NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: S&P: "AA"
Fitch: "AA"
Moody's: "Aa3"
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 2018 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 2018 Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, 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 2018 Certificates as described herein. See "TAX MATTERS."

$7,710,000
CERTIFICATES OF PARTICIPATION, SERIES 2018
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of February 28, 2018, Between ZB, NATIONAL ASSOCIATION dba ZIONS BANK 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 2018 (the "2018 Certificates") evidence a proportionate interest in the base rentals and certain other revenues under an annually renewable Lease Purchase Agreement dated as of February 28, 2018 (the "Lease"), entered into between ZB, National Association dba Zions Bank, 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 2018 Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of February 28, 2018 (the "Indenture"), which will be executed by the Trustee.

The 2018 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 2018 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 2018 Certificates. The principal of, premium, if any, and interest on the 2018 Certificates are payable to DTC, which will remit such payments to DTC Participants, as defined herein, which in turn will remit such payments to Beneficial Owners of the 2018 Certificates. See "THE 2018 CERTIFICATES--Book-Entry Only System." Interest on the 2018 Certificates will be payable semiannually June 1 and December 1, commencing on June 1, 2018. Principal on the 2018 Certificates is payable on the dates shown in the maturity schedule on the inside cover page of this Official Statement, unless the 2018 Certificates are redeemed prior thereto as more fully described in this Official Statement.

The maturity schedule for the 2018 Certificates appears on the inside cover page of this Official Statement.

The 2018 Certificates are subject to optional redemption prior to maturity at the direction of the District. See "THE 2018 CERTIFICATES--Redemption Provisions." *The 2018 Certificates are also subject to extraordinary mandatory redemption upon the occurrence of certain events as described in "THE 2018 CERTIFICATES--Redemption Provisions - Extraordinary Mandatory Redemption."*

The proceeds from the issuance of the 2018 Certificates will be used to: (i) acquire, renovate, equip and install capital improvements for school purposes; and (ii) pay the costs of issuing the 2018 Certificates. See "SOURCES AND USES OF FUNDS."

Neither the Lease nor the 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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. Becker Stowe Partners LLC, Denver, Colorado, has acted as counsel to the Underwriter. It is expected that the 2018 Certificates will be available for delivery through the facilities of DTC on or about February 28, 2018.

Loop Capital Markets

Official Statement dated February 15, 2018.

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

$7,710,000
CERTIFICATES OF PARTICIPATION, SERIES 2018

Maturing (December 1)	Principal Amount	Interest Rate	Yield	CUSIP© Issue Number	Maturing (December 1)	Principal Amount	Interest Rate	Yield	CUSIP© Issue Number
2018	$ 240,000	3.000%	1.350%	KP8	2028	$ 385,000	5.000%	2.910%*	KZ6
2019	250,000	4.000	1.570	KQ6	2029	400,000	3.000	3.180	LA0
2020	260,000	5.000	1.720	KR4	2030	420,000	5.000	3.030*	LB8
2021	270,000	5.000	1.890	KS2	2031	440,000	5.000	3.070*	LC6
2022	285,000	5.000	2.090	KT0	2032	460,000	5.000	3.100*	LD4
2023	300,000	5.000	2.280	KU7	2033	485,000	5.000	3.150*	LE2
2024	315,000	5.000	2.430	KV5	2034	505,000	3.375	3.580	LF9
2025	330,000	5.000	2.570	KW3	2035	525,000	4.000	3.570*	LG7
2026	350,000	5.000	2.710	KX1	2036	550,000	5.000	3.250*	LH5
2027	365,000	5.000	2.830	KY9	2037	575,000	3.500	3.680	LJ1

* Yield calculated to the first optional redemption date (December 1, 2027).

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 2018 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 2018 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 2018 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 2018 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 2018 Certificates and may not be reproduced or used in whole or in part for any other purpose.

The 2018 Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2018 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 2018 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 2018 CERTIFICATES, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2018 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
Carrie A. Olson, PhD, Secretary
Lisa Flores, Treasurer
Jennifer Bacon, Member
Angela Cobián, Member
Allegra Haynes, Member

Administrative Officials
Tom Boasberg, Superintendent
David Suppes, Chief Operating Officer
Mark Ferrandino, Chief Financial Officer
Michelle Berge, Co-Acting General Counsel
Amber Elias, Co-Acting General Counsel

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

Public Resources Advisory Group
Los Angeles, California

SPECIAL COUNSEL
Butler Snow LLP
Denver, Colorado

TRUSTEE
ZB, National Association dba Zions Bank
Denver, Colorado

UNDERWRITER
Loop Capital Markets, LLC
Chicago, Illinois

UNDERWRITER'S COUNSEL
Becker Stowe Partners LLC
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.

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OFFICIAL STATEMENT

$7,710,000
CERTIFICATES OF PARTICIPATION, SERIES 2018
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of February 28, 2018,
Between ZB, NATIONAL ASSOCIATION dba ZIONS BANK,
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 $7,710,000 aggregate principal amount of Certificates of Participation, Series 2018 (the "2018 Certificates"). The 2018 Certificates evidence proportionate interests in the base rentals and other revenues under an annually renewable Lease Purchase Agreement dated as of February 28, 2018 (the "Lease"), between ZB, National Association dba Zions Bank, 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 2018 Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust dated as of February 28, 2018 (the "Indenture"). The 2018 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 2018 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 2018 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.

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 2017 is 92,984, making it the largest school district in the State. See "THE DISTRICT." The District's certified assessed valuation for 2017 (for collection of taxes in 2018), net of the assessed valuation attributable to certain tax increment districts located within the District's boundaries, is $16,576,650,104. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT."

Purpose

The proceeds from the issuance of the 2018 Certificates will be used to: (i) acquire, renovate, equip and install capital improvements for school purposes (the "Project"); and (ii) pay the costs of issuing the 2018 Certificates. See "SOURCES AND USES OF FUNDS."

The 2018 Certificates; Prior Redemption

The 2018 Certificates are issued solely as fully registered certificates in the denomination of $5,000, or any integral multiple thereof. The 2018 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 2018 Certificates is described in "THE 2018 CERTIFICATES--Payment Provisions." The 2018 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 2018 Certificates. Purchases of the 2018 Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018 Certificates. See "THE 2018 CERTIFICATES--Book-Entry Only System."

The 2018 Certificates are subject to optional redemption prior to maturity as described in "THE 2018 CERTIFICATES--Redemption Provisions."

The Certificates are also subject to extraordinary mandatory redemption upon the occurrence of certain events as described in "THE 2018 CERTIFICATES--Redemption Provisions - Extraordinary Mandatory Redemption."

The Leased Property

General. At the time of the issuance of the 2018 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 February 28, 2018 (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 a two-story District office and warehouse building located at 1617 S. Acoma Street in Denver (the "Acoma Building"), and the 131,157 square-foot site upon which it is located (the "Site"). The Acoma Building contains 47,286 square feet and currently houses approximately 150 District employees in the Construction Services, Library Services, JROTC, Extended Learning and Community Schools departments. The Site includes surface parking. The District recently purchased the Acoma Building for $8,265,000 after having occupied it pursuant to a lease for nearly five years.

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 - 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 2018 Certificates; Termination of Lease

Sources of Payment for the 2018 Certificates. At the time of execution and delivery of the 2018 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 2018 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 2018 Certificates from its General Fund. 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 2018 Certificates pursuant to the Lease or otherwise.

Reserve Fund. The 2018 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. See Appendix B - Certain Definitions and Document Summaries--The Lease - Nonappropriation by the District.

The net proceeds received from the activities described above must be applied to pay the 2018 Certificates ***after*** the payment of the Trustee’s fees and expenses and the payment to the District of any General Obligation Debt Proceeds (defined herein) expended on the Leased Property. See “CERTAIN RISK FACTORS--Effect of a Termination of the Lease Term -

Payment of Trustee Fees and General Obligation Debt Proceeds Prior to Payment of 2018 Certificates" and "SECURITY FOR THE CERTIFICATES--General Obligation Debt Proceeds."

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 2018 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 2018 CERTIFICATES--Additional Certificates."

Tax Status of Interest on the 2018 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 2018 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 2018 Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, 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 2018 Certificates. See "TAX MATTERS" and Appendix E.

Notwithstanding the foregoing, Special Counsel has disclaimed any opinion regarding the tax status of the 2018 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 2018 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." ZB, National Association dba Zions Bank, Denver, Colorado, is serving as Trustee, registrar and paying agent for the 2018

Certificates. Loop Capital Markets, LLC, Chicago, Illinois, will act as the underwriter of the 2018 Certificates (the "Underwriter"). See "UNDERWRITING." Becker Stowe Partners LLC, Denver, Colorado, has acted as counsel to the Underwriter.

ZB, National Association dba Zions Bank, Denver, Colorado, will act as the Trustee, paying agent and registrar for the 2018 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 2018 Certificates, the collateral or any other matter stated in this Official Statement. The Trustee has no duty or obligation to pay the 2018 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 2018 Certificates. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2018 Certificates and the District will covenant in the Lease to comply with its terms. The Disclosure Certificate will provide that so long as the 2018 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 2018 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 2018 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 2018 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

Loop Capital Markets, LLC
111 W. Jackson Blvd, Suite 1901
Chicago, Illinois 60604
Telephone: 1 (888) 294-8898.

CERTAIN RISK FACTORS

Investment in the 2018 Certificates involves certain risks. Each prospective investor in the 2018 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 2018 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 2018 Certificates.

Nonappropriation

General. Prospective purchasers of the 2018 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 2018 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--The School Finance Act and Total Program Funding"), 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 2018 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 2018 Certificates ***after*** the payment of the Trustee's fees and expenses and the payment to the District of any General Obligation Debt Proceeds expended on the Leased Property. 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 2018 Certificates after the Trustee's fees and the General Obligation Debt proceeds have been paid.

Effect of a Termination of the Lease Term

General. 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).

Payment of Trustee Fees and General Obligation Debt Proceeds Prior to Payment of 2018 Certificates. 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.

The District has expended approximately $2.7 million in General Obligation Debt Proceeds on the Leased Property. *Accordingly, after payment of the amounts described in the preceding paragraph, a potential purchaser of the 2018 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 2018 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 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"); (b) a 2013 lease purchase agreement and related Certificates of Participation, Series 2013B (the "2013B Certificates"); (c) a 2013 lease purchase agreement and related Certificates of Participation, Series 2013C (the "2013C Certificates"); (d) 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"); (e) a 2017 lease purchase agreement and related Certificates of Participation, Series 2017A (the "2017A Certificates"); (f) a 2017 lease purchase agreement and related Certificates of Participation, Series 2017B (the "2017B Certificates"); and (g) a 2017 lease purchase agreement and related Certificates of Participation, Series 2017C (the "2017C Certificates"). The 2011B Certificates, the 2013B Certificates, the 2013C Certificates, the 2015 Certificates, the 2017A Certificates, the 2017B Certificates and the 2017C 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 "DEBT AND OTHER FINANCIAL OBLIGATIONS--Other Financial Obligations - 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.

Future Lease Purchase Agreements. The Board may authorize the District to enter into additional lease-purchase agreements at any time in the future.

No Reserve Fund

No debt service reserve fund secures the 2018 Certificates.

Factors that Could Impact Value of Property if Lease is Terminated

Current Valuation. According to the District, the net value of the Building comprising the Leased Property currently is approximately $5.65 million. That figure represents the purchase price of the building, less approximately $2.7 million in General Obligation Debt Proceeds expended on the property. No current valuation of the Site is available.

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. Those restrictions include: an easement for street/highway purposes; the reservation of rights by the City to access, install or remove various utilities in vacated streets and alleys (water, sewer, sanitary sewer, gas, electric, and telephone); and a private utility easement.

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. The Leased Property is currently located in Zoning Context I-B (General Industrial District). This zoning district is intended to be an employment area containing industrial uses that are generally more intensive than uses permitted in the I-A zone district. The overall purpose of the district is to promote industrial development and economic activity. No new residential uses may be established in the I-B zone district.

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 2018 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 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. See "SECURITY FOR THE CERTIFICATES--General Obligation Debt Proceeds." 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--District Insurance Coverage." 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 2018 Certificates will develop or be maintained by the Underwriter or by others. Prospective investors should be prepared to bear the risks of holding their 2018 Certificates to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Proceeds

The District expects to apply the net proceeds of the 2018 Certificates as shown below.

Sources and Uses of Proceeds

	Amount
Sources of Proceeds	
Principal Amount of the 2018 Certificates	$7,710,000
Plus: net original issue premium	803,495
Total:	$8,513,495
Uses of Proceeds	
The Project	$8,293,260
Costs of issuance (including Underwriter's discount)	220,235
Total:	$8,513,495

Source: The Underwriter.

The Project

The Project consists of reimbursing the District for the purchase of the Acoma Building. See "INTRODUCTION--The Leased Property."

THE 2018 CERTIFICATES

General

The 2018 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 2018 Certificates. Purchases by Beneficial Owners of the 2018 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 2018 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 June 1, 2018. The 2018 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 2018 Certificates for which DTC is acting as Depository or for an Owner of $1,000,000 or more in aggregate principal amount of 2018 Certificates, the principal of, premium, if any, and interest on all 2018 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 2018 Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such 2018 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 2018 Certificates, the principal of, premium, if any, and interest on such 2018 Certificates shall be payable by wire transfer of funds to a bank account, located in the United States, designated by the 2018 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 2018 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 2018 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

Optional Redemption. The 2018 Certificates maturing on or prior to December 1, 2027, shall not be subject to optional redemption prior to their respective maturity dates. The 2018 Certificates maturing on and after December 1, 2028, shall be subject to redemption prior to their respective maturity dates at the option of the District, in whole or in part, in integral multiples of $5,000, and if in part in such order of maturities as the District shall determine and by lot within a maturity, on December 1, 2027, and on any date thereafter, at a redemption price equal to the principal amount of the 2018 Certificates so redeemed plus accrued interest to the redemption date, without a premium.

In the case of a Prepayment in part of Base Rentals under the Lease, the Trustee shall confirm that the revised Base Rentals Schedule to be provided by the District Representative pursuant to the Lease sets forth Principal Portions and Interest Portions of Base Rentals that are equal to the principal and interest due on the 2018 Certificates that remain Outstanding after such Optional Redemption.

<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 2018 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 2018 Certificates that it will not take any action or omit to take any action with respect to the 2018 Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Certificates. The ownership of one fully registered 2018 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 2018 CERTIFICATES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR REGISTERED OWNERS OF THE 2018 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 2018 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 Term - Payment of Trustee Fees and General Obligation Debt Proceeds Prior to Payment of 2018 Certificates."

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) 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 Financial Obligations - Lease Purchase Obligations."

Schedule of Base Rentals[(1)]

Fiscal Year Ended June 30	Principal Component	Interest Component	Total Base Rentals
2018	--	$ 89,931	$ 89,931
2019	$ 240,000	344,519	584,519
2020	250,000	335,919	585,919
2021	260,000	324,419	584,419
2022	270,000	311,169	581,169
2023	285,000	297,294	582,294
2024	300,000	282,669	582,669
2025	315,000	267,294	582,294
2026	330,000	251,169	581,169
2027	350,000	234,169	584,169
2028	365,000	216,294	581,294
2029	385,000	197,544	582,544
2030	400,000	181,919	581,919
2031	420,000	165,419	585,419
2032	440,000	143,919	583,919
2033	460,000	121,419	581,419
2034	485,000	97,794	582,794
2035	505,000	77,147	582,147
2036	525,000	58,125	583,125
2037	550,000	33,875	583,875
2038	575,000	10,063	585,063
Total	$7,710,000	$4,042,065	$11,752,065

(1) Totals may not add due to rounding. 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 2018 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 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	Small business owner	6 years	2019
Barbara O'Brien, Vice President	Education consultant	4 years	2021
Carrie A. Olson, PhD, Secretary	Retired teacher	Newly elected	2021
Lisa Flores, Treasurer	Community volunteer	2 years	2019
Jennifer Bacon, Member	Regional Director-Colorado, Leadership for Educational Equality (LEE)	Newly elected	2021
Angela Cobián, Member	Manager of Organizing Strategy (Denver & Memphis), Leadership for Educational Equity (LEE)	Newly elected	2021
Allegra Haynes, Member	Executive Director, Denver Department of Parks and Recreation	6 years	2021

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 December 2017, the District employed 14,187 personnel (headcount), comprised of 10,089 full-time and 4,098 part-time employees (including temporary and administrative leave employees but excluding substitute teachers). The total number of employees includes 5,721 certificated/licensed employees and 8,466 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 December 2017, the District's certified/licensed employees held the following degrees:

Highest Degree Held	Percent of Certified/ Licensed Staff
Bachelor's	38.2%
Master's	58.0
Doctorate	2.1
Other	1.7
Total	100.0%

Approximately 40.1% of the District's classroom teachers are non-probationary, and the average annual base salary for teachers is approximately $53,017.

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, 2022; 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 General Assembly (the "Legislature") in 2009. At the time of the merger, all of the assets, liabilities and obligations of the DPSRS were transferred into the DPS Division, a separate and 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. PERA provides retirement and disability, post-retirement annual increases and death benefits for members or other beneficiaries. SB 09-282 also established a separate District division within PERA for health care benefits (the "DPS HCTF"), which is discussed below. 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.

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). However, according to PERA's 2016 audited financial statements, the complete amortization of the DPS Division's unfunded liability will occur in approximately 56 years.

According to PERA's 2016 audited financial statements, the DPS Division's funding status as of December 31, 2015 was 75.9% (assuming an investment rate of return of 7.25%, which was reduced from 7.50% effective January 1, 2016), which exceeds that of the School Division (56.3%). 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 - Lease Purchase Obligations," the District currently has outstanding 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 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 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 2016 and 2017 were $11,450,384 and $19,390,936 (excluding $1,634,054 and $2,794,908 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 2012 to 2016.

Schedule of Funding Progress (in 000's)

Years Ended December 31,	2012	2013(1)	2014	2015	2016(2)
Actuarial valuation date	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Actuarial value of assets (a)	$2,936,695	$3,075,895	$3,151,456	$3,207,327	$3,220,935
Actuarial accrued liability (b)	3,495,549	3,785,895	3,816,094	3,905,420	4,246,430
Total unfunded actuarial accrued liability ("UAAL") (b-a)	$558,854	$710,000	$664,639	$698,093	$1,025,492
Funded ratio (a/b)	84.0%	81.2%	82.6%	82.1%	75.9%
Covered payroll	$510,872	$547,660	$584,319	$621,115	$542,177
UAAL as a % of covered payroll	109.4%	129.6%	113.7%	112.4%	159.7%

(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.

(2) Effective January 1, 2016, PERA adopted new mortality tables to reflect that people are living longer, and also reduced the assumed investment return rate from 7.5% to 7.25%. These changes resulted in a decrease in funded ratio for all PERA trust funds, including the DPS Division.

Source: PERA Comprehensive Annual Financial Reports for the years ended December 31, 2012-2016.

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 2016 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(1)	2015	2016(2)
Actuarial valuation date	12/31/13	12/31/14	12/31/15	12/31/16
Total pension liability	$3,792,543	$3,888,361	$3,920,864	$4,221,449
Plan fiduciary net position ("PFNP")	3,272,439	3,263,791	3,107,329	3,125,977
Net Pension Liability ("NPL")	$ 520,104	$ 624,570	$ 813,535	$1,095,472
PFNP as a % of the total PL	86.29%	83.94%	79.25%	74.05%
Covered employee payroll	$547,660	$584,319	$621,115	$642,177
NPL as a % of covered employee payroll	94.97%	106.89%	130.98%	170.59%

(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).

(2) Effective January 1, 2016, PERA adopted new mortality tables to reflect that people are living longer, and also reduced the assumed investment return rate from 7.5% to 7.25% (among other assumption changes used to calculate actuarial values).

