NEW ISSUE
BOOK–ENTRY ONLY

RATINGS: Fitch "AA"
Moody's "Aa3"
See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Bond Counsel to the District, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the District with certain covenants, the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the 2013C Lease, and received by the owners of the 2013C Certificates is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Under existing State of Colorado statutes, to the extent the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the 2013C Lease, and received by the owners of the 2013C Certificates, is excluded from gross income for federal income tax purposes, such portion of the Base Rent is excluded from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See "TAX MATTERS" herein.

$58,740,000
CERTIFICATES OF PARTICIPATION, SERIES 2013C
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
as Lessee under a Lease Purchase Agreement

Dated: Date of Delivery **Due: December 15, as shown on the inside front cover**

The Certificates of Participation, Series 2013C, 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, as Lessee under a Lease Purchase Agreement (the "2013C Certificates") are being executed and delivered to finance the costs of constructing and equipping, among other projects, one elementary school, one K-8 school, certain street improvements and athletic fields, to pay capitalized interest on the 2013C Certificates, and to pay the costs of issuance of the 2013C Certificates. See "PLAN OF FINANCE" herein. The 2013C Certificates will be executed and delivered pursuant to an Indenture of Trust, to be dated as of May 1, 2013 (the "2013C Indenture"), by Wells Fargo Bank, National Association, as trustee (the "Trustee").

The 2013C Certificates will evidence proportionate undivided interests in certain payments to be made by School District No. 1, in the City and County of Denver and State of Colorado (the "District") pursuant to an annually renewable Lease Purchase Agreement, to be dated as of May 1, 2013 (the "2013C Lease"), by and between Wells Fargo Bank, National Association, as lessor, and the District, as lessee. Interest on the 2013C Certificates will be payable on June 15 and December 15 each year, commencing December 15, 2013.

The 2013C Certificates will be executed and delivered in denominations of $5,000 and integral multiples thereof. The 2013C Certificates will be executed and delivered in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the 2013C Certificates. Individual purchases and sales of the 2013C Certificates may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the 2013C Certificates. So long as the 2013C Certificates are held by DTC, the principal and redemption price of and interest on the 2013C Certificates will be payable by wire transfer to DTC, which in turn will be required to remit such principal, redemption price and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the 2013C Certificates, as more fully described herein. See "APPENDIX F—BOOK–ENTRY ONLY SYSTEM."

Maturity Schedule on Inside Front Cover

The 2013C Certificates will be subject to optional and mandatory redemption prior to maturity as described herein. See "THE 2013C CERTIFICATES–Redemption of the 2013C Certificates" herein.

The 2013C Certificates will be payable solely from the Trust Estate, which includes, among other things (a) annually appropriated Base Rent and any Purchase Option Price paid by the District under the 2013C Lease; (b) moneys held by the Trustee under the 2013C Indenture; and (c) following an Event of Nonappropriation or a 2013C Lease Default, any moneys received by the Trustee from the exercise of the remedies under the 2013C Lease and the 2013C Indenture. The District will pay Base Rent from any legally available amounts annually appropriated by the Board for such payment.

None of the 2013C Lease, the 2013C Certificates or the interest thereon constitutes a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory debt limitation. None of the 2013C Lease, the 2013C Indenture or the 2013C Certificates directly or indirectly obligate the District to make any payments beyond those appropriated for any fiscal year in which the 2013C Lease is in effect. All financial obligations of the District under the 2013C Lease, including the District's obligation to pay Base Rent, are subject to annual appropriation by the Board. The 2013C Lease is subject to annual termination by the District and will be terminated upon the occurrence of an Event of Nonappropriation or a 2013C Lease Default. Upon the occurrence of an Event of Nonappropriation or a 2013C Lease Default, the only sources available for payment of the 2013C Certificates will be moneys, if any, held in the Certificate Fund created under the 2013C Indenture and moneys received by the Trustee from the sale or lease of the 2013C Leased Property and the exercise of other remedies available under the 2013C Lease and the 2013C Indenture. There is no assurance that the Trustee will receive any moneys from the sale of the leasehold interest or lease of the 2013C Leased Property or the exercise of other remedies under the 2013C Lease and the 2013C Indenture following the occurrence of an Event of Nonappropriation or a 2013C Lease Default.

This cover page contains certain information for general reference only. It is not intended to be a summary of the terms of, or the security for, the 2013C Certificates. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The 2013C Certificates are offered when, as, and if executed and delivered and accepted by the Underwriters, subject to the approval of legality and certain other matters by Kutak Rock LLP, as Bond Counsel to the District, and subject to certain other conditions. Kutak Rock LLP also has acted as Special Counsel to the District for purposes of assisting the District with the preparation of this Official Statement. Certain legal matters will be passed upon for the District by John Kechriotis, Esq., General Counsel to the District, and for the Underwriters by Greenberg Traurig, LLP, Denver, Colorado, as counsel to the Underwriters. It is expected that the 2013C Certificates will be available for delivery through the facilities of DTC on or about May 1, 2013.

Piper Jaffray & Co. **Stifel, Nicolaus & Company, Incorporated**

Date of Official Statement: April 24, 2013

MATURITY SCHEDULE

$58,740,000
CERTIFICATES OF PARTICIPATION, SERIES 2013C
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
as lessee under a Lease Purchase Agreement

Maturity Date (December 15)	Principal Amount	Interest Rate	Yield	CUSIP Number[†]
2016	$ 950,000	4.000%	0.850%	24919PHA5
2017	1,000,000	4.000	1.110	24919PHB3
2018	1,010,000	4.000	1.390	24919PHC1
2019	2,500,000	4.000	1.670	24919PHD9
2020	2,770,000	4.000	1.960	24919PHE7
2021	2,885,000	5.000	2.210	24919PHF4
2022	3,030,000	5.000	2.410	24919PHG2
2023	3,180,000	5.000	2.560	24919PHH0
2024	3,340,000	5.000	2.700[C]	24919PHJ6
2025	3,505,000	5.000	2.840[C]	24919PHK3
2026	3,680,000	5.000	2.960[C]	24919PHL1
2027	3,865,000	5.000	3.080[C]	24919PHM9
2028	4,055,000	3.250	3.420	24919PHN7
2029	4,190,000	5.000	3.250[C]	24919PHP2
2030	4,400,000	5.000	3.310[C]	24919PHQ0
2031	1,000,000	5.000	3.360[C]	24919PHR8
2033	4,965,000	5.000	3.460[C]	24919PHT4

$8,415,000 3.500% Term Certificates due December 15, 2032 – Yield 3.700%; CUSIP No.[†]: 24919PHS6

[†] Copyright 2013, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the District and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the 2013C Certificates. Neither the District nor the Underwriters take responsibility for the accuracy of the CUSIP numbers.

[C] Priced to the par call date of December 15, 2023.

SCHOOL DISTRICT NO. 1,
IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO
(DENVER PUBLIC SCHOOLS)

Board of Education

Mary A. Seawell, President
Allegra Haynes, Vice President
Andrea Mérida, Secretary
Anne Rowe, Treasurer
Arturo Jimenez, Member
Jeannie Kaplan, Member
Landri Taylor, Member

Administrative Officials

Tom Boasberg, Superintendent
David Suppes, Chief Operating Officer
David D. Hart, Chief Financial Officer
Kathleen Rinkel, Executive Director of Finance
John Kechriotis, Esq., General Counsel

INDEPENDENT AUDITORS

CliftonLarsonAllen LLP
Greenwood Village, Colorado

TRUSTEE

Wells Fargo Bank, National Association
Denver, Colorado

FINANCIAL ADVISOR

Fiscal Strategies Group, Inc.
Berkeley, California

BOND COUNSEL AND SPECIAL COUNSEL

Kutak Rock LLP
Denver, Colorado

No dealer, broker, salesperson, or other person has been authorized by School District No. 1, in the City and County of Denver and State of Colorado (the "District") to give any information or to make any representations, other than as contained in this Official Statement, and if given or made such other information or representations must not be relied upon as having been authorized by the District.

The information set forth herein has been furnished by the District and other sources that are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2013C Certificates, nor shall there be any sale of any of the 2013C Certificates, by any person in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer, solicitation or sale.

This Official Statement contains forward-looking statements within the meaning of the federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions and projections. Such words as expects, intends, plans, believes, estimates, anticipates, or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. Actual results may vary materially from what is contained in a forward-looking statement. The District assumes no obligation to provide public updates of forward-looking statements.

The offering of the 2013C Certificates is not a representation to potential investors that an investment in the 2013C Certificates is an appropriate investment for such investor or that the District is recommending the purchase of the 2013C Certificates to any potential investor. Each potential investor must determine on its own whether an investment in the 2013C Certificates is appropriate for the investor and best satisfies the investment goals and financial position of the investor.

The 2013C Certificates have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state. The 2013C Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained therein. The 2013C Certificates have not been recommended by any federal or state securities commission or regulatory commission. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT MAY STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2013C CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2013C CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, AND OTHERS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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NOTE: Tables marked with (*) indicate Annual Financial Information to be updated pursuant to Securities and Exchange Commission Rule 15c2-12, as amended. See "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

OFFICIAL STATEMENT

$58,740,000
CERTIFICATES OF PARTICIPATION, SERIES 2013C
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
as Lessee under a Lease Purchase Agreement

INTRODUCTION

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished in connection with the execution and delivery of $58,740,000 aggregate principal amount of Certificates of Participation, Series 2013C, 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, as Lessee under a Lease Purchase Agreement (the "2013C Certificates"). The 2013C Certificates will evidence 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 (the "District" or "Denver Public Schools") under an annually renewable Lease Purchase Agreement, to be dated as of May 1, 2013 (the "2013C Lease"), by and between Wells Fargo Bank, National Association, as lessor, and the District, as lessee. The 2013C Certificates will be executed and delivered pursuant to and in accordance with an Indenture of Trust, to be dated as of May 1, 2013 (the "2013C Indenture"), by Wells Fargo Bank, National Association, as trustee (the "Trustee").

The offering of the 2013C 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 2013C 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." Capitalized terms used but not otherwise defined herein are defined in "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Indenture—Definitions" and "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease —Definitions."

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 2012 was 84,424. See "THE DISTRICT." The District's certified assessed valuation for 2012 (for collection of taxes in 2013), net of the assessed valuation attributable to certain tax increment districts located within the District's boundaries, was $10,007,267,892. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes" and "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Tax Data."

Plan of Finance

The 2013C Certificates are being executed and delivered for the purposes of (a) financing the construction and equipping of one elementary school (Eastbridge Elementary School) and one K-8 school (Conservatory Green K-8 School) (collectively, the "2013C Leased Property Project"), certain street improvements and athletic fields, (b) paying capitalized interest on the 2013C Certificates, and (c) paying the costs of issuance of the 2013C Certificates. See "PLAN OF FINANCE."

In addition to the 2013C Certificates, on April 23, 2013, the Taxable Certificates of Participation in a Lease with Denver Public Schools, Fixed Rate Refunding Series 2013B (the "2013B Certificates") were executed and delivered to refund and redeem all of the outstanding Taxable Certificates of Participation in a Lease with Denver Public Schools, Variable Rate Refunding Series 2011A-1, Series 2011A-2, Series 2011A-3 and Series 2011A-4 (collectively, the "2011A Certificates"), pay amounts due in connection with the termination of three interest rate swap agreements previously entered into with respect to the 2011A Certificates, and pay the costs of issuance of the 2013B Certificates. See "PLAN OF FINANCE" and "DEBT AND OTHER FINANCIAL OBLIGATIONS—Other Financial Obligations—Certificates of Participation" for additional information about the 2013B Certificates. *The 2013B Certificates are not being offered pursuant to this Official Statement.*

Authority for Issuance

The 2013C Certificates will be executed and delivered pursuant to and in accordance with the 2013C Indenture. The District is authorized to enter into the 2013C Lease under State law pursuant to Section 22-32-110(b), Colorado Revised Statutes, as amended ("C.R.S."). Certain terms of and actions with respect to the 2013C Certificates and related agreements are authorized by the Supplemental Public Securities Act, Title 11, Article 57, Part 2, C.R.S.

The Board of Education of the District (the "Board") authorized the 2013C Lease and related documents to which the District is a party by a resolution duly adopted on March 21, 2013 by a vote of 4 (in favor) to 2 (opposed) of the members of the Board voting at a regularly scheduled meeting that was noticed and conducted in accordance with State law.

Security and Sources of Payment for the 2013C Certificates

General. The 2013C Certificates will be payable solely from the Trust Estate, which includes, among other things, (a) the Lease Revenues as, when and if the same are received by the Trustee pursuant to the 2013C Lease, which include (i) Base Rent payable under the 2013C Lease, (ii) the Purchase Option Price, if any, paid by the District under the 2013C Lease; (iii) any Net Proceeds payable under the 2013C Lease, (iv) any portion of the proceeds of the 2013C Certificates deposited with or by the Trustee in the Certificate Fund to pay capitalized interest on the 2013C Certificates, (v) any earnings on moneys on deposit in the Certificate Fund, (vi) all other revenues derived from the 2013C Lease, excluding Additional Rent, and (vii) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the 2013C Certificates; and (b) following an Event of Nonappropriation or an event of default under the 2013C Lease (a "2013C Lease Default"), any moneys received by the Trustee from the exercise of the remedies under the 2013C Lease and the 2013C Indenture.

The Lease Revenues are comprised primarily of Base Rent, which are payments by the District for and in consideration of the right to use the 2013C Leased Property (as described below under "The 2013C Leased Property") during the Lease Term. Pursuant to the 2013C Lease, Base Rent includes an amount equal to the principal of and interest on the 2013C Certificates in the then-current Fiscal Year as well as other specified fees and items discussed in more detail in "SECURITY AND SOURCES OF

PAYMENT FOR THE 2013C CERTIFICATES—Base Rent, Additional Rent and Purchase Option Price." The Lease Revenues are to be held in trust by the Trustee in the manner and to the extent provided in the 2013C Indenture.

The District may pay Base Rent under the 2013C Lease from any legally available amounts annually appropriated by the Board for such payment. Although the District currently intends to budget, appropriate and pay the Base Rent and any Additional Rent payable under the 2013C Lease and may do so from any of the District's legally available funds in the future, the execution and delivery of the 2013C Certificates does not directly or contingently obligate the District to make any payments beyond those funds budgeted and appropriated for the District's then current Fiscal Year. See "CERTAIN RISK FACTORS—Nonappropriation," "DISTRICT FINANCIAL INFORMATION—Sources of Revenue," and "DISTRICT FINANCIAL INFORMATION—Budgetary Process and Information."

No provision of the 2013C Certificates, the 2013C Indenture or the 2013C Lease is to be construed or interpreted (i) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the District; (iv) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

The 2013C Leased Property. In addition to the Base Rent and the other funds described above, the 2013C Certificates will be secured by the 2013C Leased Property. The "2013C Leased Property" will consist of the 2013C Leased Property Project (the elementary school (Eastbridge Elementary School) and the K-8 school (Conservatory Green K-8 School) to be constructed with a portion of the proceeds of the 2013C Certificates) and one additional K-8 school (Grant Ranch K-8 School) and the land upon which such schools will be or are located, as more fully described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—The 2013C Leased Property." In the 2013C Lease, the District will represent and covenant that the 2013C Leased Property is property that is necessary and essential to the District's purpose and operations.

Lease Termination. The District may determine to continue or to terminate its obligations under the 2013C Lease on an annual basis. However, upon any decision of the District not to appropriate and thereby terminate the 2013C Lease, the District is required to vacate the 2013C Leased Property within 90 days and the District will relinquish its right to use all of the 2013C Leased Property subject to the 2013C Lease. In such an event, the Trustee will be permitted to sell or otherwise dispose of the 2013C Leased Property or re-enter and re-let the 2013C Leased Property or exercise any other remedy under the 2013C Lease. Upon the sale, re-letting or other disposition of the 2013C Leased Property, the amount of proceeds from such disposition remaining after the payment of the fees and expenses incurred by the Trustee to sell or re-let the 2013C Leased Property (and the costs of maintaining the 2013C Leased Property prior to such sale or re-letting) and the payment to the District of the General Obligation Debt Proceeds expended on the 2013C Leased Property (both payable prior to any payments to Owners of the 2013C Certificates), may not be sufficient to pay the aggregate principal amount of the 2013C Certificates then outstanding plus accrued interest thereon and the other amounts, if any, payable on parity with the 2013C Certificates pursuant to the 2013C Indenture. See "THE 2013C CERTIFICATES—Redemption of the 2013C Certificates—Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default." See also "CERTAIN RISK FACTORS—Effect of a

Termination of the 2013C Lease" and "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Indenture."

Limited Obligations. Each 2013C Certificate will represent a proportionate and undivided interest in the right to receive Lease Revenues pursuant to the 2013C Lease and will be payable solely from the Trust Estate in accordance with, and subject to, the terms of the 2013C Indenture. The rights of the Owners of the 2013C Certificates with respect to the proceeds from the sale, disposition or re-entering and re-letting of all or any portion of the 2013C Leased Property are subordinate to the payment of certain fees and expenses to the Trustee, if any, with respect to the selling or re-letting of the 2013C Leased Property (and the costs of maintaining the 2013C Leased Property prior to such sale or re-letting) and to rights of the District with respect to General Obligation Debt Proceeds expended on the 2013C Leased Property. See "THE 2013C CERTIFICATES—Redemption of the 2013C Certificates—Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default," "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease" and "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Indenture." Neither the 2013C Certificates nor any payments required under the 2013C Lease will constitute an indebtedness or multiple fiscal year financial obligation of the District within the meaning of any provision or limitation of the Constitution or statutes of the State.

Certain Risks to Owners of the 2013C Certificates

Certain factors described in this Official Statement could affect the payment of Base Rent under the 2013C Lease and could affect the market price of the 2013C Certificates to an extent that cannot be determined at this time. Each prospective investor should read this Official Statement in its entirety to make an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."

Continuing Disclosure

In connection with the execution and delivery of the 2013C Certificates, the District will agree to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, for purposes of Rule 15c2-12 ("Rule 15c2-12") adopted by the U.S. Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended, certain annual financial information and operating data relating to the District and notice of certain enumerated events. These covenants will be made in order to assist the Underwriters (as defined herein) in complying with Rule 15c2-12. Over the last five years, the District has not failed to comply in all material respects with any previous undertaking with regard to Rule 15c2-12 to provide annual financial information and operating data relating to the District and notices of enumerated events. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Tax Status

In the opinion of Kutak Rock LLP, Bond Counsel to the District, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the District with certain covenants, the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the 2013C Lease, and received by the Owners of the 2013C Certificates, is excluded from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. Under existing State of Colorado statutes, to the extent the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the 2013C Lease, and received by the Owners of the 2013C Certificates, is excluded from gross income for federal income tax purposes, such portion of the Base Rent is excluded from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See “TAX MATTERS” herein.

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. See “CERTAIN RISK FACTORS—Forward-Looking Statements.”

Additional Information

The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the 2013C Certificates. The District maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the 2013C Certificates.

PLAN OF FINANCE

The 2013C Project

The 2013C Certificates are being executed and delivered for the purposes of (a) financing the construction and equipping of the 2013C Leased Property Project (which includes Eastbridge Elementary School and Conservatory Green K-8 School), certain street improvements and athletic fields (collectively the “2013C Project”), (b) paying capitalized interest on the 2013C Certificates, and (c) paying the costs of issuance of the 2013C Certificates. See “THE DISTRICT—District Capital Plans” for additional information about the 2013C Project and the District’s agreements with the Denver Urban Renewal Authority (“DURA”) and certain other parties to construct and equip the 2013C Project, which will be located in the Stapleton neighborhood east of downtown Denver.

The District expects to bid out the construction of the 2013C Leased Property Project in June 2013. The District’s internally generated construction budgets for the 2013C Leased Property Project assume that the Conservatory Green K-8 School will cost approximately $21.7 million to construct and the Eastbridge Elementary School will cost approximately $16.8 million to construct. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—The 2013C Leased Property” and “CERTAIN RISK FACTORS—Cost Overruns and Delays in Completion of the 2013C Leased Property Project.”

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Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the execution and delivery of the 2013C Certificates:

Sources	
Principal Amount	$58,740,000.00
Net Original Issue Premium	7,718,201.40
Total Sources	$66,458,201.40
Uses	
2013C Project Costs	$58,715,000.00
Capitalized Interest	6,968,588.33
Costs of Issuance[1]	774,613.07
Total Uses	$66,458,201.40

[1] Includes Underwriters' discount, legal and other costs of issuance.

Delivery of 2013B Certificates and Refunding of 2011A Certificates

In addition to the 2013C Certificates, on April 23, 2013, the District entered into the 2013B Lease, dated as of April 23, 2013 (the "2013B Lease"), between the Denver School Facilities Leasing Corporation (the "Corporation), as lessor, and the District, as lessee, in connection with the execution and delivery of $536,855,000 aggregate principal amount of the 2013B Certificates. Proceeds of the 2013B Certificates were used to (a) refund and redeem all of the outstanding 2011A Certificates, (b) pay amounts due in connection with the termination of three interest rate swap agreements previously entered into by the Corporation with respect to the 2011A Certificates, and (c) pay the costs of issuance of the 2013B Certificates.

The 2013B Certificates are secured by base rental payments to be made by the District under the 2013B Lease. The 2013B Certificate also are secured by 21 facilities of the District and the land upon which such facilities are located. The facilities are currently being used to operate 8 high schools, 9 middle schools, 4 K-8 schools and 8 elementary schools (the "2013B Leased Property"). The 2013B Leased Property is more particularly described in Appendix G hereto. Certain of the facilities are used by more than one school. The 2013B Leased Property is different than the 2013C Leased Property. A default under the 2013B Lease will not directly affect the 2013C Lease or the 2013C Certificates. The 2013B Leased Property will not secure the 2013C Certificates. Similarly, the 2013C Leased Property will not secure the 2013B Certificates. *The 2013B Certificates are not being offered pursuant to this Official Statement.* See "DEBT AND OTHER FINANCIAL OBLIGATIONS—Other Financial Obligations—Certificates of Participation" for additional information about the 2013B Certificates.

THE 2013C CERTIFICATES

General

The 2013C Certificates will be dated the date of delivery and will mature in the principal amounts and in the years and bear interest at the respective rates of interest per annum, all as set forth on the inside front cover page hereof. Interest on the 2013C Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable on June 15 and December 15 of each year, commencing on December 15, 2013.

The 2013C Certificates will be executed and delivered in denominations of $5,000 and integral multiples thereof. The 2013C Certificates will be executed and delivered in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2013C Certificates. Individual purchases may be made in book–entry form only. Purchasers will not receive certificates representing their interest in the 2013C Certificates. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2013C Certificates, references herein to the Owner or registered owners means Cede & Co. and does not mean the Beneficial Owners of the 2013C Certificates.

So long as Cede & Co. is the registered owner of the 2013C Certificates, the principal and redemption price, if any, of and interest on the 2013C Certificates will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See "APPENDIX F—BOOK–ENTRY ONLY SYSTEM."

Redemption of the 2013C Certificates

Redemption of 2013C Certificates in Whole or in Part Upon Payment of Purchase Option Price From Moneys Derived From a Financing. The 2013C Certificates will be called for redemption, in whole or in part in integral multiples of $5,000, and if in part, in such order of maturities as the District determines and randomly within a maturity, at a redemption price equal to the principal amount of the 2013C Certificates so redeemed, plus accrued interest to the redemption date (without any premium), on any date on and after December 15, 2023, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the District of its option to purchase the 2013C Leased Property from either (a) moneys borrowed by the District or (b) moneys made available to the District from a lease-purchase financing or refinancing with respect to the 2013C Leased Property.

Redemption of 2013C Certificates in Whole Upon Payment of Purchase Option Price From Moneys Other Than Moneys Derived From a Financing. The 2013C Certificates will be called for redemption, in whole, at a redemption price equal to the principal amount of the 2013C Certificates, plus accrued interest to the redemption date (without any premium), on any date, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the District of its option to purchase the 2013C Leased Property from any source other than (a) moneys borrowed by the District or (b) moneys made available to the District from a lease-purchase financing or refinancing with respect to the 2013C Leased Property.

Mandatory Sinking Fund Redemption. The 2013C Certificates maturing on December 15, 2032 are subject to mandatory sinking fund redemption on December 15 of the years and in the principal amounts specified below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date

Redemption Date (December 15)	Principal Amount
2031	$3,620,000
2032 [1]	4,795,000

[1] Maturity date

At its option, to be exercised on or before the forty-fifth day next preceding each mandatory sinking fund redemption date, the District may (i) purchase and cancel any 2013C Certificates with the same maturity date as the 2013C Certificates subject to such mandatory sinking fund redemption and (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for any 2013C Certificates with the same maturity date as the 2013C Certificates subject to such mandatory sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of such mandatory sinking fund redemption) and cancelled and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each 2013C Certificate so purchased and cancelled or previously redeemed will be credited at the principal amount thereof to the obligation of the District on such mandatory sinking fund redemption date, and the principal amount of 2013C Certificates to be redeemed by operation of such mandatory sinking fund redemption on such date will be accordingly reduced.

Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default. The 2013C Certificates will be subject to mandatory redemption in whole, on any date set by the Trustee, after all of the following have occurred

(i) the occurrence of an Event of Nonappropriation or the occurrence and continuation of a 2013C Lease Default;

(ii) the Trustee's determination pursuant to the 2013C Indenture whether or not the funds then available to it for such redemption are sufficient to pay the sum of (A) the principal amount of the 2013C Certificates plus accrued interest to the redemption date, (B) the amount of General Obligation Debt Proceeds expended on the 2013C Leased Property payable to the District, and (C) the amount of the fees and expenses incurred by the Trustee to sell or re-let the 2013C Leased Property (including the costs of maintaining the 2013C Leased Property prior to such sale or re-letting) (the amounts described in (B) and (C) being payable prior to any payments to Owners of the 2013C Certificates); and

(iii) if the Trustee determines that such funds then available to it are insufficient to pay the sum of all the amounts described in clause (ii) above, it shall have exercised the remedies set forth in the 2013C Lease and the 2013C Indenture.

The redemption price for the 2013C Certificates subject to redemption as a result of an Event of Nonappropriation or a 2013C Lease Default will be determined pursuant to the provisions of the 2013C Lease, which are more particularly described in "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Indenture—Redemption of the Certificates—Redemption of the Certificates in Whole Upon an Event of Nonappropriation or Event of Default." See also "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—Exercise of Remedies Under 2013C Lease and 2013C Indenture" and "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease."

If an Event of Nonappropriation or a 2013C Lease Default occurs, and the Trustee is required to exercise remedies as described in clause (iii) above, the moneys derived by the Trustee from the exercise of such remedies may be less than the total of the amounts described in clause (ii) above. In such a case, the 2013C Certificates will be redeemed as described above under this caption for an amount less than the aggregate principal amount of the then outstanding 2013C Certificates and accrued interest thereon, and such partial payment will be deemed to constitute a redemption in full of the 2013C Certificates pursuant to the 2013C Indenture. Following such payment, no owner of a 2013C Certificate will have any further claims for payment upon the District of the Trustee. See "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease—Risks Associated With Value of 2013C Leased Property."

Notice of Redemption. Notice of the call for any redemption, identifying the 2013C Certificates or portions thereof to be redeemed and specifying the terms of such redemption, will be given by the

Trustee by facsimile or electronic mail, at least 30 days prior to the date fixed for redemption, and to the Owner of each 2013C Certificate to be redeemed at the address shown on the registration books (DTC, so long as the 2013C Certificates are held in the book-entry system with DTC); provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings of any 2013C Certificates as to which no such failure has occurred.

Any notice mailed as described under this caption will be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

If at the time of mailing of notice of redemption there has not been deposited with the Trustee moneys sufficient to redeem all the 2013C Certificates called for redemption, which moneys are or will be available for redemption of such 2013C Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

Redemption Payments. On or prior to the date fixed for redemption, the Trustee will apply funds to the payment of the 2013C Certificates called for redemption, together with accrued interest thereon to the redemption date. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to the 2013C Indenture (which, in the case of redemption pursuant to an Event of Nonappropriation or a 2013C Lease Default as described in "Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default" above, may be less than the full principal amount of the Outstanding 2013C Certificates and accrued interest thereon to the redemption date), interest on the 2013C Certificates or portions thereof called for redemption will no longer accrue after the date fixed for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES

General

The 2013C Certificates will be payable solely from the Trust Estate, which includes, among other things, (a) the Lease Revenues as, when and if the same are received by the Trustee pursuant to the 2013C Lease, which include (i) Base Rent payable under the 2013C Lease, (ii) the Purchase Option Price, if any, paid by the District under the 2013C Lease; (iii) any Net Proceeds payable under the 2013C Lease, (iv) any portion of the proceeds of the 2013C Certificates deposited with or by the Trustee in the Certificate Fund to pay capitalized interest on the 2013C Certificates, (v) any earnings on moneys on deposit in the Certificate Fund, (vi) all other revenues derived from the 2013C Lease, excluding Additional Rent, and (vii) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the 2013C Certificates; and (b) following an Event of Nonappropriation or a 2013C Lease Default, any moneys received by the Trustee from the exercise of the remedies under the 2013C Lease and the 2013C Indenture. The Lease Revenues are comprised primarily of annually appropriated Base Rent, which are payments by the District for and in consideration of the right to use the 2013C Leased Property during the Lease Term. The District will pay any Base Rent from any legally available amounts annually appropriated by the Board for such payment.

As more fully described under the caption "CERTAIN RISK FACTORS," the 2013C Lease is subject to annual termination at the option of the District. The District may not terminate the 2013C Lease without terminating as to all of the 2013C Leased Property subject to the 2013C Lease. The term of the 2013C Lease and the schedule of payments of Base Rent thereunder are designed to produce moneys sufficient to pay the principal of and interest on the 2013C Certificates and all other amounts included in Base Rents under the 2013C Lease. The District also may elect to purchase the Trustee's interest in the 2013C Leased Property by payment of (a) the Purchase Option Price, which, together with other amounts on deposit in the Certificate Fund and the 2013C Leased Property Project Account that are available for such purpose, is required to be sufficient to pay all the Outstanding 2013C Certificates at maturity, to redeem all the Outstanding 2013C Certificates in accordance with the redemption provisions of the 2013C Indenture or to defease all the Outstanding 2013C Certificates in accordance with the defeasance provisions of the 2013C Indenture; and (b) all Additional Rent payable through the date of conveyance of the 2013C Leased Property to the District or its designee pursuant to the 2013C Lease, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the 2013C Leased Property and the payment or redemption of the 2013C Certificates.

In addition to the Lease Revenues and the other funds described above, the 2013C Certificates will be secured by the 2013C Leased Property. The "2013C Leased Property" will consist of the 2013C Leased Property Project (Eastbridge Elementary School and Conservatory Green K-8 School which are to be constructed with proceeds of the 2013C Certificates), Grant Ranch K-8 School and the land upon which such schools are or will be located, as more fully described in Table II under "—The 2013C Leased Property" below. The District may determine to continue or to terminate its obligations under the 2013C Lease on an annual basis. However, upon any decision of the District not to appropriate and thereby terminate the 2013C Lease, the District is required to vacate the 2013C Leased Property within 90 days and the District will relinquish its right to use all of the 2013C Leased Property subject to the 2013C Lease. In such an event, the Trustee will be permitted to sell or otherwise dispose of the 2013C Leased Property or re-enter and re-let the 2013C Leased Property or exercise any other remedy under the 2013C Lease. See "—The 2013C Leased Property—2013C Lease Termination." See also "THE 2013C CERTIFICATES—Redemption of the 2013C Certificates—Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default."

None of the 2013C Lease, the 2013C Certificates or the interest thereon constitute a general obligation of the District within the meaning of any constitutional or statutory debt limitation. None of the provisions of the 2013C Certificates, the 2013C Indenture or the 2013C Lease are to be construed or interpreted (i) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the District; (iv) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

All payment obligations of the District under the 2013C Lease, including, without limitation, the District's obligation to pay Base Rent, are from year-to-year only and do not constitute a multiple-fiscal year direct or indirect debt or other financial obligation of the District. The 2013C Lease is subject to annual termination at the option of the District. Upon such termination, all payments from the District under the 2013C Lease will terminate, and the 2013C Certificates will be payable from such moneys, if any, as may be held by the Trustee under the 2013C Indenture and any moneys made available from the disposition of the 2013C Leased Property after the reimbursement of the fees and expenses of the Trustee as described in the 2013C Indenture and to the District of the General Obligation Debt Proceeds expended on the 2013C Leased Property. Upon the occurrence of an Event of Nonappropriation or a 2013C Lease Default under the 2013C Lease, there is no assurance of any payment of the 2013C Certificates, all as more fully described herein.

Base Rent, Additional Rent and Purchase Option Price

Base Rent. The Trustee will hold in trust, for the benefit of the Owners of the 2013C Certificates, the right to receive Base Rent payable by the District under the 2013C Lease. The amount and timing of Base Rent payments are designed to provide sufficient moneys to the Trustee to pay the principal of and interest on the 2013C Certificates when due. Pursuant to the 2013C Lease, