and necessary capital and maintenance projects of the district’s facilities.

For the year ended June 30, 2016, the district incurred expenses in excess of appropriations in the Bond Redemption Fund and Warehouse internal service Fund by $29.4 million and $11 thousand respectively, which may be a violation of state statute.

As of June 30, 2016 encumbrances for governmental and proprietary funds were:

Fund		Encumbrances
General	$	18,587,047
Special Revenue - Grants		6,083,277
Special Revenue - ProComp		-
Special Revenue - Food Service		220,284
Building		38,807,013
Capital Reserve		35,899,087
Non-Major Funds		95,413
Total	$	99,692,121

The district leases office facilities, educational facilities, warehouse and parking under non-cancellable operating leases. Total expense for such facilities was $3,462,638 for the fiscal year ended June 30, 2016. The future minimum operating lease obligations as of June 30, 2016 were as follows:

Year		Governmental Activities
2017	$	3,036,231
2018		3,036,406
2019		1,973,880
2020		1,129,816
2021		1,125,438
2022 - 2026		4,187,791
2027 - 2031		1,282,171
2032 - 2033		572,141
Total Minimum Lease Payments	$	16,343,874

13. CERTAIN CONSTITUTIONAL LIMITATIONS

At the general election held November 3, 1992, voters approved an amendment (commonly termed the Taxpayers Bill of Rights, or TABOR) to the Colorado Constitution limiting the ability of the state and local governments such as the district to increase revenues, debt and spending, and restricting property, income and other taxes. On November 2, 1999 the Denver voters gave the district approval to exceed the spending limits established in TABOR beginning with the 1999 fiscal year. The amendment also requires that the state and local governments obtain voter approval to create any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years". The amendment exempts from its restrictions the borrowings and fiscal operations of "enterprises". Enterprises are defined to include government owned businesses authorized to issue their own revenue bonds and receiving under 10% of their grants from all state and local government sources combined. The amendment also requires the establishment of an "Emergency Reserve" equal to three percent of fiscal year spending excluding debt service.

In accordance with TABOR, the district maintains an emergency reserve of 3% of fiscal year spending by designating real property owned by the district in lieu of cash. For fiscal year 2016, fiscal year spending was $978,863,631, and the 3% emergency reserve was $29,365,909, which excludes multi-year obligations of $167,005. Additionally, in accordance with C.R.S. Section 22-44-105, the district established an emergency cash reserve as a restricted fund balance in the general fund for $24,910,740 equal to 3% of budgeted general fund revenues.

14. COMPONENT UNITS

The District has 39 component units consisting of one blended component unit and 38 discretely presented component units.

Change in Reporting Entity and Prior Period Adjustments

The component unit combining financial statements reflect changes in reporting entity and prior period adjustments. The changes in reporting entity include the addition of new charter schools (footnoted as A in the combining statements), charter schools with expired charters that were not renewed (footnoted as B in the combining statements) and changes in reporting entity for charter school networks that were previously reported at the school level and are now reported at the network level (see footnote C in the combining statements).

Blended Component Unit

Denver School Facilities Leasing Corporation

The DSFLC was formed in December 1985 as a not-for-profit corporation under Sections 501(c) (3) and 501(c) (4) of the Internal Revenue Code, and exists solely to acquire real estate, buildings and equipment for schools for future lease to the District. The District is primarily responsible for the creation and continued management of the DSFLC, has influence over its operations and is ultimately responsible for any deficits or operating deficiencies. The certificates of participation issued by the DSFLC and its activities for the year are reflected in the accompanying government-wide financial statements of the District. An evaluation of the DSFLC using the above considerations results in its blended inclusion in the accompanying financial statements. There are no separate financial statements available for the DSFLC and the financial information of the DSFLC is blended with that of the primary government which is why DSFLC is not shown on the schedules in this note.

Discretely Presented Component Units

Denver Public Schools Foundation

In 1984 the Denver Public Schools Foundation (the "Foundation") was incorporated as a widely based not-for-profit charitable organization whose educational purposes are to support the mission, goals and objectives of the District. Separately issued financial statements are available from the Foundation at 1860 Lincoln St, Denver, CO 80203. Certain note disclosures for the Foundation have been excerpted from the Foundations' financial statements.

Charter Schools

In 1993, the State of Colorado Legislature enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101," which permits the District to contract with individuals and organizations for the operation of charter schools within the District. The charter schools are financed by a portion of the District's School Finance Act Revenues (based on student enrollment), mill levy override property tax dollars, and state and federal grants, as well as other revenues generated by the charter school. The District's Board of Education must approve all charter school applications; however, they have their own separate governing boards.

Separately issued financial statements for the District's 38 charter schools are available from the individual charter schools at the addresses noted below:

- Academy 360 Charter School, 12505 Elmendorf Place, Denver, CO 80239
- Academy of Urban Learning, 2417 W. 29th Avenue, Denver, CO 80211
- Cesar Chavez Academy Denver, 3752 Tennyson Street, Denver, CO 80212
- Colorado High School Charter, 1175 Osage Street, Suite #100, Denver, CO 80204
- Compass Academy, 2285 S. Federal Boulevard, Denver, CO, 80219
- Community Challenge School, 948 Santa Fe Drive, Denver, CO 80204
- Denver Language School, 451 Newport Street, Denver, CO 80220
- Denver Justice High School, 300 E. 9th Avenue, Denver, CO 80203
- Downtown Denver Expeditionary Schools, 1860 Lincoln Street, Denver CO 80295
- Denver School of Science and Technology - Byers Middle School, 150 S. Pearl Street, Denver, CO 80209
- Denver School of Science and Technology - Cole High School, 3240 Humboldt Street, Denver, CO 80205
- Denver School of Science and Technology - Cole Middle School, 1350 E. 33rd Avenue, Denver, CO 80205
- Denver School of Science and Technology - College View High School, 3111 W. Dartmouth Avenue, Denver CO 80236
- Denver School of Science and Technology - College View Middle School, 3111 W. Dartmouth Avenue, Denver CO 80236
- Denver School of Science and Technology - Conservatory Green Middle School, 8499 E. Stoll Place, Denver, CO 80238
- Denver School of Science and Technology - Green Valley Ranch Middle School, 4800 Telluride Street, Building 3, Denver, CO 80249
- Denver School of Science and Technology - Green Valley Ranch High School, 4800 Telluride Street, Building 2, Denver, CO 80249
- Denver School of Science and Technology - Stapleton Middle School, 2000 Valentia Street, Denver, CO 80238
- Denver School of Science and Technology - Stapleton High School, 2000 Valentia Street, Denver, CO 80238
- Girls Athletic Leadership Schools, 750 Galapago Street, Denver CO 80204
- Highline Academy Charter School, 2170 S. Dahlia Street, Denver, CO 80222
- Highline Academy Green Valley Ranch, 19451 East Maxwell Place, Denver CO 80249
- KIPP Colorado Schools, 1390 Lawrence Street, Suite 200, Denver, CO 80204
- Monarch Montessori of Denver Charter, 4895 Peoria Street, Denver, CO 80239
- Odyssey School of Denver, 6550 E. 21st Avenue, Denver, CO 80207
- Omar D. Blair Charter School, 4905 Cathay Street, Denver, CO 80249
- Pioneer Charter School, 3230 E. 38th Avenue, Denver, CO 80205
- REACH Charter School, 940 Fillmore Street, Denver, CO 80206
- Ridge View Academy, 28101 East Quincy Avenue, Watkins, CO 80137
- RiseUp Community School, 1801 Federal Boulevard, Denver, CO 80204

- Rocky Mountain Preparatory Schools, 7808 Cherry Creek South Drive, Denver, CO 80231
- Roots Elementary School, 3350 Hudson Street, Denver, CO 80207
- SOAR @ Green Valley Ranch, 4800 Telluride Street, #4, Denver, CO 80249
- Southwest Early College, 3001 South Federal Boulevard, Box 114, Denver, CO 80236
- STRIVE Preparatory Schools, 2480 W. 26th Avenue, B-360, Denver, CO 80211
- University Prep - Arapahoe Street, 2409 Arapahoe Street, Denver, CO 80205
- Venture Prep High School, 2540 Holly Street, Denver, CO 80207
- Wyatt Academy, 3620 Franklin Street, Denver, CO 80205

Pension Plan

Charter school employees participate in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 68 and is administered by the Colorado Public Employees' Retirement Association (PERA). The employees at all Denver School of Science and Technology schools and Ridge View Academy do not participate in the DPS Division pension plan.

Prior Period Adjustment

Beginning net position (deficit) for all discretely-presented component units in the aggregate differs with ending net position from the prior report as follows:

Ending net position (deficit) for component units in the aggregate from prior report	$ (9,002,000)
Less:	
Ending net position from charter schools presented in the prior report but not in this report:	
Sims-Fayola International Academy Denver	(806,398)
Venture Prep Middle School	(809,086)
Add:	
Beginning net position for charter schools included in this report but not in the prior report:	
Compass Academy	(2,108)
College View High School	136,765
REACH Charter	4,828
RiseUp Community School	7,327
Roots Elementary	(21,526)
Beginning net position for charter management organizations included in this report but not in the prior report:	
KIPP Colorado Schools	(666,604)
Rocky Mountain Preparatory Schools	982,152
STRIVE Preparatory	(1,063,244)
Prior period adjustment from separately-issued financial statements:	
Ridge View Academy	(157,531)
Rocky Mountain Preparatory Schools	(42,930)
Total prior period adjustments from separately-issued financial statements	(200,461)
Prior period adjustment, net	792,613
Beginning net position (deficit), restated	$ (8,209,387)

Component Unit Net Position Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	Cesar Chavez Academy Denver	Colorado High School	Compass Academy
ASSETS						
Assets:						
Cash and investments	$ 9,318,488	$ 270,917	$ 527,937	$ 1,586,371	$ 1,091,139	$ 230,809
Restricted cash	-	-	-	1,037,853	85,738	-
Receivables:						
Accounts	-	17,192	54,631	-	39,174	-
Grants	-	-	-	26,126	-	28,783
Other	1,123,480	-	-	-	-	-
Due from CMO	-	-	-	-	-	-
Prepaid expenses	-	23,000	2,375	-	61,663	10,151
Restricted investments	1,717,686	-	-	-	-	-
Inventory	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Capital assets, net	6,897	606,364	27,648	5,316,277	1,667,992	24,191
Total assets	12,166,551	917,473	612,591	7,966,627	2,945,706	293,934
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	-	338,784	252,659	557,293	292,074	924,351
Total deferred outflows of resources	-	338,784	252,659	557,293	292,074	924,351
LIABILITIES						
Liabilities:						
Accounts payable	31,105	3,115	363	12,734	32,575	16,474
Due to CMO	-	-	-	-	-	-
Grants payable	4,656,002	-	-	-	-	-
Accrued interest	-	-	-	220,256	-	-
Accrued payroll	-	-	49,386	-	108,714	24,697
Accrued liabilities	-	-	-	37,944	-	11,379
Deposits	-	-	-	-	1,000	-
Deferred revenue	-	973	-	-	61,663	-
Noncurrent liabilities:						
Due within one year	-	36,911	-	75,000	19,286	-
Due in more than one year	-	1,234,687	888,586	8,260,044	1,976,720	887,053
Total liabilities	4,687,107	1,275,686	938,335	8,605,978	2,199,958	939,603
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	-	89,711	128,397	429,845	117,603	99,292
Total deferred inflows of resources	-	89,711	128,397	429,845	117,603	99,292
NET POSITION						
Net investment in capital assets	-	135,296	27,648	(1,063,723)	-	24,191
Restricted for:						
Emergencies	-	39,000	43,000	108,000	81,000	48,000
Debt Service	-	-	-	817,597	-	-
Donor-designated purposes	5,116,042	-	-	-	-	-
Unrestricted (deficit)	2,363,402	(283,436)	(272,130)	(373,777)	839,219	107,199
Total net position	$ 7,479,444	$ (109,140)	$ (201,482)	$ (511,903)	$ 920,219	$ 179,390
						A

A: New Charter School
B: Charter expired June 30, 2015
C: Change in reporting entities

	Denver School of Science and Technology							
Community Challenge School	Byers Middle School	Cole High School	Cole Middle School	College View HS	College View MS	Conservatory Green	Green Valley Ranch High School	Subtotal
$ 429,386	$ 1,414,517	$ 183,257	$ 927,898	$ 92,389	$ 747,110	$ 166,524	$ 880,779	$ 17,867,521
19,981	98,800	67,968	98,059	38,944	97,620	73,217	125,382	1,743,562
217	82,426	66,661	29,033	68,017	33,591	60,486	21,987	473,415
-	-	-	-	-	-	-	-	54,909
-	-	-	-	-	-	-	-	1,123,480
-	-	-	-	-	-	-	-	-
28,967	-	-	-	250	-	-	4,999	131,405
-	-	-	-	-	-	-	-	1,717,686
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	84,003	26,588	90,250	11,407	45,461	30,123	21,059	7,958,260
478,551	1,679,746	344,474	1,145,240	211,007	923,782	330,350	1,054,206	31,070,238
364,351	-	-	-	-	-	-	-	2,729,512
364,351	-	-	-	-	-	-	-	2,729,512
-	27,927	44,813	25,535	48,077	17,421	16,529	13,728	290,396
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,656,002
-	-	-	-	-	-	-	-	220,256
2,112	247,990	159,533	252,057	80,913	188,004	163,298	269,787	1,546,491
5,481	39,759	39,920	40,932	29,045	239,887	-	68,944	513,291
-	-	-	-	-	-	-	-	1,000
-	-	-	-	-	-	-	-	62,636
-	-	-	-	-	-	45,471	-	176,668
1,283,000	-	-	-	-	-	-	-	14,530,090
1,290,593	315,676	244,266	318,524	158,035	445,312	225,298	352,459	21,996,830
344,482	-	-	-	-	-	-	-	1,209,330
344,482	-	-	-	-	-	-	-	1,209,330
-	84,003	26,588	90,250	11,407	45,461	30,123	21,059	(567,697)
220,958	98,800	67,968	98,059	38,944	97,620	73,217	125,382	1,139,948
-	-	-	-	-	-	-	-	817,597
-	-	-	-	-	-	500	-	5,116,542
(1,013,131)	1,181,267	5,652	638,407	2,621	335,389	1,212	555,306	4,087,200
$ (792,173)	$ 1,364,070	$ 100,208	$ 826,716	$ 52,972	$ 478,470	$ 105,052	$ 701,747	$ 10,593,590
				A				

Component Unit Net Position Information	Denver School of Science and Technology					
	Green Valley Ranch Middle School	Stapleton High School	Stapleton Middle School	Denver Language School	Downtown Denver Expeditionary School	Girls Athletic Leadership Schools
ASSETS						
Assets:						
Cash and investments	$ 1,514,856	$ 807,970	$ 1,177,224	$ 1,243,259	$ 644,303	$ 492,886
Restricted cash	95,709	129,217	102,705	-	-	-
Receivables:						
Accounts	14,452	21,030	10,669	50,032	8,438	163,418
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from CMO	-	-	-	-	-	-
Prepaid expenses	4,999	2,729	6,132	24,500	25,379	24,722
Restricted investments	-	-	-	-	-	-
Inventory	-	-	-	-	1,600	-
Deposits	-	-	-	-	-	-
Capital assets, net:	22,493	-	-	93,113	92,657	30,436
Total assets	1,652,509	960,946	1,296,730	1,410,904	772,377	711,462
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	-	-	-	1,150,024	939,905	922,859
Total deferred outflows of resources	-	-	-	1,150,024	939,905	922,859
LIABILITIES						
Liabilities:						
Accounts payable	5,560	39,338	20,679	6,272	49	108,411
Due to CMO	-	-	-	-	-	-
Grants payable	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Accrued payroll	264,645	275,406	228,951	283,337	127,861	55,118
Accrued liabilities	39,927	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	49,730	-	23,295
Noncurrent liabilities:						
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	3,077,846	1,782,596	2,067,958
Total liabilities	310,132	314,744	249,630	3,417,185	1,910,506	2,254,782
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	-	-	-	344,920	199,767	231,746
Total deferred inflows of resources	-	-	-	344,920	199,767	231,746
NET POSITION						
Net investment in capital assets	22,493	-	-	93,113	92,657	30,436
Restricted for:						
Emergencies	95,709	129,217	102,705	125,000	91,000	86,500
Debt Service	-	-	-	-	-	-
Donor-designated purposes	-	9,517	-	-	-	-
Unrestricted (deficit)	1,224,175	507,468	944,395	(1,419,290)	(581,648)	(969,143)
Total net position	$ 1,342,377	$ 646,202	$ 1,047,100	$ (1,201,177)	$ (397,991)	$ (852,207)

A: New Charter School
B: Charter expired June 30, 2015
C: Change in reporting entities

Highline Academy Charter School	Highline Academy Green Valley Ranch	Denver Justice High School	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver	Omar D. Blair Charter School	Pioneer Charter School	Subtotal
$ 1,285,003	$ 109,795	$ 56,952	$ 4,408,737	$ 385,984	$ 727,752	$ 685,237	$ 367,278	$ 13,907,236
930,550	-	-	-	3,132,739	-	-	-	4,390,920
-	26,200	47,562	-	14,529	50	-	46,047	402,427
-	-	-	508,708	-	-	-	-	508,708
-	-	-	-	-	-	-	-	-
-	15,848	-	-	-	-	473,260	-	489,108
4,839	6,940	2,615	50,434	22,441	17,137	-	4,503	197,370
-	-	-	-	-	-	-	-	-
2,645	3,931	-	-	-	747	-	-	8,923
-	-	-	-	-	-	-	-	-
6,342,553	9,738	2,304	571,030	9,535,100	86,658	163,183	71,799	17,021,064
8,565,590	172,452	109,433	5,538,909	13,090,793	832,344	1,321,680	489,627	36,925,756
825,847	840,544	281,960	3,718,404	695,109	404,581	985,126	821,981	11,586,340
825,847	840,544	281,960	3,718,404	695,109	404,581	985,126	821,981	11,586,340
488	38,875	3,882	216,525	209,178	2,139	14,303	6,962	672,661
15,848	-	-	-	-	-	-	-	15,848
-	-	-	-	-	-	-	-	-
-	-	-	-	60,969	-	-	-	60,969
-	-	40,800	-	87,807	-	-	138,335	1,502,260
6,437	3,344	-	327,883	-	328	-	-	377,919
1,580	815	-	-	-	-	-	-	2,395
9,768	-	-	80,000	-	-	-	-	162,793
115,000	-	-	-	-	-	-	-	115,000
10,758,309	1,159,247	956,594	9,436,078	10,342,698	1,434,386	3,446,472	2,626,720	47,088,904
10,907,430	1,202,281	1,001,276	10,060,486	10,700,652	1,436,853	3,460,775	2,772,017	49,998,749
386,603	129,911	107,201	1,057,457	171,202	213,082	469,947	575,115	3,886,951
386,603	129,911	107,201	1,057,457	171,202	213,082	469,947	575,115	3,886,951
(701,897)	9,738	2,304	571,030	659,131	86,658	163,183	71,799	1,100,645
132,000	62,000	27,000	435,123	65,000	60,000	471,907	89,000	1,972,161
-	-	-	-	-	-	-	-	-
-	-	-	3,000	-	-	-	-	12,517
(1,332,699)	(390,934)	(746,388)	(2,869,783)	2,189,917	(559,668)	(2,259,006)	(2,196,323)	(8,458,927)
$ (1,902,596)	$ (319,196)	$ (717,084)	$ (1,860,630)	$ 2,914,048	$ (413,010)	$ (1,623,916)	$ (2,035,524)	$ (5,373,604)
			C					

Component Unit Net Position Information	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Roots Elementary School	Sims-Fayola International Academy Denver
ASSETS						
Assets:						
Cash and investments	$ 153,244	$ 701,450	$ 108,498	$ 1,775,036	$ 515,623	$ -
Restricted cash	-	-	-	169,641	2,798,935	-
Receivables:						
Accounts	26,539	216,127	9,963	665,071	-	-
Grants	-	45,509	18,430	-	126,539	-
Other	-	-	-	-	-	-
Due from CMO	-	-	-	-	-	-
Prepaid expenses	3,487	-	2,741	33,758	-	-
Restricted investments	-	-	-	-	-	-
Inventory	-	-	-	42,162	-	-
Deposits	-	-	5,704	-	5,000	-
Capital assets, net:	-	24,739	4,650	157,963	4,482,707	-
Total assets	183,270	987,825	149,986	2,843,631	7,928,804	-
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	930,649	-	911,159	1,463,897	735,555	-
Total deferred outflows of resources	930,649	-	911,159	1,463,897	735,555	-
LIABILITIES						
Liabilities:						
Accounts payable	55,610	174,054	13,306	8,057	1,221,579	-
Due to CMO	-	-	-	-	-	-
Grants payable	-	-	-	-	-	-
Accrued interest	-	-	-	-	28,952	-
Accrued payroll	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	5,129	-
Deposits	-	-	-	-	-	-
Deferred revenue	27,000	-	637	15,585	-	-
Noncurrent liabilities:						
Due within one year	-	15,260	-	-	-	-
Due in more than one year	1,032,831	-	876,480	3,748,379	6,962,616	-
Total liabilities	1,115,441	189,314	890,423	3,772,021	8,218,276	-
Deferred Inflows of Resources						
Related to Pensions	115,745	-	98,109	488	96,557	-
	115,745	-	98,109	488	96,557	-
NET POSITION						
Net investment in capital assets	-	24,739	4,650	157,963	(31,052)	-
Restricted for:						
Emergencies	38,000	57,832	39,000	169,641	57,000	-
Debt Service	-	-	-	-	-	-
Donor-designated purposes	-	-	-	-	-	-
Unrestricted (deficit)	(155,267)	715,940	28,963	207,415	323,578	-
Total net position	$ (117,267)	$ 798,511	$ 72,613	$ 535,019	$ 349,526	$ -
	A		A	C	A	B

A: New Charter School
B: Charter expired June 30, 2015
C: Change in reporting entities

SOAR @ Green Valley Ranch	Southwest Early College	STRIVE Preparatory Schools	University Prep - Arapahoe Street	Venture Prep High School	Venture Prep Middle School	Wyatt Academy	Total
$ 538,171	$ 660,192	$ 5,910,884	$ 734,159	$ 607,540	$ -	$ 1,243,569	$ 44,723,123
-	-	-	-	-	-	-	9,103,058
-	-	865,817	24,950	-	-	-	2,684,309
-	19,912	80,544	15,684	-	-	56,569	926,804
-	-	16,620	-	-	-	-	1,140,100
-	-	-	-	-	-	-	489,108
47,950	657	108,923	2,265	16,558	-	-	545,114
-	-	-	-	-	-	-	1,717,686
-	-	92,083	15,919	1,761	-	-	160,848
-	-	-	-	-	-	-	10,704
-	13,431	-	22,777	43,029	-	1,810,023	31,538,643
586,121	694,192	7,074,871	815,754	668,888	-	3,110,161	93,039,497
850,335	287,494	10,032,935	1,416,072	853,676	-	1,036,530	32,834,154
850,335	287,494	10,032,935	1,416,072	853,676	-	1,036,530	32,834,154
42,717	308	573,439	1,615	22,114	-	15,947	3,091,803
-	-	-	-	-	-	-	15,848
-	-	-	-	-	-	-	4,656,002
-	-	-	-	-	-	8,193	318,370
118,030	44,333	-	-	105,810	-	238,743	3,555,667
-	14,616	7,331	-	-	-	93,007	1,011,293
-	-	-	-	-	-	-	3,395
7,721	-	-	50,000	-	-	-	326,372
-	-	378,031	-	-	-	103,277	788,236
2,987,590	1,004,418	23,742,116	2,705,031	2,033,136	-	4,098,502	110,810,093
3,156,058	1,063,675	24,700,917	2,756,646	2,161,060	-	4,557,669	124,577,079
2,324,251	260,310	2,660,666	303,139	227,844	-	455,831	11,639,221
2,324,251	260,310	2,660,666	303,139	227,844	-	455,831	11,639,221
-	13,431	-	22,777	43,029	-	1,081,778	1,850,263
115,000	57,000	990,000	85,000	70,788	-	152,000	4,943,370
-	-	-	-	-	-	-	817,597
-	-	-	-	-	-	-	5,129,059
(4,158,853)	(412,730)	(11,243,777)	(935,736)	(980,157)	-	(2,100,587)	(23,082,938)
$ (4,043,853)	$ (342,299)	$ (10,253,777)	$ (827,959)	$ (866,340)	$ -	$ (866,809)	$ (10,342,649)
		C			B		

Component Unit Activities Information	Denver Public Schools Foundation	Academy 360 Charter School	Academy of Urban Learning	Cesar Chavez Academy Denver	Colorado High School Charter	Compass Academy
EXPENSES						
Instruction	$ -	$ 614,459	$ 692,785	$ 1,516,958	$ 944,561	$ 556,647
Supporting services	-	590,401	589,043	1,241,703	948,883	902,717
Depreciation	-	-	-	-	-	-
Interest	-	27,467	-	-	50,785	2,810
Program services	12,567,251	-	-	-	-	-
Facilities	-	-	-	515,512	-	-
Technology	-	-	-	-	-	-
Fundraising	609,112	-	-	-	-	-
School administration	-	-	-	-	-	-
Management and general	584,222	-	-	-	-	-
Total expenses	13,760,585	1,232,327	1,281,828	3,274,173	1,944,229	1,462,174
PROGRAM REVENUES						
Operating/capital grants and contributions	13,425,345	-	-	-	-	-
Total program revenues	13,425,345	-	-	-	-	-
Net program expense	(335,240)	(1,232,327)	(1,281,828)	(3,274,173)	(1,944,229)	(1,462,174)
GENERAL REVENUES						
Per pupil revenue	-	1,115,578	950,982	2,807,975	1,790,937	973,986
Capital construction funding	-	-	-	94,608	-	15,768
Property tax mill levy override	-	144,102	313,798	377,924	818,385	108,650
Investment earnings	(41,837)	-	-	-	-	-
Interest Income	-	138	730	227	4,088	31
Unrestricted grants and contributions	996,412	-	-	-	-	543,151
At-Risk Supplemental Aid	-	-	-	4,090	-	1,850
Other	-	-	161,912	629	14,265	236
Transfers	80,000	-	-	-	-	-
Total general revenues	1,034,575	1,259,818	1,427,422	3,285,453	2,627,675	1,643,672
Change in net position	699,335	27,491	145,594	11,280	683,446	181,498
Net position - beginning	6,780,109	(136,631)	(347,076)	(523,183)	236,773	-
Prior period adjustment	-	-	-	-	-	-
Change in Reporting Entity	-	-	-	-	-	(2,108)
Net position - beginning, as restated	6,780,109	(136,631)	(347,076)	(523,183)	236,773	(2,108)
Net position - ending	$ 7,479,444	$ (109,140)	$ (201,482)	$ (511,903)	$ 920,219	$ 179,390
						A

A: New Charter School
B: Charter expired June 30, 2015
C: Change in reporting entities

	Denver School of Science and Technology							
Community Challenge School	Byers Middle School	Cole High School	Cole Middle School	College View High School	College View Middle School	Conservatory Green Middle School	Green Valley Ranch High School	Subtotal
$ 351,572	$ 1,642,128	$ 1,067,506	$ 1,866,682	$ 482,591	$ 1,869,958	$ 1,215,388	$ 2,307,014	$ 15,128,249
1,594,673	1,731,072	1,302,958	1,858,177	813,760	1,829,970	1,215,758	2,066,614	16,685,729
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	81,062
-	-	-	-	-	-	-	-	12,567,251
-	-	-	-	-	-	-	-	515,512
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	609,112
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	584,222
1,946,245	3,373,200	2,370,464	3,724,859	1,296,351	3,699,928	2,431,146	4,373,628	46,171,137
-	-	-	-	-	-	-	-	13,425,345
-	-	-	-	-	-	-	-	13,425,345
(1,946,245)	(3,373,200)	(2,370,464)	(3,724,859)	(1,296,351)	(3,699,928)	(2,431,146)	(4,373,628)	(32,745,792)
1,012,436	3,227,428	2,130,427	3,420,060	1,079,129	3,497,818	2,224,935	3,886,623	28,118,314
34,379	-	-	-	-	-	-	-	144,755
355,740	368,949	267,820	390,688	133,211	403,788	249,481	494,392	4,426,928
455	-	-	-	-	-	-	-	(41,382)
-	811	475	788	218	809	517	950	9,782
-	-	-	-	-	-	-	-	1,539,563
-	-	-	-	-	-	-	-	5,940
-	-	-	-	-	-	-	42	177,084
-	-	-	-	-	-	-	-	80,000
1,403,010	3,597,188	2,398,722	3,811,536	1,212,558	3,902,415	2,474,933	4,382,007	34,460,984
(543,235)	223,988	28,258	86,677	(83,793)	202,487	43,787	8,379	1,715,192
(248,938)	1,140,082	71,950	740,039	-	275,983	61,265	693,368	8,743,741
-	-	-	-	-	-	-	-	-
-	-	-	-	136,765	-	-	-	134,657
(248,938)	1,140,082	71,950	740,039	136,765	275,983	61,265	693,368	8,878,398
$ (792,173)	$ 1,364,070	$ 100,208	$ 826,716	$ 52,972	$ 478,470	$ 105,052	$ 701,747	$ 10,593,590
				A				

Component Unit Activities Information	Denver School of Science and Technology: Green Valley Ranch Middle School	Denver School of Science and Technology: Stapleton High School	Denver School of Science and Technology: Stapleton Middle School	Denver Language School	Downtown Denver Expeditionary Schools	Girls Athletic Leadership Schools
EXPENSES						
Instruction	$ 1,628,271	$ 2,535,900	$ 2,003,505	$ 3,391,918	$ 2,151,486	$ 2,042,262
Supporting services	1,844,089	1,890,063	1,672,306	1,992,552	783,974	1,085,066
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Program services	-	-	-	-	-	-
Facilities	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Management and general	-	-	-	-	-	-
Total expenses	3,472,360	4,425,963	3,675,811	5,384,470	2,935,460	3,127,328
PROGRAM REVENUES						
Operating/capital grants and contributions	-	-	-	-	-	-
Total program revenues	-	-	-	-	-	-
Net program expense	(3,472,360)	(4,425,963)	(3,675,811)	(5,384,470)	(2,935,460)	(3,127,328)
GENERAL REVENUES						
Per pupil revenue	3,441,437	3,952,066	3,489,563	4,333,258	2,404,544	2,511,316
Capital construction funding	-	-	-	-	-	-
Property tax mill levy override	397,452	489,403	393,689	528,134	311,152	287,804
Investment earnings	-	-	-	-	-	-
Interest Income	832	930	845	1,927	-	1,139
Unrestricted grants and contributions	-	-	-	-	-	-
At-Risk Supplemental Aid	-	-	-	-	-	-
Other	1,229	1,000	785	-	94,768	35,158
Transfers	-	-	-	-	-	-
Total general revenues	3,840,950	4,443,399	3,884,882	4,863,319	2,810,464	2,835,417
Change in net position	368,590	17,436	209,071	(521,151)	(124,996)	(291,911)
Net position - beginning	973,787	628,766	838,029	(680,026)	(272,995)	(560,296)
Prior period adjustment	-	-	-	-	-	-
Change in Reporting Entity	-	-	-	-	-	-
Net position - beginning, as restated	973,787	628,766	838,029	(680,026)	(272,995)	(560,296)
Net position - ending	$ 1,342,377	$ 646,202	$ 1,047,100	$ (1,201,177)	$ (397,991)	$ (852,207)

A: New Charter School
B: Charter expired June 30, 2015
C: Change in reporting entities

Highline Academy Charter School	Highline Academy Green Valley Ranch	Denver Justice High School	KIPP Colorado Schools	Monarch Montessori of Denver Charter	Odyssey School of Denver	Omar D. Blair Charter School	Pioneer Charter School	Subtotal
$ 2,723,528	$ 1,645,380	$ 906,937	$ 7,417,947	$ 1,126,734	$ 1,269,474	$ 4,450,392	$ 2,510,237	$ 35,803,971
1,251,664	544,715	159,648	7,633,801	1,083,589	855,595	-	1,332,767	22,129,829
-	-	-	-	-	-	15,122	-	15,122
578,481	-	-	347	581,402	-	-	-	1,160,230
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	876,894	-	876,894
-	-	-	-	-	-	170,496	-	170,496
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,095,743	-	2,095,743
-	-	-	-	-	-	-	-	-
4,553,673	2,190,095	1,066,585	15,052,095	2,791,725	2,125,069	7,608,647	3,843,004	62,252,285
-	-	-	-	-	-	382,705	-	382,705
-	-	-	-	-	-	382,705	-	382,705
(4,553,673)	(2,190,095)	(1,066,585)	(15,052,095)	(2,791,725)	(2,125,069)	(7,225,942)	(3,843,004)	(61,869,580)
3,688,523	1,281,986	616,888	11,405,734	1,810,493	1,701,349	5,899,076	2,159,762	48,695,995
-	-	-	-	-	25,616	-	37,766	63,382
431,281	234,593	236,421	1,461,395	252,576	193,621	756,085	400,045	6,373,651
-	-	-	2,268	-	1,725	-	2,183	6,176
2,085	223	303	-	9,263	-	-	-	17,547
-	-	-	2,532,050	-	71,294	-	10,102	2,613,446
-	-	-	-	-	747	-	71,605	72,352
126,356	474,220	14,508	699	4,293,512	2,891	449,121	3,262	5,497,509
-	-	-	-	-	-	-	(975,015)	(975,015)
4,248,245	1,991,022	868,120	15,402,146	6,365,844	1,997,243	7,104,282	1,709,710	62,365,043
(305,428)	(199,073)	(198,465)	350,051	3,574,119	(127,826)	(121,660)	(2,133,294)	495,463
(1,597,168)	(120,123)	(518,619)	(1,544,077)	(660,071)	(285,184)	(1,502,256)	97,770	(5,202,463)
-	-	-	-	-	-	-	-	-
-	-	-	(666,604)	-	-	-	-	(666,604)
(1,597,168)	(120,123)	(518,619)	(2,210,681)	(660,071)	(285,184)	(1,502,256)	97,770	(5,869,067)
$ (1,902,596)	$ (319,196)	$ (717,084)	$ (1,860,630)	$ 2,914,048	$ (413,010)	$ (1,623,916)	$ (2,035,524)	$ (5,373,604)
			C					

Component Unit Activities Information	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Roots Elementary School	Sims-Fayola International Academy Denver
EXPENSES						
Instruction	$ 937,300	$ 1,218,614	$ 658,883	$ 5,622,158	$ 633,414	$ -
Supporting services	547,726	819,152	738,971	1,921,933	850,343	-
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Program services	-	-	-	-	-	-
Facilities	-	-	-	-	31,052	-
Technology	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Management and general	-	-	-	-	-	-
Total expenses	1,485,026	2,037,766	1,397,854	7,544,091	1,514,809	-
PROGRAM REVENUES						
Operating/capital grants and contributions	-	-	-	-	-	-
Total program revenues	-	-	-	-	-	-
Net program expense	(1,485,026)	(2,037,766)	(1,397,854)	(7,544,091)	(1,514,809)	-
GENERAL REVENUES						
Per pupil revenue	304,695	1,530,072	881,684	3,853,833	541,802	-
Capital construction funding	-	-	29,468	-	17,784	-
Property tax mill levy override	73,001	342,406	304,729	620,579	142,628	-
Investment earnings	233	283	-	2,034	409	-
Interest Income	-	-	-	-	-	-
Unrestricted grants and contributions	213,412	818	244,352	1,879,042	1,181,119	-
At-Risk Supplemental Aid	-	89,898	1,396	-	893	-
Other	771,590	50,570	1,511	1,007,450	1,226	-
Transfers	-	-	-	-	-	-
Total general revenues	1,362,931	2,014,047	1,463,140	7,362,938	1,885,861	-
Change in net position	(122,095)	(23,719)	65,286	(181,153)	371,052	-
Net position - beginning	-	979,761	-	(223,050)	-	(806,398)
Prior period adjustment	-	(157,531)	-	(42,930)	-	-
Change in Reporting Entity	4,828	-	7,327	982,152	(21,526)	806,398
Net position - beginning, as restated	4,828	822,230	7,327	716,172	(21,526)	-
Net position - ending	$ (117,267)	$ 798,511	$ 72,613	$ 535,019	$ 349,526	$ -
	A		A	C	A	B

A: New Charter School
B: Charter expired June 30, 2015
C: Change in reporting entities

	SOAR @ Green Valley Ranch	Southwest Early College	STRIVE Preparatory Schools	University Prep - Arapahoe Street	Venture Prep High School	Venture Prep Middle School	Wyatt Academy	Total
	$ 2,524,773	$ 672,006	$ 17,040,974	$ 2,540,521	$ 1,452,522	$ -	$ 2,906,284	$ 87,139,669
	1,226,197	1,106,832	17,929,983	370,322	1,333,672	-	1,952,130	67,612,819
	-	-	-	-	-	-	-	15,122
	-	-	3,031	-	-	-	-	1,244,323
	-	-	-	-	-	-	-	12,567,251
	-	-	-	-	-	-	-	1,423,458
	-	-	-	-	-	-	-	170,496
	-	-	-	-	-	-	-	609,112
	-	-	-	-	-	-	-	2,095,743
	-	-	-	-	-	-	-	584,222
	3,750,970	1,778,838	34,973,988	2,910,843	2,786,194	-	4,858,414	173,462,215
	-	-	-	-	-	-	-	13,808,050
	-	-	-	-	-	-	-	13,808,050
	(3,750,970)	(1,778,838)	(34,973,988)	(2,910,843)	(2,786,194)	-	(4,858,414)	(159,654,165)
	3,211,618	1,530,072	24,513,249	2,551,923	1,987,292	-	3,802,814	121,523,363
	-	51,957	-	-	-	-	127,669	435,015
	525,995	197,819	2,989,060	409,850	250,587	-	518,095	17,175,328
	438	117	879	69	-	-	146	(30,598)
	-	-	-	-	715	-	-	28,044
	-	-	3,501,319	-	-	-	7,535	11,180,606
	-	7,333	-	-	-	-	146,642	324,454
	15,789	13,705	128,353	41,742	39,090	-	34,087	7,779,706
	-	-	-	-	-	-	-	(895,015)
	3,753,840	1,801,003	31,132,860	3,003,584	2,277,684	-	4,636,988	157,520,903
	2,870	22,165	(3,841,128)	92,741	(508,510)	-	(221,426)	(2,133,262)
	(4,046,723)	(364,464)	(5,349,405)	(920,700)	(357,830)	(809,086)	(645,383)	(9,002,000)
	-	-		-	-		-	(200,461)
	-	-	(1,063,244)	-	-	809,086	-	993,074
	(4,046,723)	(364,464)	(6,412,649)	(920,700)	(357,830)	-	(645,383)	(8,209,387)
	$ (4,043,853)	$ (342,299)	$ (10,253,777)	$ (827,959)	$ (866,340)	$ -	$ (866,809)	$ (10,342,649)
			C			B		

15. SUBSEQUENT EVENTS

The District had two questions on the November 2016 ballot. One question was seeking approval for a general obligation bond for $572 million. The primary areas of investment will be to address critical maintenance needs in existing facilities, building new facilities and creating additions to existing schools to address enrollment growth. Also, the District will upgrade learning environments with science labs and access to student technology. In addition to a general obligation bond, the second ballot question related to a mill levy override for $56 million. The primary areas of investment for the mill levy override will focus on enrichment programs, instructional support, college and career readiness, early literacy, classroom technology and improved access to educational opportunities. The voters approved both of these District initiatives by more than a 65% approval rate.

DENVER PUBLIC SCHOOLS

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DENVER PUBLIC SCHOOLS

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	$ 115,850	$ 106,553	$ 106,553	$ -
REVENUES				
Taxes	436,064	491,334	495,516	4,182
State sources	387,553	332,772	330,071	(2,701)
Federal sources	4,200	1,000	1,022	22
Local sources	13,664	13,949	46,390	32,441
Total Revenues	841,481	839,055	872,999	33,944
EXPENDITURES				
Employee salaries	480,860	491,586	495,472	(3,886)
Employee benefits	59,460	61,455	58,846	2,609
Charter school	122,762	119,948	120,587	(639)
Supplies and materials	40,584	52,339	52,722	(383)
Purchased services	45,001	45,696	87,217	(41,521)
Property	3,027	5,125	7,910	(2,785)
Debt service principal	13,360	13,360	14,730	(1,370)
Debt service interest	45,873	45,873	46,109	(236)
Other expenses	43,270	22,233	420	21,813
Appropriated reserves	57,731	67,205	-	67,205
Total expenditures	911,928	924,820	884,013	40,807
Excess (deficiency) of revenues over expenditures	(70,447)	(85,765)	(11,014)	74,751
OTHER FINANCING SOURCES (USES)				
Interfund transfers	878	(665)	(996)	(331)
Total other financing sources (uses)	878	(665)	(996)	(331)
Total Appropriation	911,050	925,485	885,009	$ 40,476
Unappropriated reserves	$ 46,280	$ 20,124		
Net change in fund balance			(12,010)	
Fund balance - ending			$ 94,543	

The notes to other required supplementary information are an integral part of this schedule.

BUDGETARY COMPARISON SCHEDULE
GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2016
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	$ 18,056	$ 16,945	$ 16,945	$ -
REVENUES				
State sources	26,015	20,936	21,758	822
Federal sources	84,444	90,152	84,548	(5,604)
Local sources	18,601	26,473	27,602	1,129
Total Revenues	129,060	137,561	133,908	(3,653)
EXPENDITURES				
Employee salaries	59,886	71,377	65,192	6,185
Employee benefits	16,457	18,197	15,636	2,561
Charter school	6,575	9,987	-	9,987
Supplies and materials	6,404	9,000	5,970	3,030
Purchased services	14,936	21,675	32,204	(10,529)
Property	2,106	4,086	3,385	701
Other expenses	22,828	9,189	7,638	1,551
Appropriated reserves	16,673	6,698	-	6,698
Total expenditures	145,865	150,209	130,025	20,184
Excess (deficiency) of revenues over expenditures	(16,805)	(12,648)	3,883	16,531
OTHER FINANCING SOURCES (USES)				
Interfund transfers	350	12	(947)	(959)
Total other financing sources (uses)	350	12	(947)	(959)
Total Appropriation	145,515	150,197	130,972	$ 19,225
Unappropriated reserves	$ 1,602	$ 4,297		
Net change in fund balance			2,936	
Fund balance - ending			$ 19,881	

The notes to other required supplementary information are an integral part of this schedule.

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE
FOOD SERVICES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2016
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	$ -	$ -	$ -	$ -
REVENUES				
Taxes				
State sources	400	400	714	314
Federal sources	38,206	38,206	36,079	(2,127)
Local sources	4,606	4,606	5,050	444
Total Revenues	43,212	43,212	41,843	(1,369)
EXPENDITURES				
Employee salaries	14,886	16,172	17,234	(1,062)
Employee benefits	2,974	3,174	3,368	(194)
Supplies and materials	23,024	22,896	20,420	2,476
Purchased services	903	903	992	(89)
Property	558	558	149	409
Other expenses	251	252	198	54
Appropriated reserves	616	650	-	650
Total expenditures	43,212	44,605	42,361	2,244
Excess (deficiency) of revenues over expenditures	-	(1,393)	(518)	875
OTHER FINANCING SOURCES (USES)				
Interfund transfers	-	1,393	659	(734)
Total other financing sources (uses)	-	1,393	659	(734)
Total Appropriation	43,212	43,212	41,702	$ 1,510
Unappropriated reserves	$ -	$ -	-	
Net change in fund balance			141	
Fund balance - ending			$ 141	

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

BUDGETARY COMPARISON SCHEDULE
PROCOMP SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2016
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Fund Balance	$ 34,097	$ 31,352	$ 31,352	$ -
REVENUES				
Taxes	31,413	31,443	32,138	695
Local sources	1,709	894	(463)	(1,357)
Total Revenues	33,122	32,337	31,675	(662)
EXPENDITURES				
Employee salaries	33,589	37,376	38,317	(941)
Employee benefits	5,233	5,828	6,058	(230)
Supplies and materials	1,576	1,202	-	1,202
Purchased services	240	240	307	(67)
Appropriated reserves	-	1,500	-	1,500
Total expenditures	40,638	46,146	44,682	1,464
Excess (deficiency) of revenues over expenditures	(7,516)	(13,809)	(13,007)	802
Total Appropriation	40,638	46,146	44,682	$ 1,464
Unappropriated reserves	$ 26,582	$ 17,543		
Net change in fund balance			(13,007)	
Fund balance - ending			$ 18,345	

The notes to other required supplementary information are an integral part of this schedule.

SCHOOL DISTRICT NO. 1
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

DPS DIVISION SCHEDULE OF CHANGES IN THE COLLECTIVE NET PENSION LIABILITY
YEAR ENDED JUNE 30

	2016	2015
Total pension liability		
Service cost at end of year	$ 82,079,000	$ 76,564,000
Interest	281,752,000	274,862,000
Changes of benefit terms		-
Difference between expected and actual experience	45,767,000	(174,000)
Changes of assumptions or other inputs	(113,772,000)	-
Benefit payments, including refunds of active member contributions and disability premiums	(263,323,000)	(255,434,000)
Net change in total pension liability	32,503,000	95,818,000
Total pension liability - beginning	3,888,361,000	3,792,543,000
Total pension liability - ending (a)	3,920,864,000	3,888,361,000
Plan fiduciary net position		
Contributions - employer	8,494,000	18,478,000
Contributions - active member (includes purchased service)	53,558,000	49,409,000
Net investment income	49,172,000	182,823,000
Benefit payments (includes refunds and disability premiums)	(263,323,000)	(255,434,000)
Administrative expense	(2,599,000)	(2,377,000)
Other additions and deductions	(1,764,000)	(1,547,000)
Net change in plan fiduciary net position	(156,462,000)	(8,648,000)
Plan fiduciary net position - beginning	3,263,791,000	3,272,439,000
Plan fiduciary net position - ending (b)	3,107,329,000	3,263,791,000
Collective net pension liability - ending (a)-(b)	$ 813,535,000	$ 624,570,000
Plan fiduciary net position as a percentage of the total pension liability	79.25%	83.94%
Covered-employee payroll	621,115,000	584,319,000
District's net pension liability as a percentage of covered-employee payroll	130.98%	106.89%

Note: Information is not available for prior years. In future reports, additional years will be added until 10 years of historical data are presented. Information above is presented as of the measurement date and include information for the reporting entity as a whole.

DPS DIVISION SCHEDULE OF COLLECTIVE EMPLOYER CONTRIBUTIONS
YEAR ENDED JUNE 30, 2016

	2016	2015
Statutorily required contribution	$ 19,062,452	$ 14,129,112
Contributions in relation to the statutorily required contribution	19,062,452	14,129,112
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 626,445,854	$ 590,847,652
Contributions as a percentage of covered-employee payroll	3.04%	2.39%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information above is presented as of the District's fiscal year end.

Notes to Schedule

Valuation date:	December 31, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Amortization method	Level Percentage of Payroll
Remaining amortization period	30 Years, Open
Asset valuation method	4-year smoothed market
Inflation	2.80% annually
Salary increases	3.90% - 10.85% Inclusive of wage inflation
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure	2.00%
PERA benefit structure hired after 12/31/06	0.00%, as financed by the AIR
Investment rate of return	7.50%
Mortality	Mortality Rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year and females set back two years.

1. BUDGET BASIS OF ACCOUNTING

The budgetary comparison schedules are budgeted in accordance with generally accepted accounting principles (GAAP). For the year ended June 30, 2016, this is a change of budget basis for the general fund. In prior years, the general fund would budget to include encumbrances and commitments with reported expenditures and the exclusion of salaries earned but unpaid.

Colorado statutes require that budgets be legally adopted for all funds. All funds will be budgeted on a GAAP basis moving forward. Refer to the general fund budgetary highlights section of the management's discussion and analysis on page 29 for information regarding significant variances between original and final budget.

2. OPEB

The funded status of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2014	$ 6,602,534	$ 6,602,534	$ 32,286,280	16.98%
July 1, 2012	6,352,302	39,562,664	33,210,362	16.06%
July 1, 2010	6,216,000	45,674,000	39,458,000	13.61%

The ARC was determined using the "Projected Unit Credit" actuarial cost method and was calculated on a level dollar basis assuming the average remaining lifetime of qualified retirees (14.2 years) for the life insurance benefit with an open amortization period. The significant actuarial assumptions used in the valuation were: (a) life expectancy of participants obtained from the RP-2014 Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis; (b) life expectancy participants obtained from the RP-2014 Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis; (c) a discount rate of 3.50%. Covered payroll is not presented since the plan now covers only a closed group of District retirees.

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3. SIGNIFICANT CHANGES AFFECTING TRENDS IN ACTUARIAL INFORMATION

2015 Changes in Plan Provisions Since 2014

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

- As required under Colorado Revised Statutes § 24-51-401 (1.7)(e), PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and the DPS Division's ratios of unfunded actuarial accrued liability (UAAL) to payroll as of December 31, 2039. Subsequently, the Colorado General Assembly passed House Bill 15-1391, reducing the employer contribution rate of the DPS Division from 13.75 percent to 10.15 percent, effective January 1, 2015.

2015 Changes in Assumptions or Other Inputs Since 2014

- The following programming changes were made:

  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18-month AI timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:

  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35 percent of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

APPENDIX B

CERTAIN DEFINITIONS AND DOCUMENT SUMMARIES

Set forth below are the definitions of some of the terms used in this Official Statement, the Site Lease, the Lease and the Indenture and summaries of certain provisions of the Site Lease, the Lease and the Indenture. These summaries do not purport to be definitive summaries of all provisions of the Site Lease, the Lease or the Indenture; investors must obtain and review each of those documents in order to obtain descriptions of all provisions. Copies of the Site Lease, the Lease and the Indenture may be obtained from the sources listed in "INTRODUCTION--Additional Information."

DEFINITIONS

"Acquisition Fund" means the fund created under Section 3.07 of the Indenture.

"Additional Certificates" means Additional Certificates which may be executed and delivered pursuant to the Indenture.

"Additional Rentals" means the payment or cost of all:

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or the Indenture, including the reasonable fees and expenses of any person or firm employed by the District to make rebate calculations under the provisions of Section 3.05 of the Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to the Lease, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under the Lease, and approved by the District Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the District Representative;

(b) taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property or as otherwise required under the Lease;

(c) payments into any account of the Reserve Fund, payments to any surety provider as a result of draws of amounts under a Qualified Surety Bond and rebate payments as provided in the Lease;

(d) payments due and owing to the insurer of any Certificates; and

(e) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the District shall fail to pay the same, as specifically set forth in the Lease) which the District agrees to assume or pay as Additional Rentals under the Lease.

Additional Rentals shall not include Base Rentals.

"Authorized Denominations" means $5,000 or integral multiples of $5,000.

"Base Rentals" means the rental payments payable by the District during the Lease Term, which constitute payments payable by the District for and in consideration of the right to possess and use the Leased Property as set forth in Exhibit C (Base Rentals Schedule) of the Lease. Base Rentals does not include Additional Rentals.

"Base Rentals Fund" means the fund created under Section 3.03 of the Indenture.

"Beneficial Owners" means any person for which a DTC Participant acquires an interest in Certificates.

"Board" means the Board of Education of the District or any successor to its functions.

"Business Day" means any day, other than a Saturday, Sunday or legal holiday or a day (a) on which banks located in Denver, Colorado, or where the Trustee's corporate trust office is located, are required or authorized by law or executive order to close or (b) on which the Federal Reserve System is closed.

"Cede & Co." means DTC's nominee or any new nominee of DTC.

"Certificates" or "2017B Certificates" means the Certificates of Participation, Series 2017B, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of May 15, 2017, between Zions Bank, a Division of ZB, National Association, solely in its capacity as trustee under the Indenture, as lessor, and the District, as lessee, dated as of their date of delivery.

"Chief Financial Officer" means the Chief Financial Officer of the District or his or her successor in functions, if any.

"City" means the City and County of Denver, State of Colorado.

"City Representatives" means the Chief Financial Officer and the Manager of Public Works of the City or such other person at the time designated to act on behalf of the City for the purpose of performing any act under this Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the City by the Mayor of the City.

"Closing" means the date of execution and delivery of the Certificates.

"Completion Certificate" means the Certificate of Completion delivered by the District Representative to the Trustee with respect to amounts to be paid from the Acquisition Fund for the acquisition of the site.

"Construction Fund" means the fund created under Section 3.08 of the Indenture.

"Construction Fund Certificate" means the Certificate delivered by the City Representative to the Trustee and the District with respect to termination of submittals of Requisitions and expenditures of all amounts from the Construction Fund, the form of which certificate is set forth in Exhibit E to the Lease.

"Costs of Execution and Delivery" means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and the Lease and related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, survey costs, title insurance premiums, closing costs and other costs relating to the leasing of the Leased Property under the Site Lease and the Lease, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee and Paying Agent, legal fees and charges, including fees and expenses of Bond Counsel, Special (Disclosure) Counsel, and Counsel to the Trustee, if any, fees and disbursements of other professionals and the Underwriter, fees and charges for preparation, execution and safekeeping of the Certificates, premiums for insurance on the Certificates or for the costs of Qualified Surety Bonds that are deposited to the Reserve Fund in connection with the execution and delivery of the Certificates, and any other cost, charge or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Certificates and are to be paid by the District as provided in the Lease.

"Costs of Execution and Delivery Fund" means the fund created under Section 3.06 of the Indenture.

"CRS" means Colorado Revised Statutes.

"Counsel" means an attorney at law or law firm (who may be counsel for the Trustee) who is satisfactory to the District.

"Depository" means any securities depository as the Trustee may provide and appoint pursuant to Section 2.03 of the Indenture, in accordance with then current guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Certificates.

"District Representative" means the Chief Financial Officer or such other person at the time designated to act on behalf of the District for the purpose of performing any act under the Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the District by the President.

"DTC" means the Depository Trust Company, New York, New York, and its successors and assigns.

"DTC Participant(s)" means any broker-dealer, bank or other financial institution from time to time for which DTC holds Certificates as Depository.

"DURA" means Denver Urban Renewal Authority.

"Event(s) of Indenture Default" means those defaults specified in Section 7.01 of the Indenture.

"Event(s) of Lease Default" means those defaults specified in Section 13.1 of the Lease.

"Event of Nonappropriation" means the termination and non-renewal of this Lease by the District, determined by the Board's failure, for any reason, to appropriate by the last day of each Fiscal Year, (a) sufficient amounts to be used to pay Base Rentals due in the next Fiscal Year and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, as provided in Section 6.4 of the Lease (See "THE LEASE--Nonappropriation by the District" below). An Event of Nonappropriation may also occur under certain circumstances described in Section 9.3(c) of the Lease (see paragraph(c) in "THE LEASE--Damage, Destruction and Condemnation - Insufficiency of Net Proceeds" below). The term also means a notice under the Lease of the District's intention to not renew and therefore terminate this Lease or an event described in the Lease relating to the exercise by the District of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an Appropriation has been previously effected.

"Extraordinary Mandatory Redemption" means any redemption made pursuant to Section 4.03 of the Indenture.

"Federal Securities" means non-callable bills, certificates of indebtedness, notes or bonds which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Fiscal Year" means the District's fiscal year, which begins on July 1 of each calendar year and ends on June 30 of the subsequent calendar year, or any other twelve month period which the District or other appropriate authority hereafter may establish as the District's fiscal year.

"Force Majeure" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America, the State of Colorado or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the District in its capacity as lessee hereunder or the Trustee.

"General Obligation Debt Proceeds" means, as of any date, the dollar amount of proceeds of District general obligation debt outstanding on such date that has been expended on the Leased Property or any portion thereof, as set forth in the most recent certificate delivered by the District pursuant to Section 10.10 hereof. For purposes of this definition: (a) the dollar amount of proceeds of a particular series of District general obligation debt outstanding with respect to a particular property included in the Leased Property shall mean an amount equal to the total amount of the proceeds of such series that have been expended by the District on such property multiplied by a fraction, the numerator of which is the principal amount of such series outstanding as of such date and the denominator of which is the initial aggregate principal amount of such series at the date of issuance thereof; and (b) general obligation debt that has been defeased in accordance with the provisions of the bond resolution or other governing document for such debt shall not be considered to be outstanding, but any general obligation debt issued to fund the defeasance of such debt shall be treated as outstanding general obligation debt for purposes of this definition.

"Indenture" means the Indenture of Trust dated as of May 15, 2017, entered into by the Trustee as the same may be hereafter amended or supplemented.

"Initial Term" means the period which commences on the date of delivery of this Lease and terminates on June 30, 2015.

"Interest Payment Date" means, in respect of the Certificates, each June 1 and December 1, commencing December 1, 2017.

"Interest Portion" means the portion of each Base Rentals payment that represents the payment of interest set forth in Exhibit C (Base Rentals Schedule) to the Lease.

"Lease" means the Lease Purchase Agreement, dated as of January 15, 2015, between the Trustee, as lessor, and the District, as lessee, as the same may hereafter be amended.

"Lease Remedy" or "Lease Remedies" means any or all remedial steps provided in the Lease whenever an Event of Lease Default or an Event of Nonappropriation has happened and is continuing, which may be exercised by the Trustee as provided in the Lease and in the Indenture.

"Lease Term" means the Initial Term and any Renewal Terms as to which the District may exercise its option to renew this Lease by effecting an Appropriation of funds for the payment of Base Rentals and Additional Rentals hereunder, as provided in and subject to the provisions of the Lease. "Lease Term" refers to the time during which the District is the lessee of the Leased Property under this Lease.

"Leased Property" means the Site and the premises, buildings and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to the Lease, together with any and all additions and modifications thereto and replacements thereof, and any New Facility.

"Moody's" means Moody's Investors Service, Inc.

"Net Proceeds" means the proceeds of any performance or payment bonds or proceeds of insurance, including self-insurance, required by the Lease or proceeds from any condemnation award, or any proceeds derived from the exercise of any Lease Remedy or otherwise following termination of the Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney's fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the District and the Trustee.

"New Facility" means any real property, buildings or equipment leased by the District to the Trustee pursuant to a future amendment to the Site Lease and leased back by the District from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates.

"North Fire Station" means the City fire station of up to 3 bays to be located in Filing 44 of Stapleton on Central Park Boulevard at approximately 50th Avenue.

"Outstanding" means, with respect to the Certificates, all Certificates executed and delivered pursuant to the Indenture as of the time in question, except:

(a) All Certificates theretofore canceled or required to be canceled under Section 2.07 of the Indenture;

(b) Certificates in substitution for which other Certificates have been executed and delivered under Section 2.05 or 2.06 of the Indenture;

(c) Certificates which have been redeemed as provided in Article 4 of the Indenture;

(d) Certificates for the payment or redemption of which provision has been made in accordance with Article 6 of the Indenture; provided that, if such Certificates are being redeemed, the required notice of redemption has been given or provision satisfactory to the Trustee has been made therefor; and

(e) Certificates deemed to have been paid pursuant to Section 6.01 of the Indenture.

"Owners" means the registered owners of any Certificates and Beneficial Owners.

"Paying Agent" means the Trustee or any successor or additional paying agent appointed pursuant to the Indenture.

Permitted Encumbrances," with respect to the Leased Property, means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of this Lease; (b) the Site Lease, the Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Site Lease, the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the District Representative certifies will not materially interfere with or materially impair the Leased Property or the use thereof, including rights or privileges in the nature of easements, licenses, permits and agreements as provided in the Lease; and (d) the easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee pursuant to the Site Lease, as shown on Exhibit B to the Lease and which the District Representative has certified do not and will not interfere in any material way with the intended use of the Leased Property.

"Permitted Investments" means those investments the District is authorized to enter into under the laws of the State.

"Prepayment" means any amount paid by the District pursuant to the provisions of the Lease as a prepayment of the Base Rentals due thereunder.

"Principal Portion" means the portion of each Base Rentals payment that represents the payment of principal set forth in Exhibit C (Base Rentals Schedule) to the Lease.

"Project" means (i) the acquisition of a certain real property in the Stapleton area for school purposes; (ii) the design and construction of the North Fire Station; and (iii) any other capital costs related to the construction, renovation, equipping and installing of capital improvements of the District for school purposes, the cost of which is paid or reimbursed from a portion of the proceeds of the 2017B Certificates. "President" means the President of the Board, or in his or her absence, the Vice President of the Board.

"Project" means the construction, renovation, equipping and installing of capital improvements at various District facilities by the District for school purposes, the cost of which is paid or reimbursed from a portion of the proceeds of the Certificates.

"Purchase Option Price" means the amount payable on any date, at the option of the District, to prepay Base Rentals, terminate the Lease Term and purchase the Trustee's leasehold interest in the Leased Property, as provided in the Lease.

"Qualified Surety Bond" means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

"Rating Agency" or "Rating Agencies" means Moody's, Standard & Poor's, Fitch or other nationally recognized securities rating agency or agencies as may be directed by the District in writing to the Trustee.

"Rebate Fund" means the fund created under Section 3.05 of the Indenture.

"Regular Record Date" means the close of business on the 15^{th} day of the calendar month (whether or not a Business Day) next preceding an Interest Payment Date.

"Renewal Term" means any portion of the Lease Term commencing on July 1 of any calendar year and terminating on or before June 30 of the subsequent year as provided in Article 4 of the Lease.

"Reserve Fund" means the special fund maintained under and to be disbursed as provided in Section 3.04 of the Indenture, if any Reserve Fund is required. The Reserve Fund shall secure only the Certificates and any Additional Certificates on a separate basis, if such a reserve fund is otherwise provided in the resolution or indenture authorizing the execution and delivery of Additional Certificates.

"Reserve Fund Requirement" means, if any, with respect to the Certificates, the least of (i) 10% of the proceeds of the Certificates, (ii) the maximum annual principal and interest payable with respect to the Certificates, or (iii) 125% of the average annual principal and interest payable with respect to the Certificates. For purposes of this definition of Reserve Fund Requirement, the term "proceeds" means the aggregate stated principal amount of such Certificates, unless there is more than a de minimis amount (as defined in Section 1.148-1(b) of the Regulations) of original issue discount or premium, in which case "proceeds" means issue price. The Reserve Fund, if any, shall secure only each individual series of Certificates. Separate Reserve Funds shall be established for any series of Additional Certificates issued pursuant to this Indenture.

"Revenues" means (a) all amounts payable by or on behalf of the District or with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals (except for payments made by the District as Additional Rentals to initially fund or replenish the Reserve Fund); (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund and the Reserve Fund, each created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund, Acquisition Fund, Construction Fund or any defeasance escrow account).

"Site" means, collectively, the real property owned by the District and leased by the District to the Trustee under the Site Lease and subleased by the Trustee to the District under the Lease, the legal descriptions of which are set forth in Exhibit A to the Lease, or an amendment or supplement thereto.

"Site Lease" means the Site Lease Agreement, dated as of May 15, 2017, between the District, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

"Special Counsel" means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication. So long as the Lease Term is in effect, the District shall have the right to select Special Counsel.

"Standard & Poor's" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Supplemental Act" means the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S.

"Tax Certificate" means the Tax Compliance Certificate entered into by the District with respect to the Lease and the 2017B Certificates.

"Tax Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

"Trust Estate" means all of the property placed in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means Zions Bank, a division of ZB, National Association, acting solely in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

"Underwriter" Stifel, Nicolaus & Company, Incorporated.

THE SITE LEASE

Site Lease and Term

Under the Site Lease, the District leases the Leased Property to the Trustee, on the terms and conditions set forth in the Site Lease, subject to Permitted Encumbrances.

The term of the Site Lease commences on the date of the Site Lease and ends on June 30, 2036 (the "Site Lease Termination Date"), unless sooner terminated as provided in the Site Lease. If prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee's leasehold interests in all of the Leased Property pursuant to the Lease as a result of the District's payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in the Lease, then the term of the Site Lease shall end in connection with such transfer and conveyance.

The term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee's interest in the Site Lease, the Lease and the Indenture, shall not extend beyond the Site Lease

Termination Date. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee shall execute and deliver to the District any necessary documents prepared by or on behalf of the District releasing, assigning, transferring and conveying the Trustee's, sublessee's or assignees' respective interests in the Leased Property.

Rental

The Trustee has paid to the District and the District acknowledges receipt from the Trustee as and for rental under the Site Lease, paid in advance, the sum of $14,095,000, as and for all rent due under the Site Lease. The District has determined that such amount is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease.

Purpose

The Site Lease provides that the Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the District pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the District is required to vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in the Site Lease, the Lease and the Indenture.

Owner in Fee

The District has represented in the Site Lease represents that it is the owner in fee of the Leased Property, subject to Permitted Encumbrances, and that the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property.

Sales, Assignments and Subleases

Unless an Event of Nonappropriation or an Event of Lease Default has occurred and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under the Site Lease or sublet all or any portion of the Leased Property, without the written consent of the District.

In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee's leasehold interests in the Site Lease, pursuant to the terms of the Indenture. The District and the Trustee (or any purchasers from or assignee or lessee of the Trustee) agree that, except for Permitted Encumbrances (including purchase options under the Lease), neither the District, the Trustee, nor any purchasers from or lessee or assignee of the Trustee will sell, mortgage or encumber the Leased Property or any portion thereof during the term of the Site Lease.

Taxes; Maintenance; Insurance

During the Lease Term of the Lease and in accordance with the provisions of the Lease, the District covenants and agrees to pay any and all taxes, assessments or governmental charges due in respect of the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, the Trustee, or any purchaser, sublessee or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from the Site Lease) shall pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, including without limitation moneys on deposit in the Reserve Fund, if any, or (c) from other moneys furnished to the Trustee under the Indenture.

The provisions of the Lease shall govern with respect to the maintenance of insurance under the Site Lease during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, the Trustee, or any sublessee, purchaser or assignee of the Leased Property shall obtain and keep in force, (i) commercial general liability insurance against claims for personal injury, death or damage to property of others occurring on or in the Leased Property in an amount not less than $990,000 and (ii) property insurance in an amount not less than the full replacement value of the Leased Property. Any such insurance that is to be obtained by the Trustee shall be paid for solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, including without limitation moneys on deposit in the Reserve Fund, if any, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture. All such insurance shall name the Trustee, any sublessee, purchaser or assignee and the District as insured; the Trustee will be named loss payee. The District and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser or assignee, and the District, and their members, directors, officers, agents and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

Damage, Destruction or Condemnation

The provisions of the Lease shall govern with respect to any damage, destruction or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, and either (i) the Leased Property or any portion thereof are damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the District and the Trustee, or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of the Lease.

Default

In the event the Trustee is in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the District may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any 2017B Certificates are outstanding and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the 2017B Certificates are outstanding, the Site Lease shall not be terminated except as described above under "Site Lease and Term."

THE LEASE

The Lease Term; Termination of Lease Term

General. The Lease Term shall commence as of the date hereof. The Initial Term shall terminate on June 30, 2017. This Lease may be renewed, solely at the option of the District, for nine Renewal Terms, provided, however, that the Lease Term shall terminate no later than June 30, 2026, except that the Renewal Term beginning on July 1, 2025, shall terminate upon the District's payment of the final Base Rental payment as set forth in Exhibit A to the Lease.

The Chief Financial Officer or other officer of the District at any time charged with the responsibility of formulating budget proposals for the District is hereby directed to include in the annual budget proposals submitted to the Board, in any year in which the Lease shall be in effect, items for all payments required for the ensuing Renewal Term under this Lease until such time, if any, as the District may determine to not renew and terminate this Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the District that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Board in its absolute discretion and not by any other official of the District, as further provided in the following paragraph. During the Lease Term, the District shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted.

Not later than June 15 of the then current Initial Term or any Renewal Term the District Representative shall give written notice (in substantially the form set forth in Exhibit D to the Lease) to the Trustee that either:

(a) the District has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in the Lease, whereupon, the Lease shall be renewed for the ensuing Fiscal Year; or

(b) the District has determined, for any reason, not to renew the Lease for the ensuing Fiscal Year.

Subject to the provisions of Section 6.4(a) of the Lease (see "Nonappropriation by the District" below), the failure to give such notice shall not constitute an Event of Lease Default, nor prevent the District from electing not to renew the Lease, nor result in any liability on the part of the District. The District's option to renew or not to renew this Lease shall be conclusively determined by whether or not the applicable Appropriation has been made on or before June 30 of each Fiscal Year, all as further provided in the Lease.

<u>Termination of Lease Term</u>. The Lease Term shall terminate upon the earliest of any of the following events:

(a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in the Lease);

(b) the occurrence of an Event of Nonappropriation under the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 of the Lease);

(c) the conveyance of the Trustee's leasehold interest in the Leased Property under the Lease to the District upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the District for such purpose, as provided in the Lease; or

(d) an uncured Event of Lease Default and termination of the Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of the Lease, the District agrees to peacefully deliver possession of the Leased Property to the Trustee.

Termination of the Lease Term shall terminate all unaccrued obligations of the District under the Lease, and shall terminate the District's rights of possession under this Lease (except to the extent of the holdover provisions of Sections 6.5 and 13.2(c)(i) of the Lease, and except for any conveyance pursuant to Article 11 of the Lease). All obligations of the District accrued prior to such termination shall be continuing until the Trustee gives written notice to the District that such accrued obligations have been satisfied.

The District shall not have the right to terminate the Lease due to a default by the Trustee under this Lease.

Payments to Constitute Currently Budgeted Expenditures of the District

In the Lease, the District and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals and any other obligations under the Lease shall constitute currently budgeted expenditures of the District, if an Appropriation has been effected for such purpose. The District's obligations to pay Base Rentals, Additional Rentals and any other obligations under the Lease shall be from year to year only (as further provided in the Lease), shall extend only to moneys for which an Appropriation has been effected by the District, and shall not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease shall be construed or interpreted as a delegation of governmental powers or as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District or a general obligation or other indebtedness of the District within the meaning of any constitutional or statutory debt limitation, including without limitation Article X, Section 20 of the Colorado constitution. The Lease shall not directly or indirectly obligate the District to make any payments beyond those for which an Appropriation has been effected by the District for the District's then current Fiscal Year. The District shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of the Lease shall be construed to pledge or to create a lien on any class or source of District moneys, nor shall any provision of the Lease restrict the future issuance of any District bonds or obligations payable from any class or source of District moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

Base Rentals, Purchase Option Price and Additional Rental

Under the Lease, the District is to pay Base Rentals for which an Appropriation has been effected by the District, directly to the Trustee during the Initial Term and any Renewal Term. The District is to receive credit against the Base Rentals to the extent moneys are held on deposit in the Base Rentals Fund by the Trustee and available to pay Base Rentals. Base Rentals will be recalculated in the event of the issuance of Additional Certificates as provided in the Indenture and will also be recalculated in the event of a partial redemption of the Certificates.

The Lease provides that the District may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating the Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as further provided in the Lease. Subject to the Approval of Special Counsel, the District may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due under the Lease and (2) in connection with such prepayment, recalculate the Base Rentals set forth in Exhibit C to the Lease (Base Rentals Schedule). The District is required to give the Trustee notice of its intention to exercise either of such options not less than forty-five (45) days in advance of the date of exercise and is required to deposit with the Trustee the applicable Purchase Option Price on or before such date or the applicable amount of Base Rentals to be prepaid.

The Lease also requires the District to pay Additional Rentals during the Lease Term on a timely basis directly to the person or entity to which such Additional Rentals are owed.

The Lease provides that, notwithstanding any dispute between the District and the Trustee, the District is required, during the Lease Term, to make all payments of Base Rentals and Additional Rentals in such Fiscal Years and shall not to withhold any Base Rentals or Additional Rentals, for which an Appropriation has been effected by the District, pending final resolution of such dispute (with certain exceptions as to Additional Rentals as provided in the Lease), nor shall the District assert any right of set-off or counterclaim against its obligation to make such payments required under the Lease.

Nonappropriation by the District

In the event that the District gives notice that it intends to not renew the Lease or the District shall not effect an Appropriation, on or before June 30 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in the Lease, or in the event that the District is proceeding under the provisions of the Lease (when applicable) relating to certain events of damage, destruction and condemnation, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

a. In the event the Trustee does not receive the written notice provided for by the Lease or evidence that an Appropriation has been effected by the District on or before June 30 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the District that the Lease will not be renewed. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the District.

b. The Trustee shall waive any Event of Nonappropriation which is cured by the District, within 30 days of the receipt by the District of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

c. Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the District within a reasonable time with the procedure described in (b) above.

If, during the Initial Term or any Renewal Term, any Additional Rentals become due which were not included in a duly effected Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation is deemed to have occurred, upon notice by the Trustee to the District to such effect (subject to waiver by the Trustee).

If an Event of Nonappropriation occurs, the District is not obligated to make payment of the Base Rentals or Additional Rentals or any other payments under the Lease which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that subject to certain limitations set forth in the Lease, the District shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the District continues to occupy, use or retain possession of the Leased Property.

Subject to the holdover provisions set forth in the Lease, the District is required to vacate or surrender possession of the Leased Property by September 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred. After September 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

Upon the occurrence of an Event of Nonappropriation, (a) the Trustee is entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund and any defeasance escrow accounts) and (b) all property, funds and rights then held or acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation are to be held by the Trustee as set forth in the Indenture.

Holdover Tenant

If the District fails to vacate the Leased Property after termination of the Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default, with the written permission of the Trustee the District will be deemed a holdover tenant on a month-to-month basis, and will be bound by all the terms, covenants and agreements of the Lease. Any holding over by the District without the written permission of the Trustee is considered to be at sufferance. The amount of rent to be paid monthly during any period when the District is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

Title to the Leased Property

At all times during the Lease Term, title to the Leased Property shall remain in the District, subject to the Site Lease, the Lease, the Indenture and any other Permitted Encumbrances. Except for personal property purchased by the District at its own expense pursuant to the Lease, a leasehold estate in the Leased Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Trustee until the Trustee has exercised Lease Remedies or until the Trustee's leasehold interest in the Leased Property is conveyed to the District as provided in the Lease, notwithstanding (a) the occurrence of an Event of Nonappropriation; (b) the occurrence of one or more Events of Lease Default; (c) the occurrence of any event of damage, destruction, condemnation, or construction, manufacturing or design defect or title defect, as provided in the Lease; or (d) the violation by the Trustee of any provision of the Site Lease or the Lease. The Trustee shall not, in any way, be construed as the owner of the Leased Property.

No Encumbrance, Mortgage or Pledge of the Leased Property

Except as may be permitted by the Lease, the District shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the District shall first notify both the Trustee of the intention of the District to do so, the District may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the District that, in the opinion of Counsel, by nonpayment of any such items the Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the District is required to promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest. Except as may be permitted by the Lease, the District shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The District is required to promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

Maintenance and Modification of the Leased Properly

Subject to its right to not appropriate and as otherwise provided in the Lease with respect to damage, destruction or condemnation, the District has agreed that at all times during the Lease Term, the District will maintain, preserve and keep the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. During the Lease Term, the Trustee has no responsibility for the making any additions, modifications or replacements to the Leased Property.

The District is permitted to make additions, modifications and improvements to the Leased Property, at its own cost and expense, as appropriate and any such additions, modifications and improvements to the Leased Property shall be the property of the District subject to the Site Lease, the Lease and the Indenture and shall be included under the terms of the Site Lease, the Lease and the Indenture; provided, however, that such additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the District (except to the extent of permitted subleasing) or cause the District to violate its tax covenant as provided in the Lease; and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of modifications and improvements.

The District may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on any Leased Property. All such machinery, equipment and other tangible property remains the sole property of the District in which the Trustee shall not have any interest. However, any such machinery, equipment and other tangible property which becomes permanently affixed to any Leased Property is required to be included under the terms of the Site Lease, the Lease and the Indenture.

Taxes, Other Governmental Charges and Utility Charges

In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the District shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the District shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the District shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the Leased Property, or any interest therein, including the leasehold interests of the Trustee), or the rentals and revenues. The District shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance and upkeep of the Leased Property.

The District may, at its expense, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the District that, in the opinion of Counsel, by nonpayment of any such items the value of the Leased Property will be materially endangered or the Leased Property will be subject to loss or forfeiture, or the Trustee will be subject to liability, in which event such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

Required Insurance

Upon the execution and delivery of the Lease, the District shall, at its own expense, cause casualty and property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the estimated replacement cost of the Leased Property. Such insurance policy may have a deductible clause in an amount deemed reasonable by the Board. The District may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings as well, as long as such blanket insurance policies comply with the requirements the Lease. If the District insures against similar risks by self-insurance, the District may, at its election, provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the District elects to self-insure, the District Representative shall annually furnish to the Trustee a certification of the adequacy of the District's reserves. The Trustee shall be named additional insured and loss payee on any property insurance.

Upon the execution and delivery of the Lease, the District shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by and on behalf of the District in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised Statutes, as heretofore or hereafter amended). Such insurance may contain deductibles and exclusions deemed reasonable by the Board. The required public liability insurance may be by blanket insurance policy or policies. If the District shall insure against similar risks by self-insurance, the District, at its election, may provide for public liability insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the District shall elect to self-insure, the District Representative shall annually furnish to the Trustee a certification of the adequacy of the District's reserves. The Trustee shall be named as additional insured on any public liability insurance.

Any casualty and property damage insurance policy required by the Lease shall be so written or endorsed as to make payments under such insurance policy payable to the District and the Trustee. Each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy without first giving written notice thereof to the District and the Trustee at least 30 days in advance of such cancellation.

Granting of Easements

As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee, shall upon the request of the District, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads) and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements and rights of way with respect to any property or rights included in the Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from the Lease and any security interest or other encumbrance created thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release and (ii) a written application signed by the District Representative requesting such grant, agreement or release and stating that such grant, agreement or release will not materially impair the effective use or materially interfere with the operation of the Leased Property.

Damage, Destruction and Condemnation

<u>Damage, Destruction and Condemnation</u>. If, during the Lease Term (a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (b) title to, or the temporary or permanent use of, all or a portion of the Leased Property or the estate of the District or the Trustee in all or a portion of the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or entity acting under governmental authority; or (c) a breach of warranty or a material defect in the construction, manufacture or design of all or a portion of the Leased Property becomes apparent; or (d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto; then the District shall be obligated to continue to pay Base Rentals and Additional Rentals pursuant to the Lease.

Obligation to Repair and Replace the Leased Property. The District and the Trustee, to the extent Net Proceeds are within their respective control, are required to cause such Net Proceeds of any insurance policies, performance bonds or condemnation awards, to be deposited in a separate trust fund. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the District, upon receipt of requisitions by the Trustee signed by the District Representative stating with respect to each payment to be made: (a) the requisition number; (b) the name and address of the person, firm or entity to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

The District and the Trustee shall agree to cooperate and use their best reasonable efforts subject to the terms of the Indenture to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise. If there is a balance of any Net Proceeds allocable to the Leased Property remaining after such repair, restoration, modification, improvement or replacement has been completed, this balance shall be used by the District, to: (a) add to, modify or alter the Leased Property or add new components thereto, or (b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under Exhibit C (Base Rentals Schedule) to the Lease, or (c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the District, subject to the Site Lease, the Lease and the Indenture and shall be included as part of the Leased Property under the Lease.

Insufficiency of Net Proceeds. If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under the Lease, the District may elect to:

a. complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the District are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the District agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the District shall make any payments pursuant to the provisions of this paragraph, the District shall not be entitled to any reimbursement therefor from the Trustee, nor shall the District be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, payable under the Lease; or

b. apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with the Lease. In the event of an insufficiency of the Net Proceeds for such purpose, the District shall, subject to the limitations of the Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the District); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the District in the same manner as set forth in the Lease; or

c. if the District does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the District's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The above referenced election shall be made by the District within 90 days of the occurrence of an event specified in the Lease (Damage, Destruction and Condemnation). It is declared in the Lease to be the District's present intention that, if an event described in the Lease (Damage, Destruction and Condemnation) should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the District would use its best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the District must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the District.

Substitution of Leased Property

So long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing, the District shall be entitled to substitute any improved or unimproved real estate (collectively, the "Replacement Property"), for any Leased Property then subject to the Site Lease, the Lease and the Indenture, upon receipt by the Trustee of a written request of the District Representative requesting such release and substitution, provided that:

(a) such Replacement Property shall have an equal or greater value and utility (but not necessarily the same function) to the District as the Leased Property proposed to be released, as determined by a certificate from the District to that effect;

(b) the fair market value of Replacement Property shall be not less than the fair market value of the Leased Property proposed to be released from the Lease and the Indenture, or, in the alternative, the fair market value of the Leased Property remaining after the proposed release shall be at least equal to the aggregate principal amount of the Outstanding Certificates. The fair market value of any improved or unimproved real property shall be determined by an M.A.I. appraisal report prepared by an independent real estate appraiser and submitted by the District to the Trustee; and

(c) the execution and delivery of such supplements and amendments to the Site Lease, as applicable, the Lease and the Indenture and any other documents necessary to subject any Replacement Property to be substituted for the portion of the Leased Property to be released to the lien of the Indenture.

The Trustee shall cooperate with the District in implementing the District's rights to release and substitute property as described above and shall execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith. The District agrees that any cash paid to the Trustee pursuant to the provisions described above shall be used to redeem or defease Outstanding Certificates.

To the extent such remodeling, additions, modifications or improvements additions are paid for from proceeds of general obligation debt of the District, the District Representative shall add the amount of such General Obligation Debt Proceeds to the total thereof set forth in the certificate next delivered to the Trustee pursuant to the Indenture (as described in "General Obligation Debt Proceeds Expended on the Leased Property" below).

General Obligation Debt Proceeds Expended on the Leased Property

The District Representative has, upon the execution and delivery of the Lease, delivered a written certificate to the Trustee setting forth the amount of General Obligation Debt Proceeds expended on each property included in the Leased Property as of such date. On or before December 31 of each Fiscal Year, the District shall provide to the Trustee a certificate setting forth (a) the total General Obligation Debt Proceeds (as so determined) expended on each property included in the Leased Property as of June 30 of the preceding Fiscal Year and (b) the amortization schedule for the bonds to which such expended General Obligation Debt Proceeds are attributable. The amount of General Obligation Debt Proceeds (as so determined) expended on each such property that is set forth in the most recent such certificate delivered by the District to the Trustee less any principal amount of the applicable District general obligation debt that has ceased to be outstanding since the delivery of such certificate shall be dispositive, absent manifest error, as to the amount of General Obligation Debt Proceeds that have been expended on such property as of any date.

Purchase Option

The District has the option to purchase the Trustee's leasehold interest in all of the Leased Property, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The District shall give the Trustee notice of its intention to exercise its option not less than forty-five (45) days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period.

Conditions for Purchase Option

The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the District in the manner provided for in the Lease; provided, however, that prior to such transfer and conveyance, either:

a. the District shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any reasonable fees and expenses then owing to the Trustee; or

b. the District shall have paid all Base Rentals set forth in <u>Exhibit C</u> (Base Rentals Schedule) to the Lease, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid pursuant to the Lease.

At the District's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund and excluding any defeasance escrow funds) may be credited toward the Purchase Option Price.

Assignment by the Trustee; Replacement of the Trustee

The Lease may not be assigned by the Trustee for any reason other than to a successor by operation of law or to a successor trustee under the Indenture or with the prior written consent of the District. The Trustee will notify the District of any assignment to a successor by operation of law.

If an Event of Lease Default or Event of Nonappropriation has occurred, the Trustee may act as provided in the Lease, including exercising the remedies set forth in the Lease, without the prior written direction of the District.

Assignment and Subleasing by the District

The Lease may not be assigned by the District for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the District, without the necessity of obtaining the consent of the Trustee or any owner of Certificates subject to each of the following conditions:

a. The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with approval of Special Counsel;

b. The Lease, and the obligations of the District thereunder, shall, at all times during the Lease Term remain obligations of the District, and the District shall maintain its direct relationships with the Trustee, notwithstanding any sublease;

c. The District shall furnish or cause to be furnished to the Trustee a copy of any sublease agreement; and

d. No sublease by the District shall cause the Leased Property to be used for any purpose which would cause the District to violate its tax covenants in the Lease.

Events of Lease Default

Any one of the following is an Event of Lease Default under the Lease:

a. failure by the District to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the District for such purpose, during the Initial Term or any Renewal Term, within five (5) Business Days of the date on which they are due; or

b. subject to the holdover tenant provisions of the Lease, failure by the District to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or

c. failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in (a) or (b) (other than a failure to comply with the continuing disclosure covenant contained in Section 10.6 of the Lease), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied is received by the District from the Trustee unless the Trustee agrees in writing to an extension of such time prior to its expiration; however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not withhold its consent to an extension of such time if corrective action can be instituted by the District within the applicable period and diligently pursued until the default is corrected; or

d. failure by the District to comply with the terms of the Site Lease.

The foregoing provisions of the Lease are subject to the following limitations: (i) the District is obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the District for such purpose, only during the Lease Term, except as otherwise expressly provided in the Lease; and (ii) if, by reason of Force Majeure (as defined in the Lease), the District or the Trustee shall be unable in whole or in part to carry out any agreement on their respective parts contained in the Lease, other than the District's agreement to pay the Base Rentals and Additional Rentals, the District or the Trustee, as the case may be, shall not be deemed in default during the continuance of such inability. The District and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the District or the Trustee, as the case may be, from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the District.

Remedies on Default; Limitations on Remedies

<u>Remedies on Default</u>. Whenever any Event of Lease Default has happened and is continuing beyond any applicable cure period, the Trustee (subject to its rights and protections under the Indenture) may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification satisfactory to it as to costs and expenses as provided in the Indenture without any further demand or notice, take one or any combination of the following remedial steps:

a. terminate the Lease Term and give notice to the District to vacate and surrender possession of the Leased Property, which vacation and surrender the District agrees to complete within sixty (60) days from the date of such notice; provided, in the event the District does not vacate and surrender possession on the termination date, the holdover provisions of the Lease shall apply; or

b. lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property; or

c. recover from the District

(i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable by the District under the Lease, during any period in which the District continues to occupy, use or possess the Leased Property; and;

(ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable by the District under the Lease during the remainder, after the District vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or

d. take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund or any defeasance escrow accounts).

Notwithstanding the forgoing, any moneys realized by the Trustee from any releasing or other disposition of the Leased Property or any portion thereof as described above shall, promptly upon payment to the Trustee, be paid first, to the Trustee in an amount equal to the fees and expenses incurred by the Trustee in connection with such subleasing or other disposition together with the expenses incurred by the Trustee to maintain such Leased Property prior to such subleasing or other disposition; and, second, pay to the District the amount of General Obligation Debt Proceeds expended on the Leased Property or portion thereof subleased or otherwise disposed of as described above.

Limitations on Remedies. A judgment requiring a payment of money may be entered against the District by reason of an Event of Lease Default only as to the District's liabilities described in paragraph (c) above. A judgment requiring a payment of money may be entered against the District by reason of an Event of Nonappropriation only to the extent that the District fails to vacate and surrender possession of the Leased Property as required by the Lease, and only as to the liabilities described in paragraph (c)(i) above. The remedy described in paragraph (c)(ii) above is not available for an Event of Lease Default consisting of failure by the District to vacate and surrender possession of the Leased Property by the September 1 following an Event of Nonappropriation.

No Remedy Exclusive

Subject to the limitations on remedies described in the preceding paragraph, no remedy conferred upon or reserved to the Trustee is exclusive, and every remedy is cumulative and in addition to every other remedy given under the Lease or existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or is to be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

THE INDENTURE

General

The Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the Certificates, the proceeds of which will be used to finance the Project. The Certificates evidence undivided interests in the right to receive certain Revenues under the Lease. The Indenture is being executed and delivered by the Trustee for the benefit of the Owners of the Certificates. The Trust Estate secures the payment of the principal of and interest on the Certificates.

Application of Revenues and Other Moneys

All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

Except as otherwise provided by the Lease, the Trustee shall deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with the Indenture.

Funds and Accounts

The Indenture provides for the creation and establishment of the various funds and accounts as described in the following paragraphs. The Trustee holds these funds and accounts in trust for the benefit of the Owners of the Certificates.

Base Rentals Fund. The creates a special fund established with the Trustee and denominated the "School District No. 1, in the City and County of Denver, State of Colorado, Series 2017B Base Rentals Fund" which shall be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except as otherwise required by the Lease. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except as described in "The Rebate Fund" below.

The Base Rentals Fund shall be in the custody of the Trustee. Base Rental payments are due and payable to the Trustee on or before each May 15 and November 15 annually. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity or upon prior redemption, which responsibility, to the extent of the moneys therein, the Trustee hereby accepts.

Any moneys held in the Base Rentals Fund shall be invested by the Trustee as described in "Investment of Moneys" below.

The Reserve Fund. The Indenture creates a to be held by the Trustee and designated as the "School District No. 1, in the City and County of Denver, State of Colorado, Series 2017B Lease Purchase Agreement Reserve Fund" (the "Reserve Fund"). ***The Reserve Fund is not required and shall not be funded at the time of execution and delivery of the Certificates, and the Trustee shall not be required to establish a Reserve Fund in the records of the Trustee.***

Concurrently with the execution and delivery of any series of Additional Certificates that are secured by the Reserve Fund, there shall be deposited to a separate Reserve Fund, from the proceeds derived from the sale of such Additional Certificates or from other available moneys, such amount, if any, as may be necessary to fund the separate Reserve Fund to the then applicable Reserve Fund Requirement. Any moneys paid by the District as described below shall also be deposited to the Reserve Fund. Moneys held in the Reserve Fund shall be invested and reinvested by the Trustee as described in "Investment of Moneys" below. Except to the extent transferred to the Rebate Fund, income derived from the investment of the moneys in the Reserve Fund shall be retained in the Reserve Fund to the extent the amount on deposit therein is less than the Reserve Fund Requirement.

If the amount on deposit in the Reserve Fund exceeds the Reserve Fund Requirement for any reason, the amount to be released from the Reserve Fund shall be as directed in writing by the District. Any excess amount released from the Reserve Fund may be deposited in the Base Rentals Fund, for use as provided in the Indenture, or deposited into a defeasance escrow account, or may be applied for other purposes, as directed in writing by the District and in accordance with the District's tax covenant.

Except as hereinafter provided, moneys held in the Reserve Fund, excluding income derived from the investment thereof, shall be applied to any of the following purposes:

(a) To the payment of the principal amount of the Certificates secured by the Reserve Fund and interest thereon, as the same shall become due, to the extent of any deficiency in the Base Rentals Fund;

(b) At the option of the Trustee, to the payment of any Additional Rentals in the event the District shall fail to make payment thereof;

(c) At the option of the Trustee, subsequent to the occurrence of an Event of Nonappropriation or an Event of Indenture Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Certificate Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for subleasing the Leased Property or other disposition thereof, or the fees and expenses of the Trustee including fees and expenses of its counsel, as the Trustee may deem to be in the best interests of the Certificate Owners;

(d) Except to the extent applied pursuant to (c) above, upon the termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Indenture Default, to the redemption or payment of the Certificates and any Additional Certificates secured by the Reserve Fund then Outstanding and the payment of interest thereon;

(e) In the event that the District shall exercise its option to purchase the Trustee's leasehold interest in the Leased Property and terminate the Lease Term upon payment of the Purchase Option Price, to the District, or, at the option of the District, as a reduction of such Purchase Option Price;

(f) At the option of the District, in reduction of the final and, to the extent sufficient therefor, the next preceding payments of Base Rentals (in inverse order) payable by the District under the Lease; or

(g) To be deposited in escrow for the payment or defeasance of the Certificates pursuant to Article 6 hereof.

Notwithstanding the foregoing or any other provisions in this Indenture, to the extent that the Reserve Fund is funded in whole or in part with a Qualified Surety Bond, the Trustee shall draw on any such Qualified Surety Bond only for the purpose of paying the principal of or interest on the Certificates secured by such Qualified Surety Bond to the extent of any deficiency in the Base Rental Fund and for no other purposes, unless approved in writing by the provider of such Qualified Surety Bond.

The District may at any time substitute (i) cash or Permitted Investments for a Qualified Surety Bond, (ii) a Qualified Surety Bond for cash or Permitted Investments, or (iii) a Qualified Surety Bond for another Qualified Surety Bond so long as the amount on deposit in the Reserve Fund after any such substitution is at least equal to the Reserve Fund Requirement. Notwithstanding the foregoing, or any other provisions contained herein, no Qualified Surety Bond shall be accepted by the Trustee for substitution for cash or Permitted Investments unless the Trustee has received an opinion of nationally recognized municipal bond counsel to the effect that such substitution and the intended use by the District of the cash or Permitted Investments to be released from the Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates.

For the purposes of determining the amount on deposit in the Reserve Fund, a Qualified Surety Bond shall be valued at the amount available to be drawn thereunder. If the Reserve Fund contains both cash and a Qualified Surety Bond, all cash held in the Reserve Fund shall be applied to the purposes of the Reserve Fund before a demand is made on the Qualified Surety Bond. In the event that the Reserve Fund contains two or more Qualified Surety Bonds, demands shall be made on such Qualified Surety Bonds on a pro-rata basis. All Revenues available for replenishment of the Reserve Fund shall be applied first to reimburse the providers of the Qualified Surety Bonds, and second to replenish cash in the Reserve Fund.

To the extent that draws are made on a Qualified Surety Bond that has been deposited in the Reserve Fund, the District has agreed to make any required payments to the provider of such Qualified Surety Bond as Additional Rentals. The District has further agreed that failure by the District to budget and appropriate moneys for the payment of Additional Rentals shall constitute an Event of Nonappropriation.

Rebate Fund. The Indenture creates a special fund to be held by the Trustee, and to be designated the "School District No. 1, in the City and County of Denver, State of Colorado, Series 2017B Lease Purchase Agreement, Rebate Fund" (the "Rebate Fund"). There shall be deposited into the Rebate Fund investment income on moneys in any fund created under the Indenture (except defeasance escrows), to the extent necessary to comply with the provisions of the relevant Tax Certificate. In addition to the deposit of investment income as provided in the Indenture, there shall be deposited into the Rebate Fund moneys received from the District as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to an account in the Rebate Fund from any other fund created pursuant to the Indenture; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or the Indenture that such moneys are to be paid into the Rebate Fund. The District will cause (or direct the Trustee to cause) amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the District's rebate obligations are met, in accordance with the District's tax covenants in the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of the Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the District to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or cannot transfer investment income so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee may transfer moneys to the Rebate Fund from the following funds in the following order of priority: the Reserve Fund (to the extent it is cash-funded), and the Base Rentals Fund. Any moneys so advanced shall be included in the District's estimates of Additional Rentals for the ensuing Fiscal Year pursuant to the Lease and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of nationally recognized bond counsel to the effect that the amount in an account of the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The District shall, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the District has failed to comply with the Lease so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the above-described funds in such combination necessary to make any required payments to the Department of Treasury.

Costs of Execution and Delivery Fund. A special fund is created and established with the Trustee under the Indenture and the "School District No. 1, in the City and County of Denver, State of Colorado, Series 2017B Lease Purchase Agreement, Costs of Execution and Delivery Fund." Upon the delivery of the Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the proceeds of the Certificates the amounts directed by Section 3.01 of the Indenture and the Underwriter shall deliver to the Trustee a closing memorandum detailing the anticipated amounts of Costs of Execution and Delivery. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee upon receipt of a statement or a bill for the provision of Costs of Execution and Delivery of the Certificates approved in writing by the District Representative and (a) stating the payee, the amount to be paid and the purpose of the payment and (b) certifying that the amount to be paid is due and payable, has not been the subject of any previous requisition and is a proper charge against the Costs of Execution and Delivery Fund.

Any moneys held in the Costs of Execution and Delivery Fund shall be invested by the Trustee as described in "Investment of Moneys" below.

The Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the credit of the District upon the final payment of all Costs of Execution and Delivery, as certified in writing by the District Representative. Any amounts remaining in the Costs of Execution and Delivery Fund on August 1, 2017, shall be remitted to the District.

Acquisition Fund. A special fund is created under the Indenture and established with the Trustee to be designated the "School District No. 1, in the City and County of Denver and the State of Colorado, Acquisition Fund" (the "Acquisition Fund").

Moneys on deposit in the Acquisition Fund shall be disbursed, upon the written direction of the District, and to pay the costs of acquiring a site for future school facilities, pursuant to the form of requisition attached to the Indenture Exhibit B. Upon the acquisition of the site for school facilities as described herein, the District shall provide to the Trustee a Completion Certificate as shown in Exhibit D to the Indenture. Any moneys remaining in the Acquisition Fund after the acquisition of a site for future school facilities shall be utilized by the District for additional capital improvements or transferred to the Base Rentals Fund and used for the purposes of such Fund.

All income earned from the investment of moneys in the Acquisition Fund shall be transferred to the Base Rentals Fund; provided, however, income from the Acquisition Fund may be transferred to the Rebate Fund if required by the Indenture (described in "Rebate Fund" above).

Any moneys held in the Acquisition Fund shall be invested by the Trustee as described in "Investment of Moneys" below.

Construction Fund. A special fund is created by the Indenture and established with the Trustee to be designated as the "School District No. 1, in the City and County of Denver, State of Colorado, Construction Fund."

Moneys on deposit in the Construction Fund shall be disbursed to the City, upon the written direction of the City, with evidence of the Consent to Disbursement executed by DURA to pay the costs of the design and construction of the North Fire Station, pursuant to the form of requisition (the "Requisition") and Consent to Disbursement attached as Exhibit C to the Indenture. The Trustee shall pay such Requisition within 5 Business Days of receipt.

All income earned from the investment of moneys in the Construction Fund shall be transferred to the Base Rentals Fund; provided, however, income from the Construction Fund may be transferred to the Rebate Fund if required by the Indenture (described in "Rebate Fund" above).

No later than December 31, 2019, the City shall provide to the Trustee and the District a Construction Fund Certificate as shown in Exhibit E hereto. Any moneys remaining in the Construction Fund after the receipt of the Construction Fund Certificate for the North Fire Station shall be utilized by the District for additional capital improvements or transferred to the Base Rentals Fund and used for the purposes of such Fund as directed by the District pursuant to the Direction given on the form attached as Exhibit F to the Indenture.

Any moneys held in the Construction Fund shall be invested by the Trustee as described in "Investment of Moneys" below.

Investment of Moneys

All moneys held as part of the Base Rentals Fund, the Reserve Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (other than defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the District, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created under the Indenture which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust thereunder or for payment of the Certificates at or before maturity or interest thereon as required thereunder. The Trustee may make any and all suck deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee.

Except as otherwise provided in the Indenture, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account; provided, however, that any interest income earned from amounts held in the Acquisition Fund or the Construction Fund shall be transferred to the Base Rentals Fund. Any interest or other gain from any fund or account created under the Indenture (except any defeasance escrows) shall be deposited to the Rebate Fund to the extent required and permitted by Section 3.05 of the Indenture (see "Rebate Fund") above.

Additional Certificates

So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth herein. The principal of any Additional Certificates shall mature on December 1 and interest payment dates therefore shall be the same as the interest payment dates for the Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental resolution or indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Certificates, to provide moneys to pay any one or more of the following:

(a) the costs of acquiring, constructing, improving, installing and equipping any New Facility, or of acquiring a Site for any New Facility (and costs reasonably related thereto);

(b) the costs of completing the Project or making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the District may deem necessary or desirable, and as in accordance with the provisions of the Lease; or

(c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates.

In such case, the Costs of Execution and Delivery of the Additional Certificates, the amount to be deposited to a separate reserve fund, if any, for such Additional Certificates, or the costs of acquiring a Qualified Surety Bond, if any, and other costs reasonably related to the purposes for which Additional Certificates are being executed and delivered may be included.

Additional Certificates may be executed and delivered only upon there being furnished to the Trustee:

(a) Originally executed counterparts of a supplemental Indenture and related and necessary amendments to the Site Lease and the Lease (including any necessary amendment to the Base Rentals Schedule); and

(b) A commitment or other evidence that the amount of the title insurance policy delivered in respect of the Certificates will be increased, if necessary, to reflect the amount of the Additional Certificates and all other Outstanding Certificates (or such lesser amount) as shall be the maximum insurable value of the real property included in the Leased Property); and

(c) A written opinion of Special Counsel to the effect that:

(i) the execution and delivery of Additional Certificates have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(ii) the excludability of interest from gross income for federal income tax purposes on the Certificates will not be adversely affected by the execution and delivery of the Additional Certificates being executed and delivered; and

(iii) the sale, execution and delivery of the Additional Certificates, in and of themselves, will not constitute an Event of Indenture Default or an Event of Lease Default nor cause any violation of the covenants or representations herein or in the Lease; and

(d) If the Additional Certificates are secured by a reserve fund, a Qualified Surety Bond, or proceeds of such Additional Certificates or other moneys for deposit into a reserve fund for such Additional Certificates in such amount, if any, as may be necessary to fund a reserve fund to the then applicable reserve fund requirement for the Additional Certificates.

(e) Written directions from the underwriter, placement agent or purchaser with respect of the Additional Certificates, together with written acknowledgment of the District, to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified purchase price.

Each Additional Certificate executed and delivered pursuant to this Section shall evidence a proportionate interest in the rights to receive the Revenues under this Indenture and shall be ratably secured with all Outstanding Certificates and in respect of all Revenues, and shall be ranked pari passu with such Outstanding Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

Events of Indenture Default and Remedies

Events of Indenture Default. Each of the following shall be an Event of Indenture Default:

a. Failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;

b. Failure to pay any installment of interest on any Certificate when the same shall become due and payable;

c. the occurrence of an Event of Nonappropriation; or

d. the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the District within thirty (30) days of the receipt of notice by the Trustee as provided in the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of Nonappropriation which is cured by the District within a reasonable time with the procedure described in the preceding sentence.

Remedies. If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in the Indenture, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under the Indenture, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture, take such action as, in the judgment of the Trustee or its counsel, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of the Indenture and exercising the Lease Remedies provided in the Lease provided, however, that such action shall not include consequential or punitive damages against the District.

Anything to the contrary herein notwithstanding, the foregoing provisions are subject to the requirement that with respect to the proceeds of any subleasing or other disposition of the Leased Property, if General Obligation Debt Proceeds have been expended on such Leased Property, prior to the distribution of any such proceeds, the Trustee shall (A) first pay to itself from such proceeds to the extent thereof, amounts equal to the fees and expenses incurred by itself in connection with such sale, subleasing or other disposition of such Leased Property, together with expenses incurred by itself to maintain such Leased Property prior to such subleasing or other disposition thereof, and (B) then pay to the District an amount equal to the amount of General Obligation Debt Proceeds so expended.

Provisions Related to Legal Proceedings by Trustee and Rights of Certificate Owners

Legal Proceedings by Trustee. If any Event of Indenture Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, shall, in its capacity of Trustee hereunder:

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of the Certificates, including enforcing any rights of the Trustee in respect of the Trustee's leasehold interest in the Leased Property including its rights as lessor under the Lease and as lessee under the Site Lease and its rights under the Indenture and to enforce the provisions of the Indenture and any collateral rights hereunder for the benefit of the Owners of the Certificates; or

(b) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Certificates; or

(c) Take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners of Certificates.

Discontinuance of Proceedings by Trustee. If any proceeding commenced by the Trustee on account of any Event of Indenture Default is discontinued or is determined adversely to the Trustee, then the Trustee and the Owners of Certificates shall be restored to their former positions and rights hereunder as though no such proceeding had been commenced.

Owners of Certificates May Direct Proceedings. The Owners of a majority in aggregate principal amount of Outstanding Certificates shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or with the Indenture or unduly prejudice the rights of the minority Owners of Certificates.

Limitations on Actions by Owners of Certificates. No Owner of Certificates shall have any right to pursue any remedy hereunder unless:

(a) the Trustee shall have been given written notice of an Event of Indenture Default;

(b) the Owners of at least a majority in aggregate principal amount of all Outstanding Certificates shall have requested the Trustee, in writing, to exercise the powers granted by the Indenture (as described above) to or pursue such remedy in its or their name or names;

(c) the Trustee shall have been offered indemnity as provided in the Indenture; and

(d) the Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the provisions described above or any other provision of the Indenture, the obligation of the Trustee shall be absolute and unconditional to pay under the Indenture, but solely from the Revenues pledged under the Indenture, the principal of, premium, if any, and interest on the Certificates to the respective Owners thereof on the respective due dates thereof, and nothing in the indenture shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

Trustee May Enforce Rights Without Possession of Certificates. All rights under the Indenture and the Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Owners of the Certificates.

Remedies Not Exclusive. Subject to any express limitations contained in the Indenture, no remedy conferred in the Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Delays and Omissions Not to Impair Rights. No delays or omissions in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by the Indenture (described in "Events of Indenture Default and Remedies") may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys in Event of Indenture Default

Any moneys received, collected or held by the Trustee following an Indenture Event of Default and any other moneys held as part of the Trust Estate (except for moneys held in the Rebate Fund, the Acquisition Fund, the Construction Fund or any defeasance escrow account) shall be applied in the following order:

a. To the payment of the reasonable costs of the Trustee, including, but not limited to, counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation, including any amounts remaining unpaid;

b. To the payment of interest then owing on the Certificates, an in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and

c. To the payment of principal or redemption price (as the case may be) then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another; and

The surplus, if any, shall be paid to the District.

Duties of the Trustee

(a) In the Indenture, the Trustee accepts the provisions of the Site Lease, the Lease and the Indenture and accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts as a corporate trustee would ordinarily perform such trusts under a corporate indenture, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and the Indenture, and no implied covenants or obligations shall be read into the Indenture, the Lease or the Site Lease against the Trustee.

(b) The Trustee covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease and the Indenture.

(c) The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under the Indenture against all claims and demands of all Persons whomsoever.

(d) Before taking any action pursuant to the Indenture, the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all costs and expenses (including without limitation attorney's fees and expenses) which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances, except liability which may result from its negligence or willful default, by reason of any action so taken.

(e) The Trustee, prior to the occurrence of an Event of Indenture Default and after the curing of all Events of Indenture Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture.

Liability of Trustee; Trustee's Use of Agents

(a) The Trustee shall be liable only for its own negligence or willful misconduct. However, the Trustee shall not be liable for any error of judgment made in good faith, provided the Trustee was not negligent in ascertaining the pertinent facts.

(b) The Trustee may exercise any powers under the Indenture and perform any duties required of it through attorneys, agents, officers, receivers or employees, and shall be entitled to the advice or opinion of counsel concerning all matters involving the Trustee's duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys and receivers as may reasonably be employed in connection with the trusts of the Indenture. The Trustee may act upon the opinion or advice of any attorney engaged by the Trustee in the exercise of reasonable care without liability for any loss or damage resulting from any action or omission taken in good faith reliance upon that opinion or advice. The Trustee shall not be liable for any loss or damage resulting from any action or omission taken by its agents, officers, receivers and employees to whom discretion or authority hereunder has been delegated by the Trustee, provided the Trustee was not negligent in its selection of or delegation to the agent, officer or employee.

(c) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(d) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured of damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Leased Property.

(e) The Trustee shall not be liable for actions taken at the direction of Owners pursuant to the provisions of Article 7 of the Indenture (described above in the sections entitled "Events of Indenture Default and Remedies," "Provisions Related to Legal Proceedings by Trustee and Rights of Certificate Owners" and "Application of Moneys in Event of Indenture Default").

(f) Any person hired by the Trustee to enforce Lease Remedies shall be considered the Trustee's agent for the purposes of the provisions described in this section ("Liability of Trustee; Trustee's Use of Agents").

(g) The Trustee shall not be responsible for any recital in the Indenture or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Site Lease, the Lease or the Indenture or of any supplements thereto or hereto or instruments of further assurance or any financing statements (other than continuation statements) in connection therewith or, except as otherwise provided in the Site Lease, for insuring the Leased Property, or collecting any insurance moneys, or for the sufficiency of the security for the Certificates issued under the Indenture or intended to be secured thereby, or for the value of or title to the Leased Property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the District, except as provided in the Indenture; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the District under the Site Lease or the Lease; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 5.01 of the Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of the Indenture or of the Certificates. The Trustee shall not be accountable for the use or application of any Certificates or the proceeds thereof or of any money paid to or upon the order of the District under any provision of the Indenture, the Lease or the Site Lease. The Trustee shall not be accountable for the use of any proceeds of any Certificates authenticated and delivered to the Underwriter under the Indenture.

(i) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the District by the District Representative or such other person as may be designated for such purpose by resolution of the Board, as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in Section 8.05 of the Indenture, or of which by said Section it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(j) All moneys received by the Trustee shall, until used or applied or invested as provided in the Indenture, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except that the Trustee is responsible for complying with the written investment direction of the District.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything contained in the Indenture, the Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms of the Indenture, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the District to the execution and delivery of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Notwithstanding any other provision of the Indenture, the Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder unless it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid.

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Certificates and shall have no responsibility for compliance with any state or federal securities laws in connection with the Certificates.

(o) Notwithstanding any other provision of the Indenture to the contrary, any provision relating to the conduct of, intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include any action of the Trustee, whether it is deemed to be in its capacity as Trustee, registrar, or Paying Agent.

Resignation of Trustee

The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the District not less than sixty (60) days before the date when it is to take effect; provided notice of such resignation is mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within sixty (60) days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

Removal of Trustee

Any Trustee may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the District or by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon written notice being filed with the Trustee, the District and the Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

Appointment of Successor Trustee

If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any State or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the District shall appoint a successor and shall cause a notice of such appointment to be mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the District fails to make such appointment within thirty (30) days after the date notice of resignation is filed, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding may do so. If Owners have failed to make such appointment within sixty (60) days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

Any successor trustee shall be a national or State bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least $50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Supplemental Indentures

Amendments Not Requiring Certificate Owners' Consent. The Trustee may, with the written consent of the District, but without the consent of, or notice to, the Owners, enter into such indentures or agreements supplemental hereto, for any one or more or all of the following purposes:

a. to grant additional powers or rights to the Trustee;

b. to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;

c. to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in the Indenture;

d. in order to preserve or protect the excludability from gross income for federal income tax purposes of the portion of the Base Rentals allocable to the Certificates; or

e. for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity, or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provisions contained in the Indenture or to make such other amendments to the Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

Amendments Requiring Certificate Owners' Consent.

a. Exclusive of supplemental indentures and amendments covered by the Indenture, the written consent of the District and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental hereto.

b. Notwithstanding the foregoing, without the consent of the Owners of all the Certificates at the time Outstanding affected thereby nothing contained in the Indenture shall permit, or be construed as permitting:

i. A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;

ii. The deprivation of the Owner of any Certificate then Outstanding of the lien created by the Indenture (other than as originally permitted hereby) without the consent of the Owner of such Certificate;

iii. A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or

iv. A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the District shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to the registered owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the District following the mailing of such notice, the required consents have been furnished to the Trustee as provided in the Indenture, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Amendment of the Lease and the Site Lease

The Trustee and the District shall have the right to amend the Lease and the Site Lease, without the consent of or notice to the Owners of the Certificates, for one or more of the following purposes:

a. to add covenants of the Trustee or the District or to grant additional powers or rights to the Trustee;

b. to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

c. in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

d. to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with the Indenture; or

e. in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or

f. for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained in the Indenture or the Lease or in any amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

If the Trustee or the District proposes to amend the Lease or the Site Lease in any way other than described above, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Certificates affected thereby, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates or (3) change any of the prepayment provisions of the Lease.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2017B Certificates. The 2017B Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2017B Certificate will be issued for each maturity and interest rate of the 2017B Certificates, in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2017B Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017B Certificates on DTC's records. The ownership interest of each actual purchaser of each 2017B Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017B Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2017B Certificates, except in the event that use of the book-entry system for the 2017B Certificates is discontinued.

To facilitate subsequent transfers, all 2017B Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017B Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017B Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017B Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017B Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017B Certificates, such as redemptions, tenders, defaults, and proposed amendments to the 2017B Certificate documents. For example, Beneficial Owners of 2017B Certificates may wish to ascertain that the nominee holding the 2017B Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2017B Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017B Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2017B Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2017B Certificates will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017B Certificates at any time by giving reasonable notice to the District or the Registrar and Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2017B Certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2017B Certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by SCHOOL DISTRICT NO. 1, IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO (the "District"), in connection with its authorization, execution and delivery of a Lease Purchase Agreement, dated as of May 15, 2017 (the "Lease"), ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Indenture described herein (the "Trustee"), as lessor, and the District, as lessee, and the execution and delivery of the Certificates of Participation, Series 2017A, in the aggregate principal amount of $32,080,000 and Certificates of Participation, Series 2017B in the aggregate principal amount of $14,095,000 (collectively, the "Certificates"), evidencing undivided interests in the right to receive certain revenues payable by the District under the Lease. The Certificates are being executed and delivered pursuant to separate Indentures of Trust, each dated as of May 15, 2017 (collectively, the "Indenture"), by the Trustee. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Participating Underwriter" shall mean the original underwriter of the Certificates required to comply with the Rule in connection with an offering of the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

a. The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the District's fiscal year of each year, commencing nine (9) months following the end of the District's fiscal year ending June 30, 2017, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years.

b. If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall file or cause to be filed with the MSRB, in a timely manner, a notice in substantially the form attached as Exhibit "A."

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the District, send written notice to the District at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. <u>Content of Annual Reports</u>. The District's Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Certificates.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The District shall clearly identify each such document incorporated by reference.

SECTION 5. <u>Reporting of Material Events</u>. The District shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Certificates:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, if material;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;

g. Modifications to rights of bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution or sale of property securing repayment of the Certificates, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;[*]

m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Certificates; (ii) the date that the District shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent

[*] For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates.

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist the District in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The District will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Lease, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

DATE: May 31, 2017

SCHOOL DISTRICT NO. 1, IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

By ____________________________________
President, Board of Education

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: School District No. 1, in the City and County of Denver and State of Colorado

Name of Bond Issue: Certificates of Participation, Series 2017A, in the aggregate principal amount of $32,080,000 and Certificates of Participation, Series 2017B in the aggregate principal amount of $14,095,000, each evidencing undivided interests in the right to receive certain revenues payable by School District No. 1, in the City and County of Denver and State of Colorado, Under a Lease Purchase Agreement dated May 15, 2017, as lessee.

Date of Issuance: May 31, 2017.

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the Certificates as required by the Lease Purchase Agreement, dated as of May 15, 2017, and the Continuing Disclosure Certificate executed on May 31, 2017, by the District. The District anticipates that the Annual Report will be filed by _____________ ___, 20___.

Dated: ______________, _____

SCHOOL DISTRICT NO. 1, IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO

By ____
President, Board of Education

EXHIBIT "B"

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement

APPENDIX E

FORM OF OPINION OF SPECIAL COUNSEL

[Closing date]

Denver Public Schools
1860 Lincoln Street
Denver, Colorado 80203

$14,095,000
Certificates of Participation, Series 2017B
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of May 15, 2017, between Zions Bank, a division of ZB, National Association, solely in its capacity as trustee under the Indenture, as lessor, and School District No. 1, in the City and County of Denver and State of Colorado, as lessee

Ladies and Gentlemen:

We have acted as special counsel to School District No. 1, in the City and County of Denver and State of Colorado (the "District"), in connection with its authorization, execution and delivery of the Site Lease Agreement, dated as of May 15, 2017 (the "Site Lease"), between the District, as lessor, and Zions Bank, a division of ZB, National Association, solely in its capacity as trustee (the "Trustee") under the Indenture (as hereinafter defined), as lessee, and the Lease Purchase Agreement, dated as of May 15, 2017 (the "Lease"), between the Trustee, as lessor, and the District, as lessee. Certificates of Participation, Series 2017B, in the aggregate principal amount of $14,095,000 (the "Certificates"), are authorized under an Indenture of Trust, dated as of May 15, 2017 (the "Indenture"), executed and delivered by the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Site Lease, the Lease and the Indenture. The Certificates evidence proportionate interests in the Base Rentals and certain other revenues paid under the Lease, as provided in the Certificates, the Lease and the Indenture.

In such capacity as special counsel, we have examined certified proceedings of the Board of Education of the District, the Site Lease, the Lease, the Indenture, the Certificates and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings of the District, certifications of the Trustee, certifications of the Underwriter, and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, and subject to the following qualifications, it is our opinion as special counsel that:

1. The Site Lease and the Lease have been duly authorized by the District and duly executed and delivered by authorized officials of the District and, assuming due authorization, execution and delivery by the Trustee, constitute valid and binding obligations of the District enforceable against the District. None of the Site Lease, the Lease or the Certificates constitutes a general obligation, other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory debt limitation. Notwithstanding the foregoing, the District's failure specifically to budget and appropriate funds to make payments due under the Lease for the ensuing Fiscal Year will extinguish the obligations of the District to pay Base Rentals and Additional Rentals beyond the then current Fiscal Year.

2. Assuming the due authorization, execution, and delivery of the Site Lease, the Lease and the Indenture by the Trustee, and the due execution and delivery of the Certificates by the Trustee, the Certificates evidence valid and binding proportionate interests in the right to receive certain payments under the Lease.

3. The portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof; except that we express no opinion as to the effect which any termination of the District's obligations under the Lease may have upon the treatment for federal or Colorado income tax purposes of any moneys received or paid under the Indenture subsequent to such termination. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Certificates and the enforceability of the Certificates, the Site Lease and the Lease are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are not opining upon matters relating to the corporate status of the Trustee, the power of the Trustee to execute or deliver the Site Lease, the Lease, the Indenture or the Certificates, or the enforceability of the Site Lease, the Lease, the Indenture or the Certificates against the Trustee.

In this opinion letter issued in our capacity as special counsel, we are opining only upon those matters set forth herein and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Certificates or any other statements made in connection with any offer or sale of the Certificates, or upon any federal or state tax consequences arising from the receipt or accrual of interest with respect to, or the rights and obligations under, the Site Lease, the Lease, or the Certificates, except those specifically addressed above, or upon any matters pertaining to the priority of any security instrument executed in connection with this transaction, the existence of any liens or other encumbrances on the Leased Property, the ownership of or proper description of any property included in the Leased Property, or any other real estate matters related to the Leased Property.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP

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APPENDIX F

DISTRICT PROPERTY

DISTRICT PROPERTY SUBJECT TO LEASE-PURCHASE AGREEMENTS

The following table identifies the District properties that are currently subject to lease-purchase agreements. See "DEBT AND OTHER FINANCIAL OBLIGATIONS--Other Financial Obligations" in the Official Statement for information as to the District's existing lease-purchase agreements. In certain circumstances, the District is authorized to release properties from the liens of the existing leases as specified amounts of related certificates of participation are paid. Once a property is released from the lien of an existing lease-purchase agreement, the District may use it as collateral pursuant to another Lease.

Lease-Purchase Agreement/ Related COPS	Buildings Securing Lease	COPS Outstanding (5/15/2017)	Release Schedule(1)
1997 Lease/1997 Certificates	George Washington High School	$ 917,470	n/a
2011B Lease/2011B Certificates	Knapp Elementary	$396,235,000	$ 61,045,000
	North High School		61,045,000
	Hill Middle School		88,120,000
	Place Middle School/Bridge Academy		120,295,000
	Henry Middle School		138,650,000
	Morey Middle School		158,690,000
	Cheltenham Elementary		180,530,000
	Smiley Middle School/Envision (Venture) Prep MS/HS		204,310,000
	Denver Center for International Studies (old Baker Middle School)		230,165,000
	Martin Luther King Middle School & High School		258,255,000
	Abraham Lincoln High, Maintenance & Storage		288,730,000
	West High School/Manny Martinez Middle School		357,550,000
	Career Education Center Middle College		396,235,000
	South High School		396,235,000
2013A Lease/2013A Certificates	Central Administration Building/Downtown Denver	$35,195,000	n/a
	Expeditionary School/Emily Griffith Technical College		
2013B Lease/2013B Certificates	Grant Middle School	$519,295,000	$ 48,485,000
	Fairmont Elementary School		64,595,000
	McGlone Elementary School		64,595,000
	Harrington Elementary School		81,395,000
	Barnum Elementary School		98,935,000
	Kaiser Elementary School		98,935,000
	Kunsmiller K-8/High School		117,295,000

Lease-Purchase Agreement/ Related COPS	Buildings Securing Lease	COPS Outstanding (5/15/2017)	Release Schedule(1)
	Kepner Middle School		136,525,000
	Centenntial Elementary School		156,685,000
	Cole Middle School		177,825,000
	Horace Mann Middle School		177,825,000
	Lake Middle School/Lake International/West Denver Prep.		200,010,000
	Omar D. Blair		223,315,000
	Hamilton Middle School		247,815,000
	Skinner Middle School		273,640,000
	Merrill/Cory Middle School		300,900,000
	Montbello High School		329,650,000
	John F. Kennedy High School		325,945,000
	Manual High School		391,845,000
	Thomas Jefferson High School		425,420,000
	East High School		536,855,000
2013C Lease/2013C Certificates	Eastbridge Elementary School (Isabella Bird Community School)	$57,790,000	$21,450,000
	Conservatory Green K-8 School		51,150,000
	Grant Ranch K-8 School		58,740,000
2015 Lease/2015 Certificates	Parking Garage - 1855 Lincoln	$ 8,765,000	n/a
2017A Lease/2017A Certificates	Steele Elementary School	$32,080,000	$ 2,120,000
	Lalo Delgado Middle School Campus		12,240,000
	William (Bill) Roberts Elementary (ECE-8)		32,080,000
2017B Lease/2017B Certificates	Rishel Middle School	$14,095,000	n/a

CERTAIN UNENCUMBERED DISTRICT PROPERTY

The following table includes information about certain of the District's unencumbered property, including the insured value of the buildings for fiscal year 2017. The table generally does not include storage buildings, modular classrooms or buildings housing utilities. The value of the land associated with these buildings is excluded from the table.

Building	FY 2017 Insured Value of Building
5590 West Evans (Under Construction)	$ 3,556,035
Acoma Street	2,268,527
Amesse Elementary	9,436,624
Archuletta Elementary	7,698,598
Asbury Elementary	5,049,212
Ash Grove Elementary (RMSEL)	5,155,492
Ashley Elementary	6,501,204
Balarat Complex	1,603,051
Barrett Elementary	4,939,180
Beach Court Elementary	6,253,166
Bradley Elementary	8,676,245
Bromwell Elementary	4,728,613
Brown Elementary	8,284,599
Bryant-Webster Elementary	7,599,942
Byers Middle - Alternative	11,166,327
CAE Building	6,204,361
Carson Elementary	5,151,970
Castro Elementary	9,675,181
CHU - DSST MS & HS @ College View	14,055,186
Colfax Elementary	5,676,390
College View Elementary	6,340,804
Columbian Elementary	6,539,708
Columbine Elementary	6,801,423
Columbine PEC/PREP Center	3,804,552
Compassion Road Academy	300,000
Cory Elementary	5,387,651
Cowell Elementary	6,404,840
Crofton Elementary	3,035,735
D.O.T.S.-Administration Office	4,149,837
Del Pueblo	7,577,106
Denison Elementary (Montessori)	5,477,927
Denver School of Science & Technology - Stapleton Campus	12,199,493
Denver School of the Arts	25,977,699
Doull Elementary	8,591,777

Building	FY 2017 Insured Value of Building
DPS Training & Tech (Old PSCO)	$ 748,300
Eagleton Elementary	5,845,168
Ebert Elementary	6,044,937
Edison Elementary	6,850,449
EGOS Complex Buildings 1, 2 &3 1 (Vacant)	22,061,414
Ellis Elementary	8,509,397
Emerson Street School (HS)	2,164,724
Escalante-Biggs Academy	4,187,866
Evie Garrett Dennis Campus Building #5 - Commercial Condominiums	9,398,837
Evie Garrett Dennis Campus Buildings 1-4	43,142,418
Fairview Elementary	6,618,059
Fallis Elementary	5,117,928
Florence Crittenton High School	6,481,283
Florida Pitt Waller School	17,089,087
Force Elementary	7,814,479
Ford Elementary	9,416,859
Frances Jacobs Highline Academy Charter	9,748,718
Front Range Aircraft Hangar & Training Center	2,286,090
Garden Place Elementary	7,513,706
Gilpin Elementary	8,689,191
Godsman Elementary	8,102,808
Goldrick Elementary	6,467,794
Green Valley Elementary	9,752,297
Greenlee Elementary	8,246,380
Greenwood Elementary	9,745,352
Gust Elementary	7,870,389
Hallett Elementary	7,333,267
Hilltop Bus Garage	2,683,066
Hilltop Bus Terminal	869,206
Hilltop Transportation	429,603
Holm Elementary	8,097,420
Howell (K-8)	14,732,459
Jason Street Warehouse	3,330,000
Joe Shoemaker Elementary School	13,807,368
Johnson Elementary	5,335,475
KIPP Sunshine Peak	1,565,684
Knight Fundamental School	6,516,601
Lincoln Elementary	6,116,777
Lowry Elementary School	8,695,984
Marrama Elementary	8,392,710
Maxwell Elementary	8,736,267

Building	FY 2017 Insured Value of Building
McKinley-Thatcher Elementary	5,710,449
McMeen Elementary	9,106,912
Montclair Elementary	5,142,728
Moore Elementary	11,274,672
Munroe Elementary	8,082,007
New Northeast Bus Terminal	9,854,874
Newlon Elementary	9,305,093
Noel Middle School	18,833,005
Oakland Elementary	8,394,708
Old Northeast Bus Terminal - 3 Buildings (vacant)	1,890,636
Palmer Elementary	6,883,170
Park Hill Elementary	9,012,676
Pascual LeDoux Academy	4,549,215
Phillips Elementary	4,113,117
Pioneer Charter	4,812,080
Randolph Middle School	20,034,303
Regis F. Groff 9-12	16,839,360
Remington Elementary (vacant)	5,658,047
Rosedale Elementary (vacant)	4,878,104
Ruben Valdez Achievement Campus	12,691,384
Sabin Elementary	9,414,949
Samuels Elementary	8,103,669
Sandavol Montessori	8,773,695
Schenck Elementary	8,430,117
Schmitt Elementary	5,831,153
Service Building	6,172,785
Slavens Elementary	6,513,991
Smedley Elementary (vacant)	8,216,608
Smith Elementary	7,650,381
Southmoore Elementary	5,133,450
Stapleton Northfield High School - Building 2	12,114,687
Stapleton Northfield High School - Building 3	2,909,041
Stedman Elementary	5,398,754
Strive Federal	4,385,366
Swansea Elementary	8,615,451
Swigert-McAuliffe International School	17,882,804
Teller Elementary	7,170,748
Traylor Elementary	7,131,282
University Park Elementary	7,678,418
Valdez Elementary	9,555,549
Valverde Elementary	5,747,788

Building	FY 2017 Insured Value of Building
Vista Academy	6,775,571
Westerly Creek Elementary	9,444,557
Whiteman Elementary	6,201,756
Whittier Elementary	6,871,090
Wyman Elementary	6,324,541
Yuma St. Center (Food Service)	4,901,688