Source: PERA Comprehensive Annual Financial Report for the year ended December 31, 2016.

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 7.25%). An ADC deficiency arises when contributions are less than the ADC. For 2014, 2015 and 2016, the DPS Division's ADC deficiency was $40.7 million, $63.4 million and $53.8 million, respectively. Over the past seven years, the ACD cumulative shortfall in funding (without adjustment for investment earnings) has been $343.4 million. The following table provides a history of employer contributions.

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

Years Ended December 31,	2012	2013	2014	2015	2016
Actuarially Determined Contribution rate (a)	9.60%	11.53%	9.67%	11.06%	10.46%
Covered employee payroll (b)	$510,872	$547,660	$584,319	$621,115	$642,177
Annual Increase Reserve contribution (c)	--	--	2,633	3,186	3,685
Actuarially Determined Contribution (a) x (b) + (c)	49,044	63,145	59,137	71,881	70,857
Contributions in relation to the ADC	13,145	23,104	18,478	8,494	17,071
Annual contribution deficiency	$35,899	$40,041	$40,659	$63,387	$53,786
Actual contribution as a % of covered payroll	2.57%	4.22%	3.16%	1.37%	2.66%

Source: PERA Comprehensive Annual Financial Report for the years ended December 31, 2016.

According to PERA's CAFR for the year ended December 31, 2016, the market value of the assets in the DPS Division was approximately $3.108 billion (a decrease of $3.094 billion as of December 31, 2015, and $3.254 billion as of December 31, 2014). 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, 2016, the funded ratio of the DPS Division was approximately 73.2% (a reduction from 79.2% for the year ended December 31, 2015. These figures compare to an actuarial value of assets of approximately 75.9 and 82.1%, respectively, for those years).

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 $977.2 million as of June 30, 2017 (compared to $733.8 million as of June 30, 2016, and $568.2 million as of June 30, 2015), and the component units reported an aggregate liability of $118.3 million (compared to $79.7 million as of June 30, 2016, and $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 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
2013-14	87,595	--
2014-15	90,150	2.9%
2015-16	91,429	1.4
2016-17	92,331	1.0
2017-18	92,984	0.7

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

Source: The District.

The District's current enrollment forecast suggests potential declines by the year 2021. The forecast is based on statistical modeling calculated by two outside expert demography firms. In their work, the district's K-12 enrollment may decline by 1,581 students, or 1.7% by 2021. Note that this 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 years 2016 and 2017, District revenue from the sales tax was capped at $7,700,000 and $8,200,000; for fiscal year 2018, District revenue is capped at $8,690,000. 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 2017-18 school year, there are 98 elementary schools, 19 K-8 schools, 88 middle schools, 67 high schools (including alternative schools; also note that some middle and high schools may operate as a combined 6-12), and seven other support buildings (including 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's facility needs span the entire District and change from time to time based upon numerous factors including enrollment and projected future needs. District employees actively manage the physical plant and real estate portfolio. Currently, the District owns or leases approximately 185 facilities and approximately 2,100 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 had 56 operating charter schools for school year 2016-17 and has 60 operating charter schools for school year 2017-18.

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 and issued the remainder of the bonds authorized by the Election in January 2018. 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.

Agreements with Denver Urban Renewal Authority. 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, 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 entered into two lease purchase agreements (the 2017A Lease and the 2017B Lease, each as more particularly described herein) to fund acquisition of a school site, construction of a new school and construction of required public infrastructure. 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 provided 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:
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%)
2017-18	6,368	178	6,546	Inflation (2.8%)

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 ""Budget Stabilization Factor" or 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 approximately $830.7 million and was budgeted as approximately $828.3 million for 2017-18.

The Governor released his proposed budget for fiscal year 2018-19 in November 2017. The proposed budget requests a $70 million "buydown" of the negative factor, resulting in application of a negative factor of $758.3 million. However, the Governor's proposed budget is only a recommendation to the Legislature; it is not possible to predict the level of School Finance Act funding that will be adopted for fiscal year 2018-19.

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 CDE 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, 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 is 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 2015-16 and 2016-17, approximately $541.9 million and $621.9 million (comprising approximately 62.1% and 65.0%, 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 intended 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 2015-16 and 2016-17, respectively, yielded collections of $455,211,641 and $514,880,542, or 52.1% and 53.8% of the total revenue in the General Fund, respectively, making it the largest source of revenue to the District. For 2017-18, the District has budgeted approximately $533.0 million in General Fund levy revenues.

State Sources. For fiscal years 2015-16 and 2016-17, approximately $330.1 million and $334.5 million (or 37.8% and 34.9%), 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 table 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
2013	$257,727,050	--
2014	282,036,930	9.4%
2015	331,433,138	17.5
2016	294,025,391	(11.3)
2017	296,486,570	0.8

Source: The District.

State equalization payments received by the District for fiscal years 2015-16 and 2016-17, represented 33.7% and 31.0%, respectively, of General Fund revenues. The District has budgeted to receive approximately $312.6 million in State equalization payments in fiscal year 2017-18.

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 totaling $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 2016 and 2017, the District received loans in the total amounts of $197.3 million and $258.5 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 $321 million from the State Program in fiscal year 2018; borrowing began in October 2017.

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, 2016, the General Fund actual results for the fiscal year ending June 30, 2017; and the adopted General Fund budget for the fiscal year ended June 30, 2018.

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 13 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 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Budget
REVENUE			
Property Taxes	$455,212	$514,881	$532,981
Specific Ownership Taxes	40,304	44,805	44,254
Other Local Support	46,390	62,229	42,364
State Equalization	294,025	296,487	312,585
State Categorical	36,046	38,022	32,560
Federal Revenue	1,022	1,051	1,000
Other Revenue	--	2,134	2,975
Total Revenue	872,999	959,609	968,719
EXPENDITURES			
Salaries	495,472	$502,962	547,413
Employee Benefits	58,846	63,367	77,984
Purchased Services	52,722	101,723	35,330
Charter Schools	120,587	135,854	158,267
Supplies & Materials	87,217	54,323	49,433
Property	7,910	8,144	3,009
Other expenses	420	2,661	38,811
Debt Service	60,839	66,161	66,214
Interfund transfers (net)	996	(3,194)	636
Total Expenditures	885,009	932,001	977,097
Net change in fund balance	(12,010)	27,608	
Fund balance - beginning	106,553	94,542	
Fund balance - ending	$94,543	$122,150	
Appropriated reserves			76,742
Total Appropriation			$1,053,839

Source: The District.

The District is in the process of formulating its budget for fiscal year 2018-19. The Board will consider a proposed budget in April 2018 and will adopt a final budget in May 2018 unless there are legislative delays that require us to delay by one month. The Legislature has not yet considered a school finance bill for fiscal year 2018-19; 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 no increase in the negative factor for fiscal year 2018-19; while the Governor's proposed budget for fiscal year 2018-19 includes a $70 million reduction to the negative factor, the District believes that there is substantial risk to this passing through the Legislature. 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 2017 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, 2016. 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 31 consecutive fiscal years and has received the Certificate of Excellence from ASBO for 17 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, 2013 through 2017. This table should be read in conjunction with the District's audited basic financial statements and accompanying notes for the year ended June 30, 2017, 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 2017 financial statements were audited by BKD, LLP. The financial statements for 2013 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.

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

	Years ended June 30,				
Revenues	2013	2014	2015	2016	2017
Beginning Balance (GAAP) (1)	$98,865,437	$114,417,389	$106,772,358	$106,552,800	$94,542,480
Local Revenue Sources					
Property Taxes	359,990,084	375,711,637	372,016,127	455,211,641	514,880,542
Specific Ownership Tax	30,035,934	33,376,380	36,829,684	40,303,943	44,805,199
Other Local Sources (2)	32,508,803	35,472,939	43,090,604	46,390,080	62,228,590
Total Local Sources	422,534,821	444,560,956	451,936,415	541,905,664	621,914,331
State Revenue Sources					
State equalization	257,727,050	282,036,930	331,433,138	294,025,391	296,486,570
State categorical	21,305,207	25,669,527	35,697,951	36,046,063	38,022,304
Total State	279,032,257	307,706,457	367,131,089	330,071,454	334,508,875
Federal Revenue Sources	7,573,147	922,508	1,017,755	1,021,504	1,051,459
Total Revenue	709,140,225	753,189,921	820,085,259	872,998,622	957,474,665
Operating Transfers In	3,631,681	67,042	6,785,586	8,931,274	12,969,063
Proceeds from capital leases	--	--	--	--	2,133,598
Par amount of COPS	536,855,000	--	--	--	--
TOTAL RESOURCES	1,348,492,343	867,674,352	933,643,203	988,482,696	1,067,119,806
Expenditures					
Instruction	364,156,448	418,723,429	435,036,390	466,866,692	437,905,667
Supporting Services	128,415,092	136,988,932	162,817,165	182,740,475	204,012,151
Business Supporting Services	122,895,418	139,169,191	139,814,946	158,815,938	210,730,373
Community Services	6,651,925	7,790,165	8,555,867	11,021,566	13,587,690
Education for adults	823,417	1,173,530	629,177	2,256,856	1,750,462
Capital Outlay	195,172	528,674	1,270,899	1,467,271	2,092,671
Debt Service (3)	589,677,089	57,934,712	59,238,257	60,844,624	65,115,414
Issuance Cost of Debt	3,633,148	--	--	--	--
Total Expenditures	1,216,447,709	762,308,633	807,362,701	884,013,422	935,194,428
Operating Transfers Out	22,505,189	7,067,866	19,727,702	9,926,794	9,775,503
TOTAL EXPENDITURES AND OTHER USES	1,238,952,898	769,376,499	827,090,403	893,940,216	944,969,931
Ending Fund Balance (GAAP)	$109,539,445	$98,297,853	$106,552,800	$94,542,480	$122,149,875

(1) 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, 2013 through 2017.

Management Discussion and Analysis. For a detailed discussion and analysis of the District's operations for fiscal year 2017, see the Management Discussion and Analysis in the District's audited basic financial statements for the fiscal year ended June 30, 2017, which are attached hereto as Appendix A.

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 the 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 Assessor 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 2015 (collection year 2016) were based on an analysis of sales and other information for the period January 1, 2013 to June 30, 2014. 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 Legislature 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). For levy years 2017 and 2018, the residential assessment rate is 7.20%.

The residential assessment rate may decline further in future years. In December 2017, the Colorado Legislative Council (the research division of the Legislature) projected that the residential assessment rate will decline to 6.11% starting with levy year 2019. This projection is only an estimate, however, and is subject to change as a result of numerous economic factors. 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 Legislature 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 Legislature 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.

Taxation Procedure. 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 were collected in 2017 and taxes certified in 2017 will be collected in 2018. 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 10th 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 24th day of the months of March, May and June, reflecting taxes collected through the 20th 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's 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
2013/2014	$11,264,201,810	$809,720,581	$10,454,481,229	--
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
2017/2018	17,539,133,810	962,483,706	16,576,650,104	23.1

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

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2012-2016; 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
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
2017/2018	25.541	9.650	12.547	0.506	48.244

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

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2013-2016; 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 Collected
2012/2013	$505,246,942	$496,654,572	98.25%	$ 80,707	$496,735,279	98.27%
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
2016/2017	678,373,143	666,299,724	98.22	(620,260)	665,679,464	98.13

(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 2016 levy/2017 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	2016 Assessed Valuation	Percentage of Total Assessed Valuation(1)
Public Service Co.	$252,377,730	1.73%
Brookfield Office Properties	192,536,840	1.32
CenturyLink	141,253,440	0.97
Beacon Capital Partners	130,492,860	0.89
Invesco Realty Advisers Inc.	126,557,840	0.87
Franklin Street Properties	118,948,910	0.81
Taubman Centers Inc.	105,713,280	0.72
Kroenke Sports Enterprises	100,042,040	0.69
Columbia-Healthone	99,519,040	0.68
UBS Realty Investors	99,189,020	0.68
TOTAL	$1,366,631,000	9.36%

(1) Based upon the total 2016 assessed valuation figure of $14,602,699,970, 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 2017 (to be collected in 2018) on a taxpayer located in the District is 77.134 and the highest is 239.273. 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 2017 mill levy (to be collected in 2018) 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 2017 Mill Levy

Taxing Entity[1]	2017 Mill Levy[2]
City and County of Denver	28.333
Urban Drainage and Flood Control District	0.557
Total Sample Overlapping Mill Levy	28.890
The District	48.244
Total Sample Mill Levy	77.134

(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 2017 are for the collection of ad valorem property taxes in 2018.

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]	2017 Assessed Valuation[2]	Outstanding G.O. Debt[3]	Outstanding G.O. Debt Chargeable to District[4] Percent	Amount
Adams County Fire Protection District	$971,135,190	$2,290,000	0.75%	$17,175
Belleview Station Metropolitan District No. 2 (formerly known as Madre Metropolitan District No. 2)[5]	39,586,130	39,967,178	100.00	39,967,178
BMP Metropolitan District No. 3[6]	4,505,830	3,560,000	100.00	3,560,000
Bowles Metropolitan District	62,605,269	20,225,000	49.39	9,989,128
Central Platte Valley Metropolitan District	142,716,535	63,895,000	100.00	63,895,000
Cherry Creek North Business Improvement District No. 1	294,065,090	15,045,000	100.00	15,045,000
City and County of Denver	16,576,650,104	661,775,500	100.00	661,775,500
Colorado International Center Metropolitan Dist. No. 14	16,245,200	9,880,000	100.00	9,880,000
Denargo Market Metropolitan District No. 2[7]	15,393,180	10,000,000	100.00	10,000,000
Denver Connection West Metropolitan District[7]	3,158,300	12,229,000	100.00	12,229,000
Denver Gateway Center Metropolitan District	6,238,090	7,185,000	100.00	7,185,000
Denver International Business Center Metro. Dist. No. 1	30,425,070	11,600,000	100.00	11,600,000
Ebert Metropolitan District[7]	39,677,490	108,150,000	100.00	108,150,000
Gateway Regional Metropolitan District	95,319,160	8,535,000	100.00	8,535,000
Goldsmith Metropolitan District[8]	671,593,678	4,481,153	54.24	2,430,577
Midtown Metropolitan District[7]	5,711,310	18,500,000	100.00	18,500,000
Mile High Business Center Metropolitan District	26,970,550	8,425,000	100.00	8,425,000
Park Creek Metropolitan District[9]	38,943,817	434,200,000	95.85	416,180,700
Sand Creek Metropolitan District	216,074,390	64,675,000	23.81	15,399,118
SBC Metropolitan District	6,627,534	23,595,000	100.00	23,595,000
Section 14 Metropolitan District	60,909,786	1,935,000	29.80	576,630
South Sloan's Lake Metropolitan District No. 2	977,694	15,500,000	100.00	15,500,000
Southeast Public Improvement Metropolitan District[7]	2,620,999,187	2,835,000	12.67	359,195
TOTAL				$1,462,794,201

(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; 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 Park Metropolitan District No. 1 (formerly known as Alameda Station Metropolitan District); Broadway Station Metropolitan Districts Nos. 1 to 3; CCP Metropolitan Districts Nos. 1 to 3 (formerly known as GCC Metropolitan Districts Nos. 1 to 3); 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 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; South Sloan's Lake Metropolitan District No. 1; 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 2017 are for collection of ad valorem property taxes in 2018. 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.

Footnotes continued on next page.

(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 2017 assessed valuation of $27,470,700.
(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 2017 assessed value shown above is for Westerly.

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 2017 assessed valuation of $16,576,650,104 (which includes the assessed valuation attributable to tax increment districts) is $3,315,330,021. As of the date of this Official Statement, the District has $1,783,592,000 in general obligation bonds outstanding. 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	6,925,000
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	61,215,000
Tax-Exempt Series 2012B	187,245,000
Taxable Qualified Zone Academy Series 2012C	16,000,000(2)
Taxable Refunding Series 2012D	8,295,000
Series 2014A Bonds	19,385,000
Refunding Bonds, Series 2014B	130,805,000
Refunding Bonds, Series 2016	139,825,000
Series 2017 Bonds	466,675,000
Series 2018A Bonds	105,325,000
Taxable 2018B Refunding Bonds	106,130,000
Total	$1,783,592,000

(1) Outstanding as of the date of issuance of the 2018 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, 2017.

In September 2017, the District entered into a Master Lease Purchase Agreement with NBH Bank for the purchase of security vehicles (the “NBH Lease”). The District may lease up to $1 million of Equipment (as that term is defined in the NBH Lease). The NBH Lease requires the District to pay a quarterly fee for unused availability ($1 million less outstanding principal). In addition, the District’s obligations under NBH Lease purport to be subject to acceleration. However, the District’s obligations are subject to annual appropriation and in the event on non-appropriation, the District will have no further payment obligations to NBH Bank.

The District initially has leased seven security vehicles pursuant to the NBH Lease; the total principal amount of the base rentals due is $258,128 ($75,096 bearing interest at 3.19% through September 1, 2022, and $187,364 bearing interest at 3.34% through September 1, 2024). The District currently expects to draw up to the full $1 million available at times over the seven-year term of the NBH Lease in order to finance rolling replacements of vehicles depending on wear, tear and mileage.

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 are 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 the date of issuance of the 2018 Certificates.

Outstanding Certificates of Participation

Obligation	Principal Amount Outstanding
Certificates of Participation, Series 2011	$ 391,945,000
Certificates of Participation, Series 2013B	503,860,000
Certificates of Participation, Series 2013C	56,790,000
Certificates of Participation, Series 2015A&B	8,600,000
Certificates of Participation, Series 2017A	29,960,000
Certificates of Participation, Series 2017B	13,335,000
Certificates of Participation, Series 2017C	10,000,000
Certificates of Participation, Series 2018 (this issue)	7,710,000
Total	$1,022,200,000

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 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	2011B Base Rent	2013B Base Rent	2013C Base Rent	2015A&B Base Rent	2017A Base Rent(3)	2017B Base Rent	2017C Base Rent	Total Base Rent
2018	$ 13,356,017	$ 9,287,127	$ 1,289,751	$ 191,376	$ 636,350	$ 323,025	$ 155,167	$ 25,238,813
2019	33,751,096	33,936,928	3,569,313	549,463	2,242,900	873,750	683,194	75,606,644
2020	34,084,022	34,267,050	4,989,113	550,688	2,957,150	641,450	686,360	78,175,833
2021	34,400,477	34,612,388	5,153,713	545,163	3,259,200	1,489,150	689,085	80,149,176
2022	34,732,197	34,942,431	5,141,188	547,263	3,528,000	1,111,550	686,444	80,689,073
2023	35,065,137	35,277,730	5,138,313	548,013	3,840,300	2,511,875	688,434	83,069,802
2024	35,400,411	35,607,424	5,133,063	548,263	3,994,050	2,700,750	689,983	84,073,944
2025	35,729,131	35,941,695	5,130,063	548,013	4,355,775	3,864,500	686,166	86,255,343
2026	36,062,099	36,266,103	5,123,938	547,263	4,521,125	3,997,500	686,980	87,205,008
2027	36,404,338	36,585,320	5,119,313	546,013	2,070,625	--	687,353	81,412,962
2028	36,741,787	36,903,594	5,115,688	546,663	2,065,875	--	687,286	82,060,893
2029	37,073,725	37,220,207	5,143,169	546,813	2,066,875	--	686,778	82,737,567
2030	37,411,636	37,538,329	5,107,525	546,338	2,063,375	--	685,828	83,353,031
2031	37,742,276	37,847,396	5,102,775	547,556	2,060,250	--	684,437	83,984,690
2032	38,081,699	38,149,424	5,124,425	546,000	--	--	687,533	82,589,081
2033	38,415,255	38,442,079	5,127,163	541,750	--	--	685,113	83,211,360
2034	38,757,594	38,727,923	5,089,125	541,875	--	--	687,179	83,803,696
2035	39,087,841	39,014,198	--	541,250	--	--	683,731	79,327,020
2036	39,419,593	39,288,148	--	544,750	--	--	1,369,767	80,622,258
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	$751,513,637	$749,250,333	$81,597,638	$15,439,138	$39,661,850	$17,513,550	$13,196,818	$1,668,172,964

(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.

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	620,684	--	2,601,177	--	5,119,538	--
2012	634,471	2.2%	2,647,527	1.8%	5,191,086	1.4%
2013	648,162	2.2	2,697,283	1.9	5,268,413	1.5
2014	662,855	2.3	2,750,964	2.0	5,350,118	1.6
2015	680,658	2.7	2,807,692	2.1	5,448,055	1.8
2016	693,292	1.9	2,852,335	1.6	5,538,180	1.7

(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 (2011-2016 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
2012	$57,276	$49,302	$45,089	$44,282
2013	62,414	51,596	46,824	44,493
2014	67,981	55,082	49,952	46,494
2015	70,154	57,081	51,876	48,451
2016	67,256	56,892	51,999	49,246

(1) Figures for Denver and the Denver-Aurora CBSA updated November 16, 2017. Figures for the State and the nation updated September 26, 2017. 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 2016, the largest employment sector in Denver was health care and social assistance (comprising approximately 12.0% of Denver's work force), followed, in order, by professional and technical services, accommodation and food services, administrative and waste services, and educational services. For the twelve-month period ended December 31, 2016, total average employment in Denver increased 3.4% as compared to the same period ending December 31, 2015, and total average weekly wages increased 0.2%.

Average Number of Employees Within Selected Industries – Denver

Industry	2012	2013	2014	2015	2016	2017[1]
Accommodation and Food Services	42,790	44,751	47,312	50,028	52,585	53,339
Administrative and Waste Services	34,145	33,039	34,672	34,869	36,537	35,132
Agriculture, Forestry, Fishing, Hunting	180	183	450	563	745	1,115
Arts, Entertainment and Recreation	7,816	8,066	8,457	9,180	9,691	10,368
Construction	15,051	16,524	18,438	19,408	20,644	21,788
Educational Services	33,118	27,974	28,741	30,407	31,980	32,399
Finance and Insurance	24,202	25,281	25,502	26,083	26,030	26,144
Government	27,402	27,404	27,663	28,265	28,848	29,216
Health Care and Social Assistance	50,246	51,317	53,576	56,776	59,270	60,134
Information	12,107	11,557	11,906	11,988	12,542	12,623
Management of Companies/Enterprises	10,637	11,559	12,212	12,792	13,179	13,241
Manufacturing	19,385	20,145	20,438	21,123	21,211	21,712
Mining	7,716	8,219	9,112	8,738	6,947	7,078
Non-Classifiable	37	71	69	65	66	15
Other Services	15,062	15,361	16,053	16,380	17,105	17,645
Professional and Technical Services	41,114	44,040	46,445	49,773	52,885	53,947
Real Estate, Rental and Leasing	10,321	10,743	11,287	11,675	12,544	13,043
Retail Trade	27,280	27,928	28,965	29,667	30,112	30,348
Transportation and Warehousing	27,202	28,766	29,702	30,276	31,169	32,667
Utilities	3,226	3,251	3,246	3,285	3,336	3,319
Wholesale Trade	25,050	25,210	26,447	27,030	27,409	27,580
Total[2]	434,086	441,388	460,691	478,370	494,836	502,849

(1) Figures are averaged through the second quarter of 2017.
(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
2012	357,670	7.9%	1,448,248	7.7%	2,757,222	7.9%	8.1%
2013	363,895	6.6	1,468,452	6.6	2,775,670	6.8	7.4
2014	369,925	4.8	1,491,978	4.8	2,810,415	5.0	6.2
2015	376,619	3.7	1,509,959	3.7	2,833,509	3.9	5.3
2016	384,331	3.1	1,541,194	3.1	2,891,046	3.3	4.9
Month of November							
2016	385,647	2.6%	1,546,763	2.6%	2,899,265	2.7%	4.6%
2017	401,319	2.8	1,609,855	2.8	3,028,318	2.9	4.1

(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	10,810
Centura Health	Healthcare	9,160
SCL Health System	Healthcare	8,720
Lockheed Martin Corporation	Aerospace/Defense Related Systems	7,520
UCHealth	Healthcare, Research	7,330
Comcast Corporation	Telecommunications	6,950
Kaiser Permanente	Healthcare	6,950
Children’s Hospital Colorado	Healthcare	6,600
United Airlines	Airline	5,700
CenturyLink	Telecommunications	5,100

(1) Revised May 2017.

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

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
2017(1)	639	177,370,971	1,024	1,091,340,050	14	26,354,171

(1) Figures are for January1 through August 31, 2017.

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)	591	--

(1) Figures are for January 1 through November 30, 2017.

Sources: Colorado Division of Housing (2012 through 2016) and City and County of Denver Office of the Clerk and Recorder (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 2018 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 2018 Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, 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 2018 Certificates. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Certificates only to the extent such original issue discount is accrued as described herein.

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 2018 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 2018 Certificates in order for the interest thereon to be excludable from gross income, alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations), 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 2018 Certificates. These requirements include: (a) limitations as to the use of proceeds of the 2018 Certificates; (b) limitations on the extent to which proceeds of the 2018 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 2018 Certificates above the yield on the 2018 Certificates to be paid to the United States Treasury. The District will covenant 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 2018 Certificates) to the extent necessary to maintain the exclusion of interest on the 2018 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 2018 Certificates from gross income, alternative minimum taxable income (to the extent described above), 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 2018 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 2018 Certificates. The alternative minimum tax applicable to corporations has been repealed for tax years beginning after December 31, 2017.

With respect to Certificates that were sold in the initial offering at a discount (the "Discount Certificates"), the difference between the stated redemption price of the Discount Certificates at maturity and the initial offering price of those certificates to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excludable from gross income, alternative minimum taxable income, Colorado taxable income, or Colorado alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Certificates is treated as accruing over the respective terms of such Discount Certificates on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excludable from gross income, alternative minimum taxable income, Colorado taxable income, and Colorado alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Certificates. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Certificates (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Certificates.

Owners who purchase Discount Certificates after the initial offering or who purchase Discount Certificates in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Certificates. Owners who are subject to state or local income taxation (other than Colorado state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Certificates. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2018 Certificates. Owners of the 2018 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 2018 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. Certain of the 2018 Certificates were sold at a premium, representing a difference between the original offering price of those 2018 Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such 2018 Certificates (if any) may realize a taxable gain upon their disposition, even though such 2018 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 (and, to the extent described above for the Discount Certificates, original issue discount) on the 2018 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 2018 Certificates. Owners of the 2018 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 2018 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 2018 Certificates, the exclusion of interest (and, to the extent described above for the Discount Certificates, original issue discount) on the 2018 Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the 2018 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 2018 Certificates. Owners of the 2018 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 2018 Certificates. If an audit is commenced, the market value of the 2018 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 2018 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 2018 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; 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 2018 Certificates. A form of the Special Counsel opinion for the 2018 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, Becker Stowe Partners LLC, 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, 2017, 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

Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and Fitch Ratings (“Fitch”) have assigned Ratings to the 2018 Certificates as shown on the cover page hereof. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New

York, New York 10041. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. An explanation of any ratings given by Fitch may be obtained 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 2018 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 2018 Certificates any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

UNDERWRITING

Loop Capital Markets, LLC, has agreed to purchase the 2018 Certificates pursuant to a Certificate Purchase Agreement at a purchase price of $8,451,575.57 (which is equal to the par amount of the 2018 Certificates, plus net original issue premium of $803,495.10, and less Underwriter's discount of $61,919.53). The Underwriter is committed to take and pay for all of the 2018 Certificates if any are taken.

The Underwriter intends to offer the 2018 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 2018 Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2018 Certificates into investment accounts.

OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement has been authorized by the Board and is duly approved by the Board as of the date on the cover page hereof. This Official Statement is not to be construed as an agreement or contract between the District and any purchaser, owner or holder of any 2018 Certificate.

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

By: *__/s/ Anne Rowe__*
President, Board of Education

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. Certain information contained in the CAFR, including certain information in the Introductory Section, the Combining Fund Statements - Nonmajor Funds, the Other Supplementary Information, the Auditor's Integrity Report - Colorado Department of Education, the Statistical Section and the Compliance Section referred to in the CAFR table of contents and/or the attached independent auditor's report, was 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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BKD LLP
CPAs & Advisors

1801 California Street, Suite 2900 // Denver, CO 80202-2606
303.861.4545 // fax 303.832.5705 // bkd.com

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 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, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as 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 presented component units, which represent 80.48% of total assets and 71.70% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2017. 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 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 report of 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, 2017, and the respective changes in financial position and where applicable, cash flows, 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 has 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, budgetary comparison, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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 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.

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 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 and the other information including the introductory section and statistical section as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 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. Such 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 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 17, 2017, 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 17, 2017

DENVER PUBLIC SCHOOLS

Discover a World of Opportunity™

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, 2017. 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, 2017, the District's net position for governmental activities is a deficit of $1,357.1 million. The deficit net position is primarily the result of two factors. The first is the result of the District executing Certificates of Participation (COP) 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 74% funded compared to the PERA School division of 46% as of December 31, 2016. Second, in order to fund the District's capital program, the voters of Denver authorized General Obligation bonds in November 1998, 2003, 2008, 2012, and 2016 of $305 million, $310.8 million, $454 million, $466 million and $572 million respectively. The proceeds of these bonds are used to fund necessary capital and maintenance of the District's facilities. (See additional details in Note 5 and Note 6 to the financial statements).

Long-term liabilities increased to $3,978.3 million from $3,232.4 million in FY 2016 primarily due to an increase in pension liability along with the issuance of the 2017 bond proceeds (voter approved in 2016).

On the statement of activities, general revenues accounted for $1,071.4 million or 79% of total revenues, and program revenues were $278.1 million or 21% of the total revenues of the primary government. The total revenues increased from $1,294.6 to $1,349.5, or 4% when compared to prior year, primarily due to increased property taxes. Net position declined year over year primarily due to an increase in the net pension liability as reflected in pension expense. (See additional details in Note 8 to the financial statements.)

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. 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 ProComp Special Revenue Fund and Denver School Facilities Leasing Corporation as blended component units, and 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 Special Revenue, 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.

The schedule of changes in the collective net pension liability are provided next, followed by notes to required supplementary information. 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 final schedules in this report provide additional information on the District's agency fund and capital assets.

Financial Analysis of the District

Increases or decreases in net position may serve as a useful indicator of the district's overall financial position. While the District's net position declined during the year primarily as a result of increased pension liability as reflected in pension expense, there are several other measures that indicate a sustainable financial position, including:

- The District has the largest and most diverse tax base in the State of Colorado with $14.6 billion of Assessed Value.
- Denver is the fastest growing large city in the U.S. (Source: June 2016 U.S. Census Bureau).
- DPS is the fastest growing large urban school district in the U.S.
- General Fund increased $27.6 million in FY16-17, with ending fund balance of $122.1 million.
- In November of 2016, Denver voters approved a mill levy override of $56.6 million in 2016 and in the years following by the amount allowed by Colorado State law. The increased funding will go towards expanding early childhood reading programs, providing more mental health professionals and counselors for students, expanding student technology access, providing better training for teachers and developing a more diverse pool of teachers and expanding college and career programs.
- In November of 2016, Denver voters approved a $572 million bond to invest in critical maintenance, constructing new schools and additions to existing schools, upgrading learning environments in older schools and to increase student technology access.
- The 2017 bond issuance received the following ratings:
    - Moody's ratings of Aa2
    - Fitch ratings of AA+
    - S&P ratings of AA

A significant portion of the District's assets are its investment in capital assets (e.g., land, buildings, equipment, and capital leases). The District uses these assets to provide instruction and related services to its students. Capital assets (net) increased from $1,168.8 million in 2016 to $1,258.2 million in 2017. 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 Funds. Combined, these funds have available fund balance of $554.2 million.

Current and other assets increased from $596.8 million to $1.07 billion primarily due to the issuance of the 2017 bond and COP's as described in the Capital Improvements section of the Transmittal letter.

The following table provides a summary of the District's net position as of June 30, 2017 and 2016, respectively (in millions):

	June 30, 2017	**June 30, 2016**
	Governmental activities	Governmental activities
Current and other assets	$ 1,067.8	$ 596.8
Capital assets, net	1,258.2	1,168.8
Total assets	2,326.0	1,765.6
Deferred outflow of resources	512.6	430.6
Long-term liabilities	3,978.3	3,232.4
Other liabilities	144.6	132.4
Total liabilities	4,122.9	3,364.8
Deferred inflow of resources	72.8	88.4
Net position:		
Net investment in capital assets	148.7	105.0
Restricted	648.6	290.7
Unrestricted	(2,154.4)	(1,652.7)
Total net position	$ (1,357.1)	$ (1,257.0)

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.

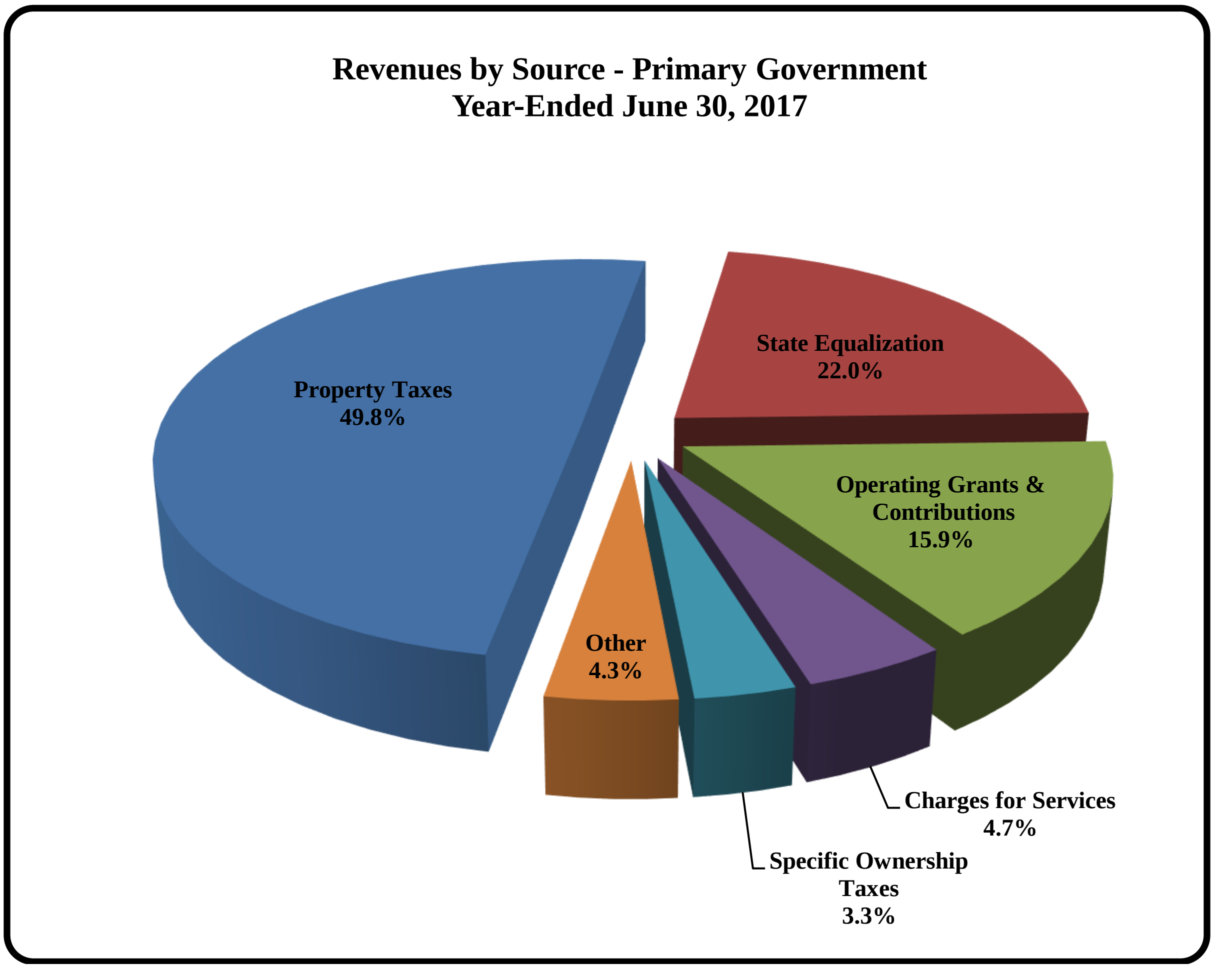
The following table provides a summary of the District's activities for the fiscal years ended June 30, 2017 and 2016, respectively (in millions).

	June 30, 2017	**June 30, 2016**
	Governmental activities	Governmental activities
REVENUES		
Program revenues		
Charges for services	$ 63.7	$ 57.2
Operating grants and contributions	214.4	212.7
General revenues		
Taxes	719.4	666.3
State equalization	296.5	294.0
Investment income	5.9	2.0
Other	49.6	62.4
Total revenues	1,349.5	1,294.6
EXPENSES		
Instruction	661.5	668.9
Support services, other than interest	650.2	562.1
Interest on long-term debt	137.9	128.0
Total expenses	1,449.6	1,359.0
Change in net position	(100.1)	(64.4)
Net position - beginning	(1,257.0)	(1,192.6)
Net position - ending	$ (1,357.1)	$ (1,257.0)

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 2017 was $662.7 million based on a funded pupil count of 86,231 and per pupil total program funding of $7,686, compared to total program funding of $651.5 million, funded pupil count of 85,585 and per pupil total program funding of $7,612 in fiscal year FY 2016. Of the $662.7 million adjusted program, $296.5 million was funded through state share and the remainder through a combination of local property and specific ownership taxes compared to $294 million funded through state share in FY 2016.

The District generated $671.8 million in property tax revenues in fiscal year 2017 compared to $623.5 million in fiscal year 2016. 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 2017 were $1,449.6 million compared to $1,359.0 million in fiscal year 2016.

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 is $839.4 million compared to $386.4 million in FY2015-16.

The General Fund is the primary operating fund of the District. Fund balance of the General Fund at June 30, 2017 was $122.1 million, compared to $94.5 million as of June 30, 2016. This increase is primarily due the passage of the 2016 mill levy and the timing of related program rollouts. Constraints on use of the General fund balance include a restricted cash reserve of $27.0 million as required by TABOR and state statute. Assigned fund balance includes $8.2 million use budgeted for subsequent year expenditure and $15.9 million for special projects.

The Grant Special Revenue Fund as of June 30, 2017 was $17.1 million compared to $19.9 million at June 30, 2016. The fund balance is restricted to the district's grant funded programs that generated the fund balance.

The ProComp Special Revenue Fund as of June 30, 2017 was $11.8 million compared to $18.3 million as of June 30, 2016. The ProComp Fund is restricted through a trust agreement for teacher-based educator compensation. The Board of Trustees, authorized by the Trust, is responsible for monitoring how the District spends the monies and ensuring that they are spent in accordance with the ProComp Trust Agreement.

The Bond Redemption Fund as of June 30, 2017 was $130.1 million compared to $140.3 million as of June 30, 2016. The Bond Redemption Fund is restricted for payment of the District's General Obligation Bond debt service as authorized by Denver voters.

The Building Fund as of June 30, 2017 was $470.2 million compared to $87.5 million as of June 30, 2016. The Building Fund consists of unspent proceeds from issuance of voter approved General Obligation Bonds and is restricted for financing projects as described in the respective ballot language.

The Capital Reserve Fund as of June 30, 2017 was $84.0 million compared to $17.0 million as of June 30, 2016. The Capital Reserve Fund consists of unspent Certificates of Participation restricted for financing capital projects and for debt service. Additionally, a portion of Capital Reserve Fund is committed for capital projects by Board authorization, and assigned to debt service by Board adoption of the annual budget.

The Building Fund and Capital Reserve Funds increased by $382.8 million and $66.9 million, respectively, as a result of the 2017 bond and COP issuance. They are offset by a decrease in the Bond Redemption Fund of $10.1 million due to timing of upcoming debt service payments. Fund balance of the ProComp Special Revenue Fund decreased by $6.7 million due to planned increases in program spending. The Grant Special Reserve Fund decreased $2.8 million, through spending on grant programs that generated the fund balance. The Food Services Fund balance increased by $144 thousand.

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. The most significant budgeted fund is the General Fund.

The difference between the General Fund original and final budget for expenditures increased by $30.1 million to fund additional resources and program rollouts due to the passage of the 2016 Mill Levy including Early Literacy, Dual Enrollment, and Classroom Technology.

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, 2017 amounted to $1,258.2 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, 2017 and 2016, respectively, net of accumulated depreciation, were as follows (in millions):

	June 30, 2017 Governmental activities	June 30, 2016 Governmental activities
Land	$ 76.5	$ 74.4
Buildings and improvements	991.2	984.2
Construction in progress	119.8	50.9
Equipment	69.4	59.3
Capital leases	1.3	-
Total	$ 1,258.2	$ 1,168.8

(See additional details in Note 5 to the financial statements.)

Long-Term Debt

At June 30, 2017 and 2016, respectively, the District's long-term debt consisted of the following (in millions):

	June 30, 2017		June 30, 2016	
	Governmental activities		Governmental activities	
Certificates of participation	$	1,077.2	$	1,044.5
General obligation bonds		1,889.6		1,433.2
Compensated absences		19.1		17.6
Capital lease liability		1.3		-
Accrued claims liability		11.0		-
OPEB net obligation		2.9		3.3
Net pension liability		977.2		733.8
Total	$	3,978.3	$	3,232.4

(See additional details in Note 6 to the 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.

DENVER
PUBLIC
SCHOOLS

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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, 2017

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	$ 202,138,918	$ 88,603,280
Investments	3,982	-
Receivables:		
Taxes	33,365,500	-
Intergovernmental	27,508,857	-
Interest	1,605,013	-
Other	95,938,627	17,000,156
Due from fiduciary funds	59,865	-
Inventory	2,883,306	124,874
Prepaid items	1,681,626	1,171,946
Held by fiscal agent	2,886,180	67,157
Restricted cash and cash equivalents	162,985,201	3,620,448
Restricted investments	536,724,792	1,853,287
Capital assets:		
Land and construction in progress	196,339,913	5,249,751
Buildings, improvements, and equipment, net of accumulated depreciation	1,061,832,083	30,343,425
Total assets	2,325,953,863	148,034,324
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	207,441,176	-
Difference between projected and actual earnings on pension plan	125,445,351	14,986,490
Contributions subsequent to measurement date on pension plan	11,377,400	1,642,619
Change in proportionate share on pension plan	-	15,475,607
Change in experience assumption	24,528,510	2,942,197
Change in other assumptions related to pension plans	143,823,224	17,135,207
Total deferred outflows of resources	512,615,661	52,182,120
LIABILITIES		
Accounts and interest payable	65,910,280	10,784,457
Accrued payroll and benefits	66,432,686	4,207,141
Unearned revenue	12,243,651	833,367
Long-term liabilities:		
Due within one year	81,439,200	896,048
Due in more than one year	3,896,889,206	147,656,314
Total liabilities	4,122,915,023	164,377,327
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on sale	-	168,400
Permanent endowment	-	156,199
Difference between expected and actual experience on pension plan	2,049,915	240,593
Change in proportionate share on pension plan	9,774,658	3,071,427
Change in other assumptions related to pension plan	60,974,717	7,313,937
Total deferred inflows of resources	72,799,290	10,950,556
NET POSITION		
Net investment in capital assets	148,648,229	3,744,926
Restricted for:		
Debt service	122,335,266	1,067,138
Performance-based teacher compensation	11,837,366	-
Higher education	9,595,895	-
Non-governmental grantor-designated purposes	1,492,383	-
Federal programs	5,876,870	-
Permanent fund and nonexpendable	130,992	-
Capital projects	470,254,135	112,758
Donor-designated purposes	-	27,124,197
Emergency reserve	27,033,570	5,725,384
Unrestricted (deficit)	(2,154,349,495)	(12,885,842)
Total net position (deficit)	$ (1,357,144,789)	$ 24,888,561

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Primary government				
Governmental activities:				
Instruction:				
Regular	$ 578,876,751	$ 32,279,669	$ 93,766,045	$ (452,831,037)
Special education	71,967,718	-	20,587,489	(51,380,229)
Vocational	1,418,715	-	1,473,374	54,659
Other	9,272,881	915,252	2,658,625	(5,699,004)
Total instruction	661,536,065	33,194,921	118,485,533	(509,855,611)
Support services:				
Pupil support	58,337,272	2,223,429	6,458,619	(49,655,224)
Instructional support	114,572,496	6,478,839	18,819,742	(89,273,915)
General administration	6,964,963	423,127	1,229,101	(5,312,735)
School administration	77,079,051	4,140,502	12,027,339	(60,911,210)
Business services	12,957,204	-	-	(12,957,204)
Operations and maintenance	91,074,789	5,923,079	17,205,368	(67,946,342)
Pupil transportation	25,164,705	-	4,627,182	(20,537,523)
Central services	176,020,151	10,157,710	29,136,774	(136,725,667)
Other support services	51,052,612	329,889	958,263	(49,764,460)
Community services	16,515,410	838,120	2,434,572	(13,242,718)
Education for adults	20,508,759	-	3,045,968	(17,462,791)
Interest on long-term debt	137,843,846	-	-	(137,843,846)
Total support services	788,091,258	30,514,695	95,942,928	(661,633,635)
Total governmental activities	1,449,627,323	63,709,616	214,428,461	(1,171,489,246)
Total primary government	$ 1,449,627,323	$ 63,709,616	$ 214,428,461	$ (1,171,489,246)
Component units				
Charter schools	$ 197,451,787	$ -	$ 561,937	$ (196,889,850)
DPS Foundation	9,363,751	-	8,089,707	(1,274,044)
Total component units	$ 206,815,538	$ -	$ 8,651,644	$ (198,163,894)

	Primary Government: Governmental Activities	Component Units
Net (expense) revenue	$ (1,171,489,246)	$ (198,163,894)
General revenues:		
Property taxes	671,768,786	30,235,513
Specific ownership taxes	44,805,199	-
Payment in lieu of taxes	2,828,616	-
State equalization	296,486,570	136,857,964
Interest and investment income	5,922,616	401,584
Other	49,559,385	19,525,851
Total general revenues	1,071,371,172	187,020,912
Changes in net position	(100,118,074)	(11,142,982)
Net position (deficit) - beginning, as previously stated	(1,257,026,715)	(10,342,649)
Change in reporting entity	-	46,374,192
Net position (deficit) - beginning, as restated	(1,257,026,715)	36,031,543
Net position (deficit) - ending	$ (1,357,144,789)	$ 24,888,561

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, 2017

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
ASSETS				
Assets:				
Cash and cash equivalents	$ 187,617,552	$ -	$ 314,882	$ 14,089,428
Investments	-	-	-	-
Receivables:				
Taxes receivable	26,496,840	-	-	1,402,549
Intergovernmental	-	22,742,107	4,766,750	-
Interest receivable	15,952	-	-	-
Other	1,955,918	6,453,145	4,279	2,208
Due from other funds	-	-	-	-
Due from fiduciary funds	59,865	-	-	-
Inventory	761,736	-	2,121,570	-
Prepaid items	150,566	108,900	-	-
Cash with fiscal agents	2,886,180	-	-	-
Restricted cash and cash equivalents	15,421,342	-	-	-
Restricted investments	-	-	-	-
Total assets	$ 235,365,951	$ 29,304,152	$ 7,207,481	$ 15,494,185
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 28,212,366	4,129,601	$ 409,212	$ -
Accrued payroll and benefits	64,524,313	503,507	-	1,404,866
Due to other funds	8,498,654	3,092,298	6,513,069	1,986,097
Unearned revenue	7,738,953	4,504,698	-	-
Total liabilities	108,974,286	12,230,104	6,922,281	3,390,963
Deferred inflows of resources:				
Property taxes	4,241,790	-	-	265,856
Unavailable revenues - long-term receivables	-	-	-	-
Total deferred inflows of resources	4,241,790	-	-	265,856
Fund balances:				
Nonspendable:				
Inventory	761,736	-	332,113	-
Prepaid expenses	150,566	108,900	-	-
Permanent fund	-	-	-	-
Restricted for:				
Higher education	-	9,595,895	-	-
Non-governmental grantor-designated purposes	-	1,492,383	-	-
Federal programs	-	5,876,870	-	-
Performance-based teacher compensation	-	-	-	11,837,366
Debt service	-	-	-	-
Capital projects	-	-	-	-
Emergency reserve	27,033,570	-	-	-
Committed to:				
Capital projects	-	-	-	-
Pupil activities	-	-	-	-
Assigned to:				
Subsequent year expenditure	8,182,740	-	-	-
Special projects	15,923,740	-	-	-
Debt service	-	-	-	-
Unassigned	70,097,523	-	(46,913)	-
Total fund balances	122,149,875	17,074,048	285,200	11,837,366
Total liabilities, deferred inflows of resources and fund balances	$ 235,365,951	$ 29,304,152	$ 7,207,481	$ 15,494,185

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

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2017

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	$ -	$ -	$ -	$ 117,056	$ 202,138,918
Investments	-	-	-	3,982	3,982
Receivables:					
Taxes receivable	5,466,111	-	-	-	33,365,500
Intergovernmental	-	-	-	-	27,508,857
Interest receivable	55,882	1,499,822	33,357	-	1,605,013
Other	-	-	87,466,831	2,189	95,884,570
Due from other funds	-	-	29,658,895	3,584,960	33,243,855
Due from fiduciary fund	-	-	-	-	59,865
Inventory	-	-	-	-	2,883,306
Prepaid items	-	-	1,422,160	-	1,681,626
Cash with fiscal agents	-	-	-	-	2,886,180
Restricted cash and cash equivalents	-	91,531,695	56,032,164	-	162,985,201
Restricted investments	125,784,584	410,940,208	-	-	536,724,792
Total assets	$ 131,306,577	$ 503,971,725	$ 174,613,407	$ 3,708,187	$ 1,100,971,665
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 62,586	$ 20,654,535	$ 3,497,970	$ 71,910	$ 57,038,180
Accrued payroll and benefits	-	-	-	-	66,432,686
Due to other funds	42,356	13,063,055	-	-	33,195,529
Unearned revenue	-	-	-	-	12,243,651
Total liabilities	104,942	33,717,590	3,497,970	71,910	168,910,046
Deferred inflows of resources:					
Property taxes	1,056,849	-	-	-	5,564,495
Unavailable revenues - long-term receivables	-	-	87,145,991	-	87,145,991
Total deferred inflows of resources	1,056,849	-	87,145,991	-	92,710,486
Fund balances:					
Nonspendable:					
Inventory	-	-	-	-	1,093,849
Prepaid expenses	-	-	1,422,160	-	1,681,626
Permanent fund	-	-	-	130,992	130,992
Restricted for:					
Higher education	-	-	-	-	9,595,895
Non-governmental grantor-designated purposes	-	-	-	-	1,492,383
Federal programs	-	-	-	-	5,876,870
Performance-based teacher compensation	-	-	-	-	11,837,366
Debt service	130,144,786	-	-	-	130,144,786
Capital projects	-	470,254,135	-	-	470,254,135
Emergency reserve	-	-	-	-	27,033,570
Committed to:					
Capital projects	-	-	35,949,286	-	35,949,286
Pupil activities	-	-	-	3,505,285	3,505,285
Assigned to:					
Subsequent year expenditure	-	-	-	-	8,182,740
Special projects	-	-	-	-	15,923,740
Debt service	-	-	46,598,000	-	46,598,000
Unassigned	-	-	-	-	70,050,610
Total fund balances	130,144,786	470,254,135	83,969,446	3,636,277	839,351,133
Total liabilities, deferred inflows of resources and fund balances	$ 131,306,577	$ 503,971,725	$ 174,613,407	$ 3,708,187	$ 1,100,971,665

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2017

Total fund balances for governmental funds	$ 839,351,133
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.	92,710,486
Capital assets do not provide current financial resources and are not included in the governmental funds.	2,000,153,717
Deferred outflow of resources related to loss on refundings are not financial resources, and therefore are not reported in the funds.	207,441,176
Deferred outflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	293,797,085
Pension contributions subsequent to the plans measurement date are not included in the long-term liability and are shown as a deferred outflow of resources.	11,377,400
Due to/due from amounts are eliminated for District-wide reporting:	
Due to other funds	(33,243,855)
Due from other funds	33,243,855
Less:	
Accumulated depreciation, related to capital assets.	(741,981,721)
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(2,987,174,615)
Accrued interest payable not included in the funds.	(8,866,369)
OPEB are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	(2,910,750)
Accrued claims liability is not reported in governmental funds, but are included as a government-wide liability.	(11,034,754)
Deferred inflows of resources related to pension actuarial assumptions are not recorded and included in governmental funds.	(72,799,290)
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.	(977,208,287)
Net position (deficit) of governmental activities	$ (1,357,144,789)

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Grants Special Revenue	Food Services Special Revenue	ProComp Special Revenue
REVENUES				
Taxes	$ 559,685,741	$ -	$ -	$ 32,316,512
Intergovernmental:				
Revenue from state sources	334,508,875	19,317,113	720,295	-
Revenue from federal sources	1,051,459	77,058,536	36,402,310	-
Charge for services	40,640,410	7,137,869	5,308,340	-
Investment income	1,243,941	-	-	70,357
Other local sources	20,344,239	16,522,830	29,863	-
Total revenues	957,474,665	120,036,348	42,460,808	32,386,869
EXPENDITURES				
Current:				
Instruction:				
Regular instruction	374,415,185	29,456,659	-	37,774,569
Special education	57,654,657	13,947,711	-	-
Vocational education	1,282,986	135,729	-	-
Other instruction	4,552,839	819,882	-	-
Total instruction	437,905,667	44,359,981	-	37,774,569
Support services:				
Pupil supporting services	49,753,091	8,271,465	-	-
Instructional support	79,952,672	31,045,630	-	-
General administration	6,525,345	362,139	-	44,673
School administration	73,368,180	2,955,215	-	-
Business services	12,152,815	166,993	-	-
Operations and maintenance	77,568,148	337,079	32,532	-
Pupil transportation	25,102,779	61,926	-	-
Central services	89,188,409	7,627,343	-	1,075,590
Other support services	1,131,085	5,691,604	42,976,482	-
Total support services	414,742,524	56,519,394	43,009,014	1,120,263
Community services	13,587,690	2,800,422	-	-
Education for adults	1,750,462	18,758,297	-	-
Capital outlay	2,092,671	503,222	50,724	-
Debt service:				
Principal payments	18,945,000	-	-	-
Interest and fiscal charges	46,170,414	-	-	-
Total debt service	65,115,414	-	-	-
Total expenditures	935,194,428	122,941,316	43,059,738	38,894,832
Excess (deficiency) of revenues over (under) expenditures	22,280,237	(2,904,968)	(598,930)	(6,507,963)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,969,063	648,908	743,200	-
Transfers out	(9,775,503)	(551,758)	-	-
Issuance of bonds	-	-	-	-
Issuance of certificates of participation	-	-	-	-
Premium on issuance of debt	-	-	-	-
Proceeds from capital leases	2,133,598	-	-	-
Total other financing sources (uses)	5,327,158	97,150	743,200	-
Net change in fund balances	27,607,395	(2,807,818)	144,270	(6,507,963)
Fund balance - beginning	94,542,480	19,881,866	140,930	18,345,329
Fund balance - ending	$ 122,149,875	$ 17,074,048	$ 285,200	$ 11,837,366

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 125,449,115	$ -	$ -	$ -	$ 717,451,368
Intergovernmental:					
Revenue from state sources	-	-	-	-	354,546,283
Revenue from federal sources	-	-	3,525,705	-	118,038,010
Charge for services	-	-	152,616	16,897,209	70,136,444
Investment income	1,207,538	3,094,829	78,513	2,439	5,697,617
Other local sources	-	39,385	34,775,386	484,097	72,195,800
Total revenues	126,656,653	3,134,214	38,532,220	17,383,745	1,338,065,522
EXPENDITURES					
Current:					
Instruction:					
Regular instruction	-	15,057	-	9,092,349	450,753,819
Special education	-	-	-	365,350	71,967,718
Vocational education	-	-	-	-	1,418,715
Other instruction	-	-	-	3,900,160	9,272,881
Total instruction	-	15,057	-	13,357,859	533,413,133
Support services:					
Pupil supporting services	-	-	-	312,716	58,337,272
Instructional support	-	261,259	-	3,312,935	114,572,496
General administration	-	32,806	-	-	6,964,963
School administration	-	130,487	-	625,169	77,079,051
Business services	-	470,875	26,863	-	12,817,546
Operations and maintenance	-	9,002,883	4,134,147	-	91,074,789
Pupil transportation	-	-	-	-	25,164,705
Central services	-	2,854,676	3,682,596	-	104,428,614
Other support services	-	-	-	-	49,799,171
Total support services	-	12,752,986	7,843,606	4,250,820	540,238,607
Community services	-	-	-	127,298	16,515,410
Education for adults	-	-	-	-	20,508,759
Capital outlay	-	143,084,351	15,986,652	16,582	161,734,202
Debt service:					
Principal payments	70,210,000	-	950,000	-	90,105,000
Interest and fiscal charges	66,160,807	2,215,232	3,845,541	-	118,391,994
Total debt service	136,370,807	2,215,232	4,795,541	-	208,496,994
Total expenditures	136,370,807	158,067,626	28,625,799	17,752,559	1,480,907,105
Excess (deficiency) of revenues over (under) expenditures	(9,714,154)	(154,933,412)	9,906,421	(368,814)	(142,841,583)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	3,974,119	4,837,680	23,172,970
Transfers out	(421,798)	(3,026,721)	-	(9,480,656)	(23,256,436)
Issuance of bonds	-	466,675,000	-	-	466,675,000
Issuance of certificates of participation	-	-	46,175,000	-	46,175,000
Premium on issuance of debt	-	74,047,260	6,749,290	-	80,796,550
Proceeds from capital leases	-	-	137,543	-	2,271,141
Total other financing sources (uses)	(421,798)	537,695,539	57,035,952	(4,642,976)	595,834,225
Net change in fund balances	(10,135,952)	382,762,127	66,942,373	(5,011,790)	452,992,642
Fund balance - beginning	140,280,738	87,492,008	17,027,073	8,648,067	386,358,491
Fund balance - ending	$ 130,144,786	$ 470,254,135	$ 83,969,446	$ 3,636,277	$ 839,351,133

DENVER PUBLIC SCHOOLS

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RECONCILIATION OF THE STATMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net change in fund balance - governmental funds	$ 452,992,642
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.	168,998,384
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.	90,105,000
Amortization of premium on debt has no effect on the governmental funds, but increases the change in net position of governmental activities.	14,819,957
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.	389,654
Less:	
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.	(3,431,216)
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.	(1,207)
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.	(1,544,264)
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.	(77,149,731)
Loss on disposal of capital assets.	(2,432,865)
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.	(593,646,550)
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.	(343,610)
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.	(17,295,835)
Accrued claims	(7,184)
Increase in interest payable related to long-term liabilities.	(1,812,407)
Increase in capital lease liability	(1,253,441)
Pension Expense	(128,505,401)
Change in net position of governmental activities	$ (100,118,074)

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, 2017

	Warehouse Fund
ASSETS	
Current assets:	
Receivables	$ 54,057
Total current assets	54,057
LIABILITIES	
Current liabilities:	
Accounts payable	5,731
Due to other funds	48,326
Total current liabilities	54,057
NET POSITION	
Unrestricted	-
Total net position	$ -

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 REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2017

	Warehouse Fund
OPERATING REVENUES	
Billings to funds	$ 587,194
Other revenue	54,985
Total operating revenues	642,179
OPERATING EXPENSES	
Cost of goods:	
Purchased	79,131
Salaries and employee benefits	123,462
Purchased property services	285,503
Other purchased services	133,249
Supplies	105,507
Total operating expenses	726,852
Income (loss) before transfers	(84,673)
Transfers in	83,466
Change in net position	(1,207)
Total net position - beginning	1,207
Total net position - ending	$ -

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

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

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2017

	Warehouse Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 534,935
Payments to suppliers	(597,659)
Payments to employees	(123,462)
Payments from (to) other funds	47,735
Other receipts (payments)	54,985
Net cash provided (used) by operating activities	(83,466)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	83,466
Net cash used by non-capital financing activites	83,466
Net increase (decrease) in cash and cash equivalents	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	$ (84,673)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accounts receivable	(52,259)
Accounts payable	5,731
Due to other funds	47,735
Net cash provided (used) by operating activities	$ (83,466)

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
JUNE 30, 2017

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	$ 9,721,977	$ 2,843,724
Total assets	9,721,977	2,843,724
LIABILITIES		
Due to general fund	59,865	-
Due to student groups	-	2,843,724
Total liabilities	59,865	2,843,724
Net position held in trust	$ 9,662,112	

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, 2017

	Private Purpose Trust Fund
ADDITIONS	
Contributions:	
Employer	$ 2,640,000
Interest income	952,206
Total additions	3,592,206
DEDUCTIONS	
Medical and life insurance for retirees	2,580,601
Student scholarships	3,593
Total deductions	2,584,194
CHANGE IN NET POSITION HELD FOR:	
Change in net position	1,008,012
Net position - beginning	8,654,100
Net position - ending	$ 9,662,112

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

DENVER PUBLIC SCHOOLS

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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 blended component unit 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 Special Revenue Fund, Tuition Special Revenue Fund and the Permanent Fund.

Pupil Activity Special Revenue 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.

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) is reported at $1 net asset value per share or amortized cost.
3. Investments in external investment pool Colorado Local Government Liquid Asset Trust (COLOTRUST) is reported at $1 net asset value per share.
4. 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The District records prepaid items using the consumption method.

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, 2017 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 2016-2017 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 refunding 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. Negative unassigned fund balance may be reported in any governmental fund other than the General Fund when expenditures incurred for specific purposes exceed amounts restricted, committed or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Adoption of Accounting Principles (Implementation of New Accounting Principles)

The District implemented GASB Statement No. 77, *Tax Abatement Disclosures* (GASB 77), which requires certain new financial reporting disclosures for governments that offer tax abatements. A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The requirements of GASB 77 improve financial reporting by providing users of financial statements essential information that had not been consistently or comprehensively reported for GASB 77 defined tax abatements previously. The District does not provide tax abatements that meets GASB 77 criteria.

The District implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80) – an amendment of GASB No. 14, which establishes an additional blending requirement for the financial statement presentation of component units. The additional criterion requires reporting component unit financial statements using the blending method if the entity is organized as a non-for-profit corporation in which the primary government is the sole corporate member. The requirements of GASB 80 improve financial reporting by clarifying the financial statement presentation for certain component units.

There were no changes to the District's financial reporting as the result of these standards.

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 Obligations	5 years	100%	N/A
Federal Agency and Instrumentality Securities	5 years	100%	50%
Local Government Investment Pools	13 months	100%	50%
Money Market Mutual Funds	13 months	100%	50%
Repurchase Agreements*	5 years	100%	N/A
Commercial Paper	9 months	35%	5%
Corporate Bonds	3 years	35%	5%
Municipal Bonds	5 years	25%	5%
Non-negotiable Certificates of Deposit (Time CDs)	1 year	5%	2%
Negotiable Certificates of Deposit	3 years	35%	5%
Flexible Repurchase Agreements	5 years	100%	N/A
Guaranteed Investment Contracts	In compliance with C.R.S. 24-75-601	N/A	N/A

*other than repurchase agreements for investment of general obligation bond proceeds and certificates of deposit

As of June 30, 2017, the District investments were in compliance with the policy.

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.

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, 2017:

- Corporate Notes of $35,136,200 are valued using quoted market price (Level 1 inputs).
- U.S. Treasury securities of $117,640,937 are valued using quoted market price (Level 1 inputs).
- Federal Agency Bonds/Notes of $51,088,751 are valued using quoted market price (Level 1 inputs).
- Repurchase Agreements of $18,175,000 are valued using pricing models (Level 2 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 $10,125,950 and related carrying amount of $5,090,234.

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	24 months or more
Certificates of Deposit	$ 104,076,960	-	$ 104,076,960	-
Commercial Paper	102,997,361	-	102,997,361	-
US Treasury Bonds/Note	117,640,937	-	-	117,640,937
Corporate Note	35,136,200	-	-	35,136,200
Federal Agency Bonds/Note	51,088,751	-	-	51,088,751
External Investment Pools	225,926,395	225,926,395	-	-
Money Market Funds	234,489,848	234,489,848	-	-
Repurchase Agreements	18,175,000	-	-	18,175,000
Forward delivery Agreements				
FHLMC Discount Note	4,882,000	-	4,882,000	-
First Amer Treasury Obligations	112,895	-	112,895	-
US Treasury Bills	8,969,000	-	8,969,000	-
Retiree Life Insurance	8,715,211	8,715,211	-	-
Total	$ 912,210,558	$ 469,131,454	$ 221,038,216	$ 222,040,888

Stocks with an amount of $3,982 are the only securities without maturity.

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	$	5,090,234
Investments		912,210,558
Stocks		3,982
Total	$	917,304,774
Cash and investments per government-wide statements of net position:		
Cash and Cash equivalents	$	202,138,918
Investments		3,982
Restricted Cash and Cash Equivalents		162,985,201
Held by fiscal agent		2,886,180
Restricted Investments		536,724,792
Cash and investments per the fiduciary statements of net position:		
Private purpose trust:		9,721,977
Agency		2,843,724
Total	$	917,304,774

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.

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, 2017, 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, 2017**
Wells Fargo	Prime Investment Money Market Fund	AAAm
Wells Fargo	Heritage Money Market Fund	AAAm
MetLife	Liquidity Account	Not rated

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 $2,886,180 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 utilizes two local government investment pools for investment, when a high degree of liquidity is prudent. The two pools are the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), collectively, the Trusts. COLOTRUST is a local government investment pool with a stable net asset value and CSAFE is considered a qualifying external investment pool under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The State Securities Commissioner administers and enforces all State statutes governing the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to $1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The Trusts may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper.

A designated custodial bank serves as custodian for the Trusts' portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records segregate investments owned by the Trusts. The Trusts do not have any limitations or restrictions on participant withdrawals.

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

Concentration of credit risk as defined by the Government Accounting Standards Board is any investment that represents 5% or more of the total investments to any one issuer. The District's investments do not contain more than a 5% concentration in one issuer as of June 30, 2017.

The District's collateral securities of repurchase agreements contained concentration in Federal Security (FNMA) of $7,605,000 and US Treasury Obligations of $10,570,000 representing 0.83% and 1.16% of the total investments respectively as of June 30, 2017. 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 $552,069,960 in 2017. In 1988, 1998, 2003, 2005, 2012 and 2016 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 2017 collection year was approximately $31.7 million. The 2012 override election mill levy is fixed at 4.860 mills. This will generate $65.4 million for the 2017 property tax collection year. In future years the mill rate of 4.860 will remain fixed regardless of changes to assessed valuation. The 2016 override election mill levy is fixed at 4.052 mills. This will generate $54.5 million for the 2017 property tax collection year. In future years, the 2012 mill rate of 4.052 will be variable maxing out Denver Public Schools total mill at 25% of total program.

Deferred inflow of resources in the General Fund and ProComp Special Revenue Fund included $4,241,790 and $265,856, respectively, of property taxes at June 30, 2017. In addition, property taxes levied for the Bond Redemption Fund totaled $126,303,183 in 2017 and accounted for the entire deferred inflow of resources of $1,056,849 at June 30, 2017. 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 $8,610,032 in the governmental activities, $6,986,149 in the General Fund and $1,623,882 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, 2017. 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, 2017
Stapleton Redevelopment Plan	$ 81,799,825	$ -	$ 3,617,513	$ 78,182,312
	$ 81,799,825	$ -	$ 3,617,513	$ 78,182,312

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, 2017
National Jewish Health	$ 6,000,000	$ -	$ 750,000	$ 5,250,000
Westerly Creek	1,500,000	-	1,000,000	500,000
St. Anthony School Agreement	400,000	250,000	400,000	250,000
	$ 7,900,000	$ 250,000	$ 2,150,000	$ 6,000,000

Other Revenue

The District holds Build America Bonds comprised of 2009C, 2010A, and 2010B issuances which credits payments to issuers. During the fiscal year the District earned credits that will be paid the following fiscal year as outlined below.

Project	Beginning Balance	Earned	Received	Receivable at June 30, 2017
U.S. Treasury Subsidy	$ -	$ 2,963,679	$ -	$ 2,963,679
	$ -	$ 2,963,679	$ -	$ 2,963,679

4. INTERFUND BALANCES AND TRANSFERS

Balances of interfund receivables, payables and transfers at June 30, 2017 are as follows:

Fund	Due From	Due To	Transfer In	Transfer Out
General Fund	$ 59,865	$ 8,498,654	$ 12,969,063	$ 9,775,503
Special Revenue - Grants Fund	-	3,092,298	648,908	551,758
Special Revenue - Food Services Fund	-	6,513,069	743,200	-
Special Revenue - ProComp	-	1,986,097	-	-
Bond Redemption Fund	-	42,356	-	421,798
Building Fund	-	13,063,055	-	3,026,721
Capital Reserve Fund	29,658,895	-	3,974,119	-
Non-Major Funds				
Special Revenue - Pupil Activity Fund	3,565,487	-	4,837,680	-
Special Revenue - Tuition Fund	9,541	-	-	9,480,656
Permanent Fund	9,932	-	-	-
Internal Service Fund	-	48,326	83,466	-
Fiduciary Fund	-	59,865	-	-
	$ 33,303,720	$ 33,303,720	$ 23,256,436	$ 23,256,436

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.

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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	$	34,045,394
Special education		4,232,627
Vocational		83,439
Other		545,365
Supporting services		
Pupil support		3,430,982
Instructional support		6,738,336
General administration		409,629
School administration		4,533,239
Business services		762,050
Operation & maintenance		5,356,368
Pupil transportation		1,480,008
Central services		10,352,247
Other support services		3,002,550
Community Services		971,318
Education for adults		1,206,179
Total Depreciation Expense	$	77,149,731

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, 2016	$ 74,423,590	$ 1,515,595,181	$ 199,143,081	$ 50,868,666	$ -	$1,840,030,518
Additions	2,685,654	1,136,732	2,806,514	155,266,675	7,102,809	168,998,384
Transfers	-	60,349,138	24,456,362	(84,805,500)	-	-
Less – Retirements	(598,097)	(2,091,041)	(3,318,305)	(1,501,075)	(1,366,667)	(8,875,185)
Balance June 30, 2017	76,511,147	1,574,990,010	223,087,652	119,828,766	5,736,142	2,000,153,717
Less – Accumulated Depreciation	-	583,767,778	153,704,259	-	4,509,684	741,981,721
Ending net assets	$ 76,511,147	$ 991,222,232	$ 69,383,393	$ 119,828,766	$ 1,226,458	$1,258,171,996
Accumulated depreciation – July 1, 2016		$ 531,447,117	139,827,193.2		$ -	$ 671,274,310
Increases		54,330,341	17,034,150.1		5,785,240	77,149,731
Decreases		(2,009,680)	(3,157,084)		(1,275,556)	(6,442,320)
Accumulated depreciation – June 30, 2017		$ 583,767,778	$ 153,704,259		$ 4,509,684	$ 741,981,721

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 73.37% as of June 30, 2017. Only certificates of participation related to capital items are included below. The related outstanding debt is then calculated as follows:

Depreciated capital assets	$ 1,258,171,996
Outstanding bonds payable	1,889,552,488
Less fund balance restricted for capital	(470,254,135)
Less deferred loss of refunding	(45,528,790)
Adjusted bonds payable	1,373,769,563
Percent of capitalized assets	73.37%
Bonds payable related to capital assets	$ 1,007,934,728
Related Debt:	
Bonds payable	$ 1,007,934,728
Certificates of participation	101,589,039
Total related debt	1,109,523,767
Net investment in capital assets	$ 148,648,229

6. LONG-TERM LIABILITIES

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

	Balance June 30, 2016	Additions	Accretion of Capital Interest	Refunded/ Reductions	Balance June 30, 2017	Due Within One Year
Bonds Payable	$ 1,321,607,000	$ 466,675,000	-	$ (70,210,000)	$ 1,718,072,000	$ 49,980,000
Premiums	111,665,568	74,047,260	-	(14,232,340)	171,480,488	-
Total bonds payable	1,433,272,568	540,722,260	-	(84,442,340)	1,889,552,488	49,980,000
Certificates of participation	1,037,742,778	46,175,000	343,610	(19,895,000)	1,064,366,388	24,681,390
Premiums	6,713,984	6,749,290	-	(587,617)	12,875,657	-
Total certificates of participation	1,044,456,762	52,924,290	343,610	(20,482,617)	1,077,242,045	24,681,390
Other long-term liabilities:						
Compensated absences	17,582,377	11,730,786	-	(10,186,522)	19,126,641	2,144,705
Capital Lease Liability	-	2,271,475	-	(1,018,034)	1,253,441	456,628
Accrued Claims Liability	11,027,570	7,070,015	-	(7,062,831)	11,034,754	4,173,101
Net OPEB obligation	3,300,404	-	-	(389,654)	2,910,750	-
Net Pension Liability	733,817,579	258,656,930	-	(15,266,222)	977,208,287	-
Total other long-term liabilities	765,727,930	279,729,206	-	(33,923,263)	1,011,533,873	6,777,810
Total long-term liabilities	$ 3,243,457,260	$ 873,375,756	$ 343,610	$ (138,848,220)	$ 3,978,328,406	$ 81,439,200

Long-term liabilities at June 30, 2017 are comprised of the following:

Bonds	**Original Issuance Amount**	**Outstanding Amount**
2005A GO Refunding Bonds, varying interest rates of 5% to 5.5% payable semiannually through 2023, principal due in annual installments of $13,895,000 to $26,735,000 December 2018 through December 2023.	$ 130,290,000	$ 129,510,000
2009B GO Qualified School Construction Bonds, interest rate of 1.39% payable semiannually through 2024, principal due in annual installments of $1,600,000 to $1,762,000 and transferred to a sinking fund for principal at maturity in December 2024.	24,022,000	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	250,000,000
2009F GO Tax-Exempt Refunding Bonds, varying interest rates of 3% to 5% payable semiannually through 2023, principal due in annual installments of $2,005,000 to $3,090,000 through December 2023.	24,700,000	17,665,000
2009G GO Tax-Exempt Refunding Bonds, interest rates of 3.25% to 5% payable semiannually through 2018, principal due in annual installments of $16,040,000 through December 2018.	43,320,000	16,040,000
2010A GO Qualified School Construction Bonds, interest rate of 4.73% payable semiannually through September 2027, principal due in annual installments of $1,510,000 to $2,400,000 and transferred to a sinking fund for principal at maturity in September 2027.	29,260,000	29,260,000
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	1,545,000
2010C GO Tax-Exempt Refunding Bonds, varying interest rates of 2.5% to 5% 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	85,390,000
2012A GO Refunding Bonds, varying interest rates of 3.5% to 5% payable semiannually through 2028, principal due in installments of $16,175,000 to $21,210,000 between December 2017 and December 2028.	129,870,000	113,855,000

Bonds Continued	**Original Issuance Amount**	**Outstanding Amount**
2012B GO Tax-Exempt Bonds, varying interest rates of 3% to 4% payable semiannually through 2032, principal due in installments of $11,975,000 to $42,055,000 through December 2032.	428,600,000	249,975,000
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	16,000,000
2012D GO Taxable Refunding Bonds, varying interest rates of 1.097% to 3.154% payable semiannually through 2028, principal due in installments of $380,000 to $19,120,000 between December 2017 and December 2028.	67,220,000	27,415,000
2014A GO Bonds, varying interest rates of 5% to 5.5% payable semiannually through 2034, principal due in installments of $705,000 to $1,680,000 December 2016 through December 2034.	21,400,000	20,090,000
2014B GO Refunding Bonds, varying interest rates of 3.5% to 5% payable semiannually through 2029, principal due in installments of $16,075,000 to $21,440,000 between December 2023 and December 2029.	149,170,000	130,805,000
2016A GO Refunding Bonds, varying interest rates of 1.75% to 5% payable semiannually through 2031, principal due in installments of $405,000 to $40,715,000 between December 2020 and December 2031.	143,280,000	139,825,000
2017 GO Bonds, varying interest rates of 4% to 5% payable semiannually through 2041, principal due in installments of $11,280,000 to $32,490,000 between December 2019 and December 2041.	466,675,000	466,675,000
Premium		171,480,488
Total bonds payable		**$ 1,889,552,488**
Certificates of Participation		
1997 taxable, varying interest rates of 7.32% payable semiannually through 2017, principal due in annual installments of $917,470 in December 2017.	$ 384,167,520	$ 917,469
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	396,235,000
2013A, interest rates of 1.95% and 12% payable semiannually through 2032, principal due in annual installments of $935,000 to $4,650,000 December 2018 through December 2032.	35,195,000	35,195,000
2013B taxable, interest rates of 1.444% and 4.242% payable semiannually through 2037, principal due in annual installments of $12,435,000 to $39,020,000 through December 2037.	536,855,000	516,295,000
2013C, interest rates of 3.25% and 5% payable semiannually through 2033, principal due in annual installments of $1,000,000 to $4,965,000 December 2017 through December 2033.	58,740,000	57,790,000
2015A taxable, interest rates of 1.6% and 2% payable semiannually through 2018, principal due in annual installments of $30,000 to $165,000 through December 2018.	360,000	195,000
2015B tax-exempt, interest rates of 2% and 5% payable semiannually through 2045, principal due in annual installments of $135,000 to $525,000 through December 2045.	8,570,000	8,570,000
2017A, interest rates of 2% and 5% payable semiannually through 2030, principal due in annual installments of $980,000 to $3,965,000 December 2017 through December 2030.	32,080,000	32,080,000
2017B, interest rates of 2% and 5% payable semiannually through 2025, principal due in annual installments of $230,000 to $3,900,000 December 2017 through December 2025.	14,095,000	14,095,000
Cumulative accretion of interest on capital appreciation certificates		2,993,919
Premium		12,875,657
Total certificates of participation		**$ 1,077,242,045**

Other long-term liabilities		**Outstanding Amount**
Compensated absences payable		19,126,641
Capital lease liability		1,253,441
Accrued claims liability		11,034,754
Net OPEB obligation		2,910,750
Net Pension Liability		977,208,287
Total other long-term liabilities	**$**	**1,011,533,873**
Total long-term liabilities	**$**	**3,978,328,406**

In November of 1998, 2003, 2008, 2012 and 2016 the registered voters of Denver authorized the School District to issue $305 million, $310.8 million, $454 million, $466 and $572 million respectively, of general obligation bonds. As of June 30, 2017, substantially all previously authorized bonds had been issued. In January of 2017, the District issued general obligation bonds in the amount of $466 million out of the 2016 authorization.

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.

In May of 2017, as authorized by Board resolution, the District issued $36.2 million Certificates of Participation, Series 2017A and $14 million of Certificates of Participation, Series 2017B. The purpose of the 2017A issuance was to construct the Stapleton Park Street School, an elementary school located in the Stapleton neighborhood of Denver. The proceeds from 2017B issuance were used to purchase a school site on which Stapleton Park Street School will be built on and to help fund of the design and construction cost of a fire station near the school site to meet safety standards for DPS schools within Stapleton.

Annual requirements to maturity are as follows:

	General Obligation Bonds		Certificates of Participation	
June 30,	Principal	Interest	Principal	Interest
2018	49,980,000	78,607,609	24,681,388	52,328,165
2019	51,320,000	76,781,353	26,075,000	54,008,783
2020	64,705,000	74,181,128	29,630,000	53,020,446
2021	70,210,000	71,103,808	32,790,000	51,805,572
2022	73,250,000	67,786,216	34,730,000	50,407,268
2023-2027	441,662,000	279,937,983	220,310,000	223,778,448
2028-2032	538,395,000	164,314,101	277,045,000	159,311,894
2033-2037	279,280,000	57,922,225	337,445,000	70,873,612
2038-2042	149,270,000	16,674,200	79,705,000	2,898,977
2043-2046	-	-	1,955,000	201,375
Total	$ 1,718,072,000	$ 887,308,623	$ 1,064,366,388	$ 718,634,541

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 Certificates 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, 2013C, 2017A and 2017B 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 ending fund balance of $470,254,135 is from the issuance of Series 2009A, 2009C, 2010A, 2012B, 2012C, 2014A and 2017 general obligation bonds and related interest earnings. At June 30, 2017, the School District had capital expenditure purchase commitments outstanding of $95,658,311.

Capital Lease Obligations

In accordance with generally accepted accounting principles, the leases have been capitalized at the present value of future minimum lease payments and the assets are reflected in the government-wide financial statements and as of June 30, 2017 were:

	Original Lease Amount	Outstanding Amount
Garage Equipment, interest rate of 3.03% payable semiannually through January 15, 2020	$ 137,543	$ 137,543
Ricoh Copiers, imputed interest rate of 3.50% payable in monthly installments through October 15, 2017	1,264,227	258,534
Ricoh Copiers, interest rate of 6.39% payable in monthly installments through May 30, 2022	869,705	857,364
Total Capital Lease	$ 2,271,475	$ 1,253,441

Annual debt service requirements to maturity for capital leases are as follows:

June 30,	Principal	Interest
2018	$ 456,628	$ 55,242
2019	209,092	42,725
2020	221,239	30,578
2021	185,620	18,044
2022	180,862	5,830
Total	$ 1,253,441	$ 152,419

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.

Defeasance of General Obligation Bonds

In prior years, the District advance refunded a portion of the District's Series 2004A, 2004C, 2009A and 2012B 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, 2017 $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, $8,890,313 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 2017 is $2,144,705 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 $258,500,000 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, 2016 Balance	Borrowed	Repayment	June 30, 2017 Balance
$0	$ 258,500,000	$ 258,500,000	$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 five 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 two percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of two 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 eight percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
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	(15.54%)	(14.56%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.50%	5.00%
Total Employer Contribution Rate to the DPS Division	2.59%	4.07%

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 $19,390,936 and $2,794,908, respectively, for the year ended June 30, 2017.

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

At June 30, 2017 the District reported a liability of $977,208,287 for its proportionate share of the net pension liability and the component units reported an aggregate liability of $118,263,713. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the DPS Division for the calendar year 2016 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2016, the District's proportion was 89.20 percent, which is a decrease of 1.00 percent from its proportion measured as of December 31, 2015. The component unit's aggregate proportion was 10.80 percent at December 31, 2016, which is an increase of 1.00 percent from the proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $147,858,181 and the component units recognized pension expense of $21,360,190. At June 30, 2017, 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	$ 125,445,351	$ -
Contributions subsequent to the measurement date	11,377,400	-
Difference between expected and actual experience	24,528,510	(2,049,915)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(9,774,658)
Changes of assumptions or other inputs	143,823,224	(60,974,717)
Total	$ 305,174,485	$ (72,799,290)

At June 30, 2017, the District's component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (the table below does include charter schools closed during the year and as such will not agree to the charter school information included within Note 14):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 15,222,488	$ -
Contributions subsequent to the measurement date	1,642,619	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,475,607	(3,755,300)
Difference between expected and actual experience	2,988,342	(244,449)
Changes of assumptions or other inputs	17,405,779	(7,428,648)
Total	$ 52,734,835	$ (11,428,397)

There was $11,377,400 reported as deferred outflows of resources related to pensions for the District and $1,642,619 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 2018. 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:	
2018	$ 68,413,711
2019	68,413,711
2020	59,340,088
2021	24,830,285
Total	$ 220,997,795

Component units	
Year ended:	
2018	$ 12,614,344
2019	12,520,703
2020	10,789,936
2021	3,637,222
2022	101,614
Total	$ 39,663,819

***Actuarial assumptions* -** The total pension liability in the December 31, 2015 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
Discount rate	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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
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 used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the DPS Division, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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 18, 2016 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**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

Discount rate **-** The discount rate used to measure the total pension liability was 7.25 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:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

- 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 3.50%.

- 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 and effective as of the measurement date, 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 assumptions and methods, 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 of 7.25 percent 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, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2015	$ 3,920,864,000	$ 3,107,329,000	$ 813,535,000
Changes for the year:			
Service cost	85,988,000	-	85,988,000
Interest	283,862,000	-	283,862,000
Differences between expected and actual experience	(2,839,000)	-	(2,839,000)
Changes of assumptions or other inputs	205,645,000	-	205,645,000
Contributions - employer	-	17,071,000	(17,071,000)
Contributions - employee	-	54,852,000	(54,852,000)
Net investment income	-	218,415,000	(218,415,000)
Benefit payments, including refunds of employee contributions	(272,071,000)	(272,071,000)	-
Administrative expense	-	(2,754,000)	2,754,000
Other changes	-	3,135,000	(3,135,000)
Net changes	300,585,000	18,648,000	281,937,000
Balances at 12/31/2016	$ 4,221,449,000	$ 3,125,977,000	$ 1,095,472,000

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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Proportionate share of the net pension liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District	$1,429,238,661	$ 977,208,287	$ 603,864,146
Component Units	172,969,339	118,263,713	73,080,854

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, 2016. These numbers include all recipients and members for the DPS Division, including those from the District's component units.

Classification	**Members**
Retirees and beneficiaries	6,941
Terminated employees entitled to benefits but not yet receiving benefits	1,374
Inactive members	9,545
Active members	
Vested general employees	6,890
Non-vested general employees	9,060
Total Actives	15,950
Total	33,810

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 years ending 2017, 2016 and 2015, Program members contributed $2,611,561, $2,528,155 and $2,125,881, respectively, 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 2017, 2016 and 2015, the District's contributions to the DPS HCTF were $6,725,338, $6,389,748 and $6,026,646, 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, 2016, the date of the latest actuarial valuation:

Number Retired	3,290
Number Disabled	153
Total	3,443

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 $3,181,488 for fiscal year ending June 30, 2017 based on the most recent actual valuation report dated July 1, 2016. The district's Board of Education determines the annual contribution through the budgeting process. The District's current annual contribution amount is budgeted at $2,640,000, with total contribution of $3,361,044, including $721,044 in dividends received for the fiscal year ended June 30, 2017. Plan participants do not make contributions to the plan. In prior years, the general fund has been used to pay down the net plan 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	$ 3,073,901
Interest on Amortization	107,587
Annual Required Contribution	3,181,488
Interest on Net OPEB Obligation	115,514
Adjustment to ARC	(325,612)
Annual OPEB Cost	2,971,390
Employer Contributions	(3,361,044)
Increase in Net OPEB Obligation	(389,654)
Net OPEB Obligation - June 30, 2016	3,300,404
Net OPEB Obligation - June 30, 2017	$ 2,910,750

The district's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation or asset for 2017, 2016, and 2015, 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, 2017	$ 2,910,750	$ 3,181,488	$ 2,971,390	$ 3,361,044	113.11%
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%

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, 2016	$ 7,717,187	$ 38,874,244	$ 31,157,057	19.85%

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 (12.2 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 adjusted to 2006 Headcount-Weighted Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (b) life expectancy participants obtained from the RP-2014 adjusted to 2006 Headcount-Weighted Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (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 92,000 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, 2017 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, 2017 is $8,921,634 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 $11,034,754 as of June 30, 2017.

Fiscal Year Ended	Beginning Liability	Current Year Claims and Change In Estimate	Claim Payments	Ending Liability
June 30, 2016	$10,856,466	$6,794,170	$6,623,066	$11,027,570
June 30, 2017	11,027,570	7,070,015	7,062,831	11,034,754

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 $2,936,816 for fiscal year 2017. RMSEL's special education services paid $112,423 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 20, 3017 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, 2017, the District reported a deficit net position of $1,357,144,789 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.

As of June 30, 2017 encumbrances for governmental funds were:

Fund	Encumbrances
General	$ 19,093,835
Special Revenue - Grants	5,687,934
Special Revenue - Food Service	236,546
Building	95,658,311
Capital Reserve	37,480,498
Non-Major Funds	21,356
Total	$ 158,178,480

The District leases office facilities, educational facilities, warehouse, parking and office equipment under non-cancellable operating leases. Total expense for such facilities and equipment was $4,437,484 for the fiscal year ended June 30, 2017. The future minimum operating lease obligations as of June 30, 2017 were as follows:

Year	Governmental Activities
2018	$ 3,414,543
2019	2,155,287
2020	1,121,441
2021	1,108,872
2022	1,069,882
2023 - 2027	2,783,473
2028 - 2032	808,172
2033	180,153
Total	$ 12,641,823

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 2017, fiscal year spending was $1,060,059,535, and the 3% emergency reserve was $31,801,786, which excludes multi-year obligations of $134,759. 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 $27,033,570 equal to 3% of budgeted general fund revenues.

14. COMPONENT UNITS

The District has 30 component units consisting of two blended component units and 28 discretely presented component units.

Change in Reporting Entity

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

Blended Component Units

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.

Denver Public Schools Professional Compensation System for Teachers

The Denver Public Schools Professional Compensation System (“ProComp”) was established following the approval of the 2005 Mill Levy Override as a groundbreaking compensation system that links teacher pay to the instructional mission of the District. Designed in a partnership between the Denver Classroom Teachers Association (DCTA) and the District, ProComp has received national attention because it rewards teachers for their professional accomplishments while linking pay to student achievement. The financial information of ProComp is blended with that of the primary government, which is why ProComp 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. Programs administered by the foundation provide a financial benefit to the District in the form of grants, scholarships and special projects which support innovative classroom initiatives and enhance the educational opportunities of District students and staff. In addition, donations to the foundation support various educational programs within the District. Even though the foundation is a separate legal entity and the District is not financially accountable for the foundation, the foundation’s financial statements are included as part of the District’s financial reporting entity because of the nature and significance of the relationship between the primary government and the foundation. The foundation solicits donations and manages those funds for the benefit of the students and District.

Complete financial statements for this component unit may be obtained from 1860 Lincoln St, Denver, CO 80203.

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 27 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
- ACE Community Challenge School, 948 Santa Fe Drive, Denver, CO 80204
- 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
- Denver Language School, 451 Newport Street, Denver, CO 80220
- Denver Justice High School, 300 E. 9th Avenue, Denver, CO 80203
- Downtown Denver Expeditionary School, 1860 Lincoln Street, Denver CO 80295
- DSST Public Schools, 3401 Quebec St., Suite 7200, Denver, CO 80207
- Girls Athletic Leadership Schools, 750 Galapago Street, Denver CO 80204
- Highline Academy Schools, 2170 S. Dahlia Street, Denver, CO 80222
- 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
- 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 Charter School, 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 Preparatory Schools, 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.

Change in Reporting Entity

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	$	(10,342,649)
Less:		
Ending net position from charter schools presented in the prior report but not in this report:		
Pioneer Charter School		(2,035,524)
Add:		
Beginning net position for charter management organizations and new schools included in this report but not in the prior report: *		
DSST		43,365,304
University Prep Schools		973,364
Prior period adjustment, net		46,374,192
Beginning net position (deficit), restated	$	36,031,543

* Colorado Senate Bill 16-187 allows a charter school network to meet the statutory requirement for charter school financial audits by completing a single network-wide audit that includes each of the charter schools in the network. DSST and University Prep Schools have both implemented this senate bill effective for the fiscal year ended June 30, 2017. Additionally, each has added new schools to their network. DSST Public School Foundation was formed in 2011 to provide philanthropic support to DSST schools but the Foundation had been inactive prior to fiscal year 2017. DSST also added 3 new schools at Henry Middle School, Conservatory Green High School and Byers High School. University Prep added the Steele Street School this year and submitted a combined audit report with Arapahoe Street School and a home office.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Component Unit Net Position Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	ACE Community Challenge School	Cesar Chavez Academy Denver
ASSETS					
Assets:					
Cash and investments	$ 11,494,789	$ 518,026	$ 405,210	$ 469,418	$ 1,818,047
Restricted cash	-	-	-	-	1,066,127
Receivables:					
Accounts	-	29,248	70,115	20,065	36,150
Grants	-	-	-	-	134,614
Other	455,017	-	-	-	-
Due from CMO	-	-	-	-	-
Prepaid items	-	40,559	2,094	25,971	3,953
Restricted investments	1,853,287	-	-	-	-
Inventory	-	-	-	-	-
Deposits	-	-	-	-	-
Capital assets, net	3,750	545,736	22,799	-	5,223,843
Total assets	13,806,843	1,133,569	500,218	515,454	8,282,734
Deferred Outflows of Resources					
Related to Pensions	-	607,765	366,299	526,303	776,429
LIABILITIES					
Liabilities:					
Accounts payable	32,862	3,917	2,405	-	193
Due to CMO	-	-	-	-	-
Grants payable	6,028,744	-	-	-	-
Accrued interest	-	-	-	-	217,351
Accrued payroll	-	-	55,054	400	-
Compenstated absences	-	-	-	-	-
Accrued liabilities	-	-	-	25,157	37,306
Deposits	-	-	-	-	-
Deferred revenue	-	31,762	-	-	-
Noncurrent liabilities:					
Due within one year	-	39,267	-	-	80,000
Due in more than one year	-	1,676,705	1,155,389	1,663,535	8,530,759
Total liabilities	6,061,606	1,751,651	1,212,848	1,689,092	8,865,609
Deferred Inflows of Resources					
Deferred Gain on Sale	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Related to Pensions	-	82,670	126,685	107,289	513,308
Total Deferred inflows of resources	-	82,670	126,685	107,289	513,308
NET POSITION					
Net investment in capital assets	-	111,579	22,799	-	(1,081,157)
Restricted for:					
Capital outlay	-	-	2,383	-	-
Emergencies	-	54,000	35,000	220,958	103,000
Debt Service	-	-	-	-	848,776
Donor-Designated purposes	4,822,285	-	-	45,138	-
Unrestricted (deficit)	2,922,952	(258,566)	(533,198)	(1,020,720)	(190,373)
Total net position	$ 7,745,237	$ (92,987)	$ (473,016)	$ (754,624)	$ (319,754)

A: Charter expired June 30, 2016
B: Combined report for network of schools

Colorado High School	Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Subtotal
$ 1,384,949	$ 65,344	$ 155,404	$ 1,615,975	$ 1,119,517	$ 40,531,659	$ 59,578,338
13,035	-	-	-	-	156,199	1,235,361
24,886	-	66,757	184,686	5,331	1,514,974	1,952,212
-	225,398	-	-	-	-	360,012
-	-	-	-	-	9,665,453	10,120,470
-	-	-	-	-	-	-
-	1,304	900	53,712	41,309	221,532	391,334
-	-	-	-	-	-	1,853,287
-	-	-	-	-	-	-
61,453	-	-	-	-	-	61,453
3,140,933	18,143	2,033	90,434	152,600	954,004	10,154,275
4,625,256	310,189	225,094	1,944,807	1,318,757	53,043,821	85,706,742
699,843	1,161,400	390,823	1,917,208	1,690,530	-	8,136,600
116,059	7,142	32,156	91,705	20,569	996,551	1,303,559
-	-	-	-	-	-	-
-	-	-	-	-	-	6,028,744
8,752	-	-	-	-	-	226,103
158,862	63,742	39,864	343,632	116,352	2,810,927	3,588,833
31,060	-	-	-	-	-	31,060
-	920	-	-	-	-	63,383
-	-	-	-	-	-	-
-	7,203	-	75,400	297,479	-	411,844
41,382	-	-	-	-	-	160,649
3,589,042	1,555,046	1,223,061	4,593,696	3,074,827	-	27,062,060
3,945,157	1,634,053	1,295,081	5,104,433	3,509,227	3,807,478	38,876,235
					-	
-	-	-	-	-	168,400	168,400
-	-	-	-	-	156,199	156,199
106,953	77,691	109,677	296,268	198,310	-	1,618,851
106,953	77,691	109,677	296,268	198,310	324,599	1,943,450
-	18,143	2,033	90,434	152,600	954,004	270,435
-	-	-	8,492	-	-	10,875
100,926	72,000	43,000	114,000	115,000	1,448,187	2,306,071
-	-	-	-	-	-	848,776
55,472	-	-	-	-	22,201,302	27,124,197
1,116,591	(330,298)	(833,874)	(1,751,612)	(965,850)	24,308,251	22,463,303
$ 1,272,989	$ (240,155)	$ (788,841)	$ (1,538,686)	$ (698,250)	$ 48,911,744	$ 53,023,657
					B	

Component Unit Net Position Information	Girls Athletic Leadership Schools	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver	Odyssey School of Denver
ASSETS					
Assets:					
Cash and investments	$ 822,649	$ 2,057,799	$ 5,923,672	$ 419,590	$ 807,309
Restricted cash	-	935,722	-	963,045	-
Receivables:					
Accounts	101,966	1,903	-	86,174	929
Grants	-	-	820,294	-	31,122
Other	-	-	158,882	-	-
Due from CMO	-	-	-	-	-
Prepaid items	24,760	20,624	210,012	76,728	19,749
Restricted investments	-	-	-	-	-
Inventory	-	11,748	-	-	568
Deposits	-	-	-	-	-
Capital assets, net	35,889	6,188,487	378,258	11,152,315	112,951
Total assets	985,264	9,216,283	7,491,118	12,697,852	972,628
Deferred Outflows of Resources					
Related to Pensions	1,899,089	2,603,260	6,858,228	834,077	591,747
LIABILITIES					
Liabilities:					
Accounts payable	29,150	15,539	461,748	50,550	24,512
Due to CMO	-	-	-	-	-
Grants payable	-	-	-	-	-
Accrued interest	-	-	-	28,453	-
Accrued payroll	113,557	-	-	79,194	-
Compenstated absences	-	-	-	-	-
Accrued liabilities	-	4,770	381,323	-	238
Deposits	-	500	-	-	-
Deferred revenue	29,229	66,222	144,327	70,562	-
Noncurrent liabilities:					
Due within one year	-	125,000	-	120,000	-
Due in more than one year	3,642,222	13,814,600	15,296,531	10,756,694	1,846,416
Total liabilities	3,814,158	14,026,631	16,283,929	11,105,453	1,871,166
Deferred Inflows of Resources					
Deferred Gain on Sale	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Related to Pensions	234,903	392,100	986,543	132,968	211,036
Total Deferred inflows of resources	234,903	392,100	986,543	132,968	211,036
NET POSITION					
Net investment in capital assets	35,889	(735,791)	378,258	2,428,862	112,951
Restricted for:					
Capital outlay	-	-	89,674	-	-
Emergencies	110,000	243,000	615,599	68,000	67,000
Debt Service	-	-	-	-	-
Donor-designated purposes	-	-	-	-	-
Unrestricted (deficit)	(1,310,597)	(2,106,397)	(4,004,657)	(203,354)	(697,778)
Total net position	$ (1,164,708)	$ (2,599,188)	$ (2,921,126)	$ 2,293,508	$ (517,827)

A: Charter expired June 30, 2016
B: Combined report for network of schools

Omar D. Blair Charter School	Pioneer Charter School	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Subtotal
$ 1,391,044	$ -	$ 68,207	$ 1,103,896	$ 154,482	$ 3,117,329	$ 15,865,977
-	-	-	-	-	207,767	2,106,534
18,081	-	14,520	294,420	-	697,688	1,215,681
-	-	-	48,337	99,404	-	999,157
-	-	-	-	-	-	158,882
439,272	-	-	-	-	350,673	789,945
-	-	8,717	5,320	6,616	69,183	441,709
-	-	-	-	-	-	-
-	-	-	-	-	-	12,316
-	-	-	-	5,704	-	5,704
152,692	-	-	16,518	22,127	146,151	18,205,388
2,001,089	-	91,444	1,468,491	288,333	4,588,791	39,801,293
1,654,280	-	906,262	-	870,610	2,929,097	19,146,650
12,415	-	7,488	200,621	21,190	134,573	957,786
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	28,453
-	-	-	-	-	-	192,751
-	-	-	-	-	-	-
-	-	-	-	-	-	386,331
-	-	-	-	-	-	500
-	-	-	-	-	6,933	317,273
-	-	-	12,324	-	-	257,324
4,895,847	-	1,380,316	-	1,163,365	6,025,849	58,821,840
4,908,262	-	1,387,804	212,945	1,184,555	6,167,355	60,962,258
-	-	-	-	-	-	-
-	-	-	-	-	-	-
357,867	-	89,023	-	85,827	388,635	2,878,902
357,867	-	89,023	-	85,827	388,635	2,878,902
152,692	-	-	16,518	22,127	146,151	2,557,657
-	-	-	-	-	-	89,674
230,000	-	38,000	62,349	46,000	207,767	1,687,715
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,993,452)	-	(517,121)	1,176,679	(179,566)	607,980	(9,228,263)
$ (1,610,760)	$ -	$ (479,121)	$ 1,255,546	$ (111,439)	$ 961,898	$ (4,893,217)
	A					

Component Unit Net Position Information	ROOTS Elementary School	SOAR Charter School	Southwest Early College	STRIVE Preparatory Schools	University Preparatory Schools
ASSETS					
Assets:					
Cash and investments	$ 308,171	$ 798,187	$ 755,491	$ 7,284,814	$ 2,181,282
Restricted cash	278,553	-	-	-	-
Receivables:					
Accounts	1,190	-	-	627,807	22,871
Grants	323,820	-	46,218	160,091	-
Other	-	-	-	-	-
Due from CMO	-	-	-	-	-
Prepaid items	813	8,745	99	263,693	52,708
Restricted investments	-	-	-	-	-
Inventory	-	-	-	70,941	39,507
Deposits	-	-	-	-	-
Capital assets, net	5,407,497	-	6,716	-	29,170
Total assets	6,320,044	806,932	808,524	8,407,346	2,325,538
Deferred Outflows of Resources					
Related to Pensions	762,393	1,207,149	367,385	16,334,880	4,165,853
LIABILITIES					
Liabilities:					
Accounts payable	33,713	3,280	3,244	1,023,235	27,248
Due to CMO	-	-	-	-	-
Grants payable	-	-	-	-	-
Accrued interest	55,320	-	-	-	-
Accrued payroll	-	118,448	43,498	-	3,194
Compenstated absences	-	-	-	-	-
Accrued liabilities	9,432	-	16,279	494,275	-
Deposits	-		-	-	-
Deferred revenue	-	-	-	104,250	-
Noncurrent liabilities:					
Due within one year	-	-	-	381,781	-
Due in more than one year	6,880,741	3,824,428	973,876	36,927,125	6,447,369
Total liabilities	6,979,206	3,946,156	1,036,897	38,930,666	6,477,811
Deferred Inflows of Resources					
Deferred Gain on Sale	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Related to Pensions	74,896	1,810,191	414,731	2,381,599	415,821
Total Deferred inflows of resources	74,896	1,810,191	414,731	2,381,599	415,821
NET POSITION					
Net investment in capital assets	(284,214)	-	6,716	-	29,170
Restricted for:					
Capital outlay	4,871	2,683	-	-	-
Emergencies	55,000	125,000	44,000	1,125,443	180,500
Debt Service	218,362	-	-	-	-
Donor-designated purposes	-	-	-	-	-
Unrestricted (deficit)	34,316	(3,869,949)	(326,435)	(17,695,482)	(611,911)
Total net position	$ 28,335	$ (3,742,266)	$ (275,719)	$ (16,570,039)	$ (402,241)
					B

A: Charter expired June 30, 2016
B: Combined report for network of schools

Venture Prep High School	Wyatt Academy	Total
$ 478,654	$ 1,352,366	$ 88,603,280
-	-	3,620,448
4,854	37,885	3,862,500
-	179,061	2,068,359
-	-	10,279,352
-	-	789,945
12,845	-	1,171,946
-	-	1,853,287
2,110	-	124,874
-	-	67,157
34,540	1,755,590	35,593,176
533,003	3,324,902	148,034,324
664,475	1,396,735	52,182,120
2,189	43,418	3,397,672
-	-	-
-	-	6,028,744
-	7,031	316,907
86,296	174,121	4,207,141
-	-	31,060
-	70,934	1,040,634
-	-	500
-	-	833,367
-	96,294	896,048
2,109,602	4,578,213	147,625,254
2,198,087	4,970,011	164,377,327
-	-	168,400
-	-	156,199
315,101	715,865	10,625,957
315,101	715,865	10,950,556
34,540	1,130,622	3,744,926
4,655	-	112,758
65,655	136,000	5,725,384
-	-	1,067,138
-	-	27,124,197
(1,420,560)	(2,230,861)	(12,885,842)
$ (1,315,710)	$ (964,239)	$ 24,888,561

Component Unit Activities Information	Denver Public Schools Foundation	Academy 360	Academy of Urban Learning	ACE Community Challenge School	Cesar Chavez Academy Denver
Expenses:					
Instruction	$ -	$ 552,986	$ 609,116	$ 419,098	$ 1,419,195
Supporting services	-	1,166,460	841,827	1,280,941	1,066,483
Depreciation	-	-	-	-	-
Interest	-	29,250	-	-	-
Program services	8,092,638	-	-	-	-
Facilities	-	-	-	-	509,700
Technology	-	-	-	-	-
Fundraising	712,133	-	-	-	-
School administration	-	-	-	-	-
Management and general	558,980	-	-	-	-
Total expenses	9,363,751	1,748,696	1,450,943	1,700,039	2,995,378
Program revenues:					
Operating/capital grants and contributions	8,089,707	-	-	-	-
Total program revenues	8,089,707	-	-	-	-
Net program expense	(1,274,044)	(1,748,696)	(1,450,943)	(1,700,039)	(2,995,378)
General revenues:					
Per pupil revenue	-	1,430,908	768,220	1,183,704	2,530,478
Capital construction funding	-	-	-	42,759	90,433
Property tax mill levy override	-	333,661	383,065	510,111	527,339
Investment earnings	222,149	-	-	113	1,179
Interest income	-	280	1,655	-	-
Unrestricted grants and contributions	1,209,688	-	-	-	-
At-risk supplemental aid	-	-	-	-	3,506
Other	-	-	26,469	901	34,592
Transfers	108,000	-	-	-	-
Total general revenues	1,539,837	1,764,849	1,179,409	1,737,588	3,187,527
Change in net position	265,793	16,153	(271,534)	37,549	192,149
Net position - beginning	7,479,444	(109,140)	(201,482)	(792,173)	(511,903)
Change in reporting entity	-	-	-	-	-
Net position - beginning, as restated	7,479,444	(109,140)	(201,482)	(792,173)	(511,903)
Net position - ending	$ 7,745,237	$ (92,987)	$ (473,016)	$ (754,624)	$ (319,754)

A: Charter expired June 30, 2016
B: Combined report for network of schools

Colorado High School	Compass Academy	Denver Justice High School	Denver Language School	Downtown Denver Expeditionary School	DSST Public Schools	Subtotal
$ 1,184,194	$ 1,550,960	$ 849,944	$ 3,709,307	$ 2,443,388	$ 27,105,152	$ 39,843,340
1,647,976	1,222,197	609,929	2,217,059	1,159,838	22,281,804	33,494,514
-	-	-	-	-	-	-
63,961	-	-	-	-	-	93,211
-	-	-	-	-	-	8,092,638
-	-	-	-	-	-	509,700
-	-	-	-	-	-	-
-	-	-	-	-	-	712,133
-	-	-	-	-	-	-
-	-	-	-	-	-	558,980
2,896,131	2,773,157	1,459,873	5,926,366	3,603,226	49,386,956	83,304,516
-	-	-	-	-	-	8,089,707
-	-	-	-	-	-	8,089,707
(2,896,131)	(2,773,157)	(1,459,873)	(5,926,366)	(3,603,226)	(49,386,956)	(75,214,809)
2,141,578	1,726,229	919,916	4,795,496	2,744,240	36,679,419	54,920,188
-	25,058	-	-	-	-	158,250
1,074,816	314,601	435,428	792,034	457,144	7,022,007	11,850,206
-	37	-	-	-	-	223,478
14,233	-	9	1,327	-	80,075	97,579
-	272,733	-	-	-	-	1,482,421
-	3,124	-	-	-	-	6,630
18,274	11,830	32,763	-	101,583	4,486,981	4,713,393
-	-	-	-	-	-	108,000
3,248,901	2,353,612	1,388,116	5,588,857	3,302,967	48,268,482	73,560,145
352,770	(419,545)	(71,757)	(337,509)	(300,259)	(1,118,474)	(1,654,664)
920,219	179,390	(717,084)	(1,201,177)	(397,991)	6,664,914	11,313,017
-	-	-	-	-	43,365,304	43,365,304
920,219	179,390	(717,084)	(1,201,177)	(397,991)	50,030,218	54,678,321
$ 1,272,989	$ (240,155)	$ (788,841)	$ (1,538,686)	$ (698,250)	$ 48,911,744	$ 53,023,657
					B	

Component Unit Activities Information	Girls Athletic Leadership Schools	Highline Academy Schools	KIPP Colorado Schools	Monarch Montessori of Denver	Odyssey School of Denver
Expenses:					
Instruction	$ 2,448,463	$ 5,156,902	$ 9,887,125	$ 1,240,656	$ 1,407,534
Supporting services	1,426,973	2,475,439	10,378,197	973,273	871,267
Depreciation	-	-	-	-	-
Interest	-	571,450	-	455,234	-
Program services	-	-	-	-	-
Facilities	-	-	-	-	-
Technology	-	-	-	-	-
Fundraising	-	-	-	-	-
School administration	-	-	-	-	-
Management and general	-	-	-	-	-
Total expenses	3,875,436	8,203,791	20,265,322	2,669,163	2,278,801
Program revenues:					
Operating/capital grants and contributions	-	-	-	-	-
Total program revenues	-	-	-	-	-
Net program expense	(3,875,436)	(8,203,791)	(20,265,322)	(2,669,163)	(2,278,801)
General revenues:					
Per pupil revenue	3,029,130	5,840,768	13,911,397	1,658,105	1,714,680
Capital construction funding	-	-	-	-	34,243
Property tax mill levy override	532,527	1,113,082	3,053,662	378,221	274,009
Investment earnings	-	-	1,513	-	3,512
Interest income	1,278	2,336	-	12,297	-
Unrestricted grants and contributions	-	-	1,840,288	-	145,871
At-risk supplemental aid	-	-	-	-	797
Other	-	870,209	397,966	-	872
Transfers	-	-	-	-	-
Total general revenues	3,562,935	7,826,395	19,204,826	2,048,623	2,173,984
Change in net position	(312,501)	(377,396)	(1,060,496)	(620,540)	(104,817)
Net position - beginning	(852,207)	(2,221,792)	(1,860,630)	2,914,048	(413,010)
Change in reporting entity	-	-	-	-	-
Net position - beginning, as restated	(852,207)	(2,221,792)	(1,860,630)	2,914,048	(413,010)
Net position - ending	$ (1,164,708)	$ (2,599,188)	$ (2,921,126)	$ 2,293,508	$ (517,827)

A: Charter expired June 30, 2016
B: Combined report for network of schools

Omar D. Blair Charter School	Pioneer Charter School	REACH Charter School	Ridge View Academy	RiseUp Community School	Rocky Mountain Preparatory Schools	Subtotal
$ 4,539,367	$ -	$ 920,586	$ 1,224,789	$ 854,286	$ 8,029,934	$ 35,709,642
-	-	647,397	698,237	920,008	2,037,470	20,428,261
10,491	-	-	-	-	-	10,491
-	-	-	-	-	-	1,026,684
-	-	-	-	-	-	-
982,651	-	-	-	-	-	982,651
343,046	-	-	-	-	-	343,046
-	-	-	-	-	-	-
1,933,415	-	-	-	-	-	1,933,415
-	-	-	-	-	-	-
7,808,970	-	1,567,983	1,923,026	1,774,294	10,067,404	60,434,190
561,937	-	-	-	-	-	561,937
561,937	-	-	-	-	-	561,937
(7,247,033)	-	(1,567,983)	(1,923,026)	(1,774,294)	(10,067,404)	(59,872,253)
5,937,736	-	375,290	1,568,942	944,125	5,271,714	40,251,887
-	-	-	-	33,597	-	67,840
1,167,005	-	387,175	688,224	435,460	1,333,541	9,362,906
-	-	170	260	-	3,567	9,022
-	-	-	-	-	-	15,911
-	-	54,000	5,459	174,843	2,253,978	4,474,439
-	-	-	94,363	1,399	-	96,559
155,448	-	389,494	22,813	818	1,631,483	3,469,103
-	-	-	-	-	-	-
7,260,189	-	1,206,129	2,380,061	1,590,242	10,494,283	57,747,667
13,156	-	(361,854)	457,035	(184,052)	426,879	(2,124,586)
(1,623,916)	(2,035,524)	(117,267)	798,511	72,613	535,019	(4,804,155)
-	2,035,524	-	-	-	-	2,035,524
(1,623,916)	-	(117,267)	798,511	72,613	535,019	(2,768,631)
$ (1,610,760)	$ -	$ (479,121)	$ 1,255,546	$ (111,439)	$ 961,898	$ (4,893,217)
	A					

Component Unit Activities Information	ROOTS Elementary School	SOAR Charter School	Southwest Early College	STRIVE Preparatory Schools	University Preparatory Schools
Expenses:					
Instruction	$ 923,108	$ 2,546,309	$ 593,728	$ 19,692,394	$ 3,694,268
Supporting services	1,389,427	1,251,400	744,988	22,797,514	2,198,586
Depreciation	-	-	-	-	-
Interest	-	-	-	3,750	-
Program services	-	-	-	-	-
Facilities	394,673	-	-	-	-
Technology	-	-	-	-	-
Fundraising	-	-	-	-	-
School administration	-	-	-	-	-
Management and general	-	-	-	-	-
Total expenses	2,707,208	3,797,709	1,338,716	42,493,658	5,892,854
Program revenues:					
Operating/capital grants and contributions	-	-	-	-	-
Total program revenues	-	-	-	-	-
Net program expense	(2,707,208)	(3,797,709)	(1,338,716)	(42,493,658)	(5,892,854)
General revenues:					
Per pupil revenue	1,004,957	3,291,931	1,091,467	27,139,939	4,275,329
Capital construction funding	35,929	-	39,427	-	-
Property tax mill levy override	302,326	758,248	254,223	5,551,745	1,034,940
Investment earnings	688	1,807	47	52,787	-
Interest income	-	-	-	-	-
Unrestricted grants and contributions	1,040,848	-	1,000	2,873,591	-
At-risk supplemental aid	1,269	-	18,297	-	-
Other	-	47,310	835	559,334	34,939
Transfers	-	-	-	-	-
Total general revenues	2,386,017	4,099,296	1,405,296	36,177,396	5,345,208
Change in net position	(321,191)	301,587	66,580	(6,316,262)	(547,646)
Net position - beginning	349,526	(4,043,853)	(342,299)	(10,253,777)	(827,959)
Change in reporting entity	-	-	-	-	973,364
Net position - beginning, as restated	349,526	(4,043,853)	(342,299)	(10,253,777)	145,405
Net position - ending	$ 28,335	$ (3,742,266)	$ (275,719)	$ (16,570,039)	$ (402,241)
					B

A: Charter expired June 30, 2016
B: Combined report for network of schools

Venture Prep High School	Wyatt Academy	Total
$ 1,261,433	$ 2,523,339	$ 106,787,561
1,196,129	1,865,786	85,366,605
-	-	10,491
-	-	1,123,645
-	-	8,092,638
-	-	1,887,024
-	-	343,046
-	-	712,133
-	-	1,933,415
-	-	558,980
2,457,562	4,389,125	206,815,538
-	-	8,651,644
-	-	8,651,644
(2,457,562)	(4,389,125)	(198,163,894)
1,607,406	3,274,860	136,857,964
-	117,143	418,589
376,496	744,423	30,235,513
-	-	287,829
265	-	113,755
-	11,335	9,883,634
-	137,727	260,482
24,025	6,207	8,855,146
-	-	108,000
2,008,192	4,291,695	187,020,912
(449,370)	(97,430)	(11,142,982)
(866,340)	(866,809)	(10,342,649)
-	-	46,374,192
(866,340)	(866,809)	36,031,543
$ (1,315,710)	$ (964,239)	$ 24,888,561

15. SUBSEQUENT EVENTS

On July 6, 2017, Denver Public Schools purchased approximately 10 acres of land for $7,041,615. This land will be developed into a new elementary school in the Stapleton area and will hold approximately 800 to 850 students. There were be three Early Childhood Education classrooms as well as five classrooms per grade from kindergarten through fifth grade. The school is expected to be completed and open for the fall of 2018.

On October 17, 2017, Denver Public Schools purchased the land and building located at 11200 E 45th Avenue for $11.1 million. This purchase will allow the District to provide a school for the growing population in the northeast quadrant of the District.

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, 2017
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	$ 87,036	$ 94,542	$ 94,542	$ -
REVENUES				
Taxes	497,447	556,969	559,686	2,717
State sources	346,597	332,365	334,509	2,144
Federal sources	1,000	1,000	1,051	51
Local sources	15,184	22,591	62,229	39,638
Total revenues	860,228	912,925	957,475	44,550
EXPENDITURES				
Employee salaries	493,498	498,777	502,962	(4,185)
Employee benefits	61,796	62,817	63,367	(550)
Charter school	131,602	145,165	135,854	9,311
Supplies and materials	41,316	49,124	54,323	(5,199)
Purchased services	46,524	46,799	101,723	(54,924)
Property	2,868	5,155	8,144	(2,989)
Debt service principal	18,780	18,780	19,963	(1,183)
Debt service interest	45,775	45,775	46,198	(423)
Other expenses	34,293	17,132	2,661	14,471
Appropriated reserves	58,545	75,612	-	75,612
Total expenditures	934,997	965,136	935,195	29,941
Excess (deficiency) of revenues over expenditures	(74,769)	(52,211)	22,280	74,491
OTHER FINANCING SOURCES (USES)				
Interfund transfers	5,509	4,875	3,194	(1,681)
Other sources	-	-	2,134	2,134
Total other financing sources (uses)	5,509	4,875	5,328	453
Total appropriation	929,488	960,261	929,867	30,394
Unappropriated reserves	$ 17,776	$ 47,208		$ 47,208
Net change in funds available			27,608	
Ending funds available			$ 122,150	

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
GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2017
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	$ 18,391	$ 30,382	$ 19,882	$ (10,500)
REVENUES				
State sources	18,352	19,726	19,317	(409)
Federal sources	80,887	83,569	77,059	(6,510)
Local sources	17,072	23,498	23,660	162
Total revenues	116,311	126,793	120,036	(6,757)
EXPENDITURES				
Employee salaries	57,814	51,195	61,336	(10,141)
Employee benefits	15,459	13,475	15,569	(2,094)
Charter school	8,481	9,141	-	9,141
Supplies and materials	7,009	5,489	6,546	(1,057)
Purchased services	20,381	34,965	28,866	6,099
Property	1,878	1,959	1,697	262
Other expenses	15,000	13,828	8,927	4,901
Appropriated reserves	1,894	17,528	-	17,528
Total expenditures	127,916	147,580	122,941	24,639
Excess (deficiency) of revenues over expenditures	(11,605)	(20,787)	(2,905)	17,882
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(596)	38	97	59
Total other financing sources (uses)	(596)	38	97	59
Total appropriation	128,512	147,542	122,844	24,698
Unappropriated reserves	$ 6,190	$ 9,633		$ 9,633
Net change in funds available			(2,808)	
Ending funds available			$ 17,074	

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, 2017
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	$ -	$ 141	$ 141	$ -
REVENUES				
State sources	330	330	720	390
Federal sources	36,440	37,940	36,403	(1,537)
Local sources	5,587	5,587	5,338	(249)
Total revenues	42,357	43,857	42,461	(1,396)
EXPENDITURES				
Employee salaries	16,563	16,563	17,485	(922)
Employee benefits	3,637	3,637	3,681	(44)
Supplies and materials	21,237	21,237	20,763	474
Purchased services	833	833	920	(87)
Property	103	103	186	(83)
Other expenses	77	1,577	25	1,552
Appropriated reserves	650	791	-	791
Total expenditures	43,100	44,741	43,060	1,681
Excess (deficiency) of revenues over expenditures	(743)	(884)	(599)	285
OTHER FINANCING SOURCES (USES)				
Interfund transfers	743	743	743	-
Total other financing sources (uses)	743	743	743	-
Total appropriation	42,357	43,998	43,803	(195)
Unappropriated reserves	$ -	$ -		$ -
Net change in funds available			144	
Ending funds available			$ 285	

BUDGETARY COMPARISON SCHEDULE
PROCOMP SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2017
Amount in 000's

	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning funds available	$ 19,043	$ 18,345	$ 18,345	$ -
REVENUES				
Taxes	32,072	32,072	32,317	245
Local sources	712	712	70	(642)
Total revenues	32,784	32,784	32,387	(397)
EXPENDITURES				
Employee salaries	38,058	38,058	33,130	4,928
Employee benefits	6,448	6,448	5,638	810
Supplies and materials	1,202	1,202	-	1,202
Purchased services	240	240	127	113
Appropriated reserves	1,500	1,500	-	1,500
Total expenditures	47,448	47,448	38,895	8,553
Excess (deficiency) of revenues over expenditures	(14,664)	(14,664)	(6,508)	8,156
Total appropriation	47,448	47,448	38,895	8,553
Unappropriated reserves	$ 4,380	$ 3,682		$ 3,682
Net change in funds available			(6,508)	
Ending funds available			$ 11,837	

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

DPS DIVISION SCHEDULE OF CHANGES IN THE COLLECTIVE NET PENSION LIABILITY
YEAR ENDED JUNE 30

	2017	2016	2015
Total pension liability			
Service cost at end of year	$ 85,988,000	$ 82,079,000	$ 76,564,000
Interest	283,862,000	281,752,000	274,862,000
Changes of benefit terms			-
Difference between expected and actual experience	(2,839,000)	45,767,000	(174,000)
Changes of assumptions or other inputs	205,645,000	(113,772,000)	-
Benefit payments, including refunds of active member contributions and disability premiums	(272,071,000)	(263,323,000)	(255,434,000)
Net change in total pension liability	300,585,000	32,503,000	95,818,000
Total pension liability - beginning	3,920,864,000	3,888,361,000	3,792,543,000
Total pension liability - ending (a)	4,221,449,000	3,920,864,000	3,888,361,000
Plan fiduciary net position			
Contributions - employer	17,071,000	8,494,000	18,478,000
Contributions - active member (includes purchased service)	54,852,000	53,558,000	49,409,000
Net investment income	218,415,000	49,172,000	182,823,000
Benefit payments (includes refunds and disability premiums)	(272,071,000)	(263,323,000)	(255,434,000)
Administrative expense	(2,754,000)	(2,599,000)	(2,377,000)
Other additions and deductions	3,135,000	(1,764,000)	(1,547,000)
Net change in plan fiduciary net position	18,648,000	(156,462,000)	(8,648,000)
Plan fiduciary net position - beginning	3,107,329,000	3,263,791,000	3,272,439,000
Plan fiduciary net position - ending (b)	3,125,977,000	3,107,329,000	3,263,791,000
Collective net pension liability - ending (a)-(b)	$ 1,095,472,000	$ 813,535,000	$ 624,570,000
Plan fiduciary net position as a percentage of the total pension liability	74.05%	79.25%	83.94%
Covered-employee payroll	642,177,000	621,115,000	584,319,000
District's net pension liability as a percentage of covered-employee payroll	170.59%	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, 2017

	2017	2016	2015
Statutorily required contribution	$ 28,350,807	$ 19,062,452	$ 14,129,112
Contributions in relation to the statutorily required contribution	28,350,807	19,062,452	14,129,112
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 649,296,499	$ 626,445,854	$ 590,847,652
Contributions as a percentage of covered-employee payroll	4.37%	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	December 31, 2015	December 31, 2014
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Remaining amortization period	30 Years, Open	30 Years, Open	30 Years, Open
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Inflation	2.80% annually	2.80% annually	2.80% annually
Salary increases	3.90% - 10.10% Inclusive of wage inflation	3.90% - 10.85% Inclusive of wage inflation	3.90% - 10.10% Inclusive of wage inflation
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure	2.00%	2.00%	2.00%
PERA benefit structure hired after 12/31/06	0.00%, as financed by the AIR	0.00%, as financed by the AIR	0.00%, as financed by the AIR
Investment rate of return	7.25%	7.50%	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. 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, 2016	$ 7,717,187	$ 38,874,244	$ 31,157,057	19.85%
July 1, 2014	6,602,534	38,888,814	32,286,280	16.98%
July 1, 2012	6,352,302	39,562,664	33,210,362	16.06%

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 (12.2 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 adjusted to 2006 Headcount-Weighted Healthy Annuitant Total Dataset Mortality Table (healthy mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (b) life expectancy participants obtained from the RP-2014 adjusted to 2006 Headcount-Weighted Disabled Retiree Mortality Table (disabled mortality), applied on a gender-specific basis, mortality includes a generational projection for future mortality improvements using Scale MP-2016; (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.

2. SIGNIFICANT CHANGES AFFECTING TRENDS IN ACTUARIAL INFORMATION

2016 Changes in Plan Provisions Since 2015

- 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.

2016 Changes in Assumptions or Other Inputs Since 2015

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, for males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

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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

"Additional Certificates" means Additional Certificates which may be executed and delivered pursuant to the Indenture.

"Additional Rentals" means the payment or cost of all:

i. (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;

ii. taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property or as otherwise required under the Lease;

iii. 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;

iv. payments due and owing to the insurer of any Certificates; and

v. 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 "2018 Certificates" means the Certificates of Participation, Series 2018, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of February 28, 2018, between ZB, National Association dba Zions Bank, 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.

"Closing" means the date of execution and delivery of the Certificates.

"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.

"C.R.S." 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.

"Event(s) of Indenture Default" means those defaults specified in Section 7.01 of the Indenture.

"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 February 28, 2018, 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, 2018.

"Interest Payment Date" means, in respect of the Certificates, each June 1 and December 1, commencing June 1, 2018.

"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 February 28, 2018, 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.

"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.

"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.

"President" means the President of the Board, or in his or her absence, the Vice President of the Board.

"Project" means the acquisition, construction and equipping of facilities for District purposes, the cost of which is paid or reimbursed from a portion of the proceeds of the 2018 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 15th 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, 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 February 28, 2018, 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.

"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 2018 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 ZB, National Association dba Zions Bank, acting solely in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

“Underwriter” means Loop Capital Markets.

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, 2048 (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 rights, 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 $7,710,000, 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 2018 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 2018 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, 2018. This Lease may be renewed, solely at the option of the District, for 20 Renewal Terms, provided, however, that the Lease Term shall terminate no later than June 30, 2038, except that the Renewal Term beginning on July 1, 2037 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.

Termination of Lease Term. 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 Constitution of the State of Colorado. 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 Rentals

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, maintain commercial property insurance on a "causes of loss-special" form (formerly "all risk" form) on 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. The policy shall provide business interruption or other time element coverage sufficient to cover the District's rent obligations required by the Lease. The policy (or a separate standalone policy) shall provide boiler and machinery insurance covering equipment, for loss or damage caused by the explosion of steam boiler and machinery insurance covering equipment, for loss or damage caused by the explosion of steam boilers or similar equipment. The Trustee shall be named additional insured and/or loss payee as its interest may appear on any property insurance, and the Initial Purchaser shall be named as a loss payee pursuant to a lenders loss payable clause (ISO form CP 12 18 or substantially similar endorsement) so as to make payments under such insurance policy payable to the District and the Trustee. The District hereby waives any recovery of damages against the Trustee or its agents, officers, directors, and employees, for loss or damage to the Leased Property to the extent covered by the commercial property insurance required herein. The policy shall contain a waiver of subrogation provision precluding the insurer's right to subrogate against the Trustee against the parties identified in this paragraph. If the District insures against similar risks by self-insurance, the District may, at its election, provide for commercial property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. Any self-insurance shall be deemed to contain all of the terms and conditions applicable to such insurance as required in the Lease including, without limitation, a waiver of subrogation in favor of the Trustee. 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.

Upon the execution and delivery of the Lease, the District shall, at its own expense, maintain commercial general liability insurance covering 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 commercial general 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 commercial 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 commercial general liability insurance using ISO form CG 2011 or a substantially similar form providing equivalent coverage, which form will include, in the "Designation of Premises" definition, the Leased Property. The District waives all rights against the Trustee and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by the commercial general liability policy required herein. The policy shall contain a waiver of subrogation provision precluding the insurer's right to subrogate against the parties identified in this paragraph, at least to the extent of this waiver.

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 at least 45 days in advance of such cancellation. The District shall give the Trustee 30 days' written notice 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

Damage, Destruction and Condemnation. 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

Substitution. 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 Exhibit C (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

Remedies on Default. 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 March 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 designated the "School District No. 1, in the City and County of Denver, State of Colorado, Series 2018 Lease Purchase Agreement 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 2018 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 shall be applied to the following purposes in the following order:

(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) To the payment of any Additional Rentals in the event the District shall fail to make payment thereof;

(c) 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;

(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 2018 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 2018 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 April 15, 2018, shall be remitted to the District.

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. 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 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

<u>Amendments Not Requiring Certificate Owners' Consent</u>. 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.

<u>Amendments Requiring Certificate Owners' Consent</u>.

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.

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2018 Certificates. The 2018 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 2018 Certificate will be issued for each maturity of the 2018 Certificates, in the aggregate principal amount of such maturity, 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 2018 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Certificates on DTC's records. The ownership interest of each actual purchaser of each 2018 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 2018 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 2018 Certificates, except in the event that use of the book-entry system for the 2018 Certificates is discontinued.

To facilitate subsequent transfers, all 2018 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 2018 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 2018 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 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 2018 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the 2018 Certificate documents. For example, Beneficial Owners of 2018 Certificates may wish to ascertain that the nominee holding the 2018 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 2018 Certificates 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 2018 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 District 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 2018 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2018 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 District 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 District, 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 2018 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, 2018 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, 2018 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 February 28, 2018 (the "Lease"), with **ZB, NATIONAL ASSOCIATION DBA ZIONS BANK**, 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 2018, in the aggregate principal amount of $7,710,000 (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 an Indenture of Trust, dated as of February 28, 2018 (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, 2018, 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. Content of Annual Reports. 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. Reporting of Material Events. 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 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

* 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.

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: February 28, 2018

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 2018, in the aggregate principal amount of $7,710,000, 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 February 28, 2018, as lessee.

Date of Issuance: February 28, 2018.

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 February 28, 2018, and the Continuing Disclosure Certificate executed on February 28, 2018, 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

February 28, 2018

Denver Public Schools
1860 Lincoln Street
Denver, Colorado 80203

$7,710,000
Certificates of Participation, Series 2018
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of February 28, 2018,
between ZB, National Association dba Zions Bank,
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 February 28, 2018 (the "Site Lease"), between the District, as lessor, and ZB, National Association dba Zions Bank, solely in its capacity as trustee (the "Trustee") under the Indenture (as hereinafter defined), as lessee, and the Lease Purchase Agreement, dated as of February 28, 2018 (the "Lease"), between the Trustee, as lessor, and the District, as lessee. Certificates of Participation, Series 2018, in the aggregate principal amount of $7,710,000 (the "Certificates"), are authorized under an Indenture of Trust, dated as of February 28, 2018 (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:

2. 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.

3. 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.

4. 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"), interest on the Certificates is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except that, for tax years beginning before January 1, 2018, 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

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 (02/28/2018)	Release Schedule(1)
2011B Lease/2011B Certificates	Knapp Elementary	$391,945,000	$ 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
2013B Lease/2013B Certificates	Grant Middle School	$503,860,000	$ 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
	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

Lease-Purchase Agreement/ Related COPS	Buildings Securing Lease	COPS Outstanding (02/28/2018)	Release Schedule(1)
	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)	$56,790,000	$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	$ 8,600,000	n/a
2017A Lease/2017A Certificates	Steele Elementary School	$29,960,000	$ 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	$13,335,000	n/a
2017C Lease/2017C Certificates	Teller Elementary	$10,000,000	$ 5,000,000
	Marrama Elementary		10,000,000
2018 Lease/2018 Certificates	Acoma Street	$7,710,000	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 2018 Insured Value of Building
All City Stadium Sports Complex	$ 4,542,546
Amesse Elementary	10,901,768
Archuletta Elementary	8,917,792
Asbury Elementary	5,846,432
Ash Grove Elementary (RMSEL)	5,968,564
Ashley Elementary	7,534,864
Balarat Complex	1,850,422
Barrett Elementary	5,224,683
Beach Court Elementary	7,232,447
Bradley Elementary	10,045,343
Bromwell Elementary	5,386,050
Brown Elementary	9,990,007
Bryant-Webster Elementary	8,788,796
Byers Middle - Alternative	12,264,487
CAE Building	6,622,786
Carson Elementary	5,957,865
Castro Elementary	11,172,603
CHU - DSST MS & HS @ College View	15,220,589
Central Administration Building/Downtown Denver Expeditionary School/Emily Griffith Technical College	52,300,392
Colfax Elementary	6,584,671
College View Elementary	7,352,197
Columbian Elementary	7,590,144
Columbine Elementary	7,885,633
Columbine PEC/PREP Center	4,405,525
Compassion Road Academy	492,692
Cory Elementary	6,230,572
Cowell Elementary	7,404,826
Crofton Elementary	3,526,119
D.O.T.S.-Administration Office	40,797,339
Del Pueblo	8,480,572
Denison Elementary (Montessori)	6,335,756
Denver School of Science & Technology - Stapleton Campus	12,511,039
Denver School of the Arts	29,994,288
Doull Elementary	9,930,407
Eagleton Elementary	6,782,841
Ebert Elementary	6,993,645
Edison Elementary	7,919,348
Ellis Elementary	9,836,520
Emerson Street School (HS)	2,522,018
Escalante-Biggs Academy	4,931,902
Evie Garrett Dennis Campus Building #4 - Commercial Condominiums	11,200,879
Evie Garrett Dennis Campus Buildings 1-3 and 5	49,925,358
Fairview Elementary	7,654,376
Fallis Elementary	5,919,449
Florence Crittenton High School	7,065,925
Florida Pitt Waller School	19,937,532
Force Elementary	9,045,695
Ford Elementary	10,878,834

Building	FY 2018 Insured Value of Building
Frances Jacobs Highline Academy Charter	$10,660,062
Front Range Aircraft Hangar & Training Center	2,325,378
Garden Place Elementary	8,700,342
George Washington High School	44,537,337
Gilpin Elementary	10,058,518
Godsman Elementary	9,375,514
Goldrick Elementary	7,485,175
Green Valley Elementary	11,289,448
Greenlee Elementary	9,528,281
Greenwood Elementary	11,262,846
Gust Elementary	9,105,508
Hallett Elementary	8,494,460
Hilltop Service Center Building	6,245,406
Hilltop Training & Tech Cell Building	762,357
Hilltop Transportation	17,729,962
Holm Elementary	9,375,445
Howell (K-8)	17,178,098
Jason Street Warehouse	3,792,491
Joe Shoemaker Elementary School	14,792,056
Johnson Elementary	6,170,624
KIPP Northeast Middle School	35,971,000
KIPP Sunshine Peak	1,813,236
Knight Fundamental School	7,540,200
Lincoln Elementary	7,074,880
Lowry Elementary School	$ 9,887,985
Maxwell Elementary	10,104,782
McKinley-Thatcher Elementary	6,624,327
McMeen Elementary	10,515,692
Montclair Elementary	5,946,652
Moore Elementary	13,005,392
Munroe Elementary	9,341,444
New Northeast Bus Terminal	11,424,753
Newlon Elementary	10,742,994
Noel Middle School	21,851,779
Oakland Elementary	9,720,628
Old Northeast Bus Terminal - 3 Buildings (vacant)	1,929,830
Palmer Elementary	7,979,613
Park Hill Elementary	10,406,626
Paul Sandoval Campus	16,081,458
Pascual LeDoux Academy	4,937,516
Phillips Elementary	4,758,567
Pioneer Charter	5,675,649
Randolph Middle School	23,115,230
Regis F. Groff 9-12	17,415,520
Remington Elementary (vacant)	7,698,646
Rosedale Elementary (vacant)	5,642,951
Ruben Valdez Achievement Campus	12,928,022
Sabin Elementary	10,897,119
Samuels Elementary	9,382,873
Samsonite Campus	3,750,000
Sandavol Montessori	10,146,813
Sandra-Todd Williams Academy	5,938,743
Schenck Elementary	9,760,841
Schmitt Elementary	6,747,999
Slavens Elementary	7,538,619
Smedley Elementary (vacant)	9,494,853
Smith Elementary	8,855,062

Building	FY 2018 Insured Value of Building
Southmoore Elementary	$5,942,610
Stedman Elementary	6,247,336
Strive Federal	4,518,591
Summit Academy	4,119,465
Swansea Elementary	9,964,510
Swigert-McAuliffe International School	20,736,284
Traylor Elementary	8,252,494
University Park Elementary	8,881,321
Valdez Elementary	11,054,435
Valverde Elementary	6,655,176
Vista Academy	7,902,161
Westerly Creek Elementary	10,988,820
Whiteman Elementary	7,173,359
Whittier Elementary	7,961,579
Wyman Elementary	7,341,368
Yuma St. Center (Food Service)	8,319,014

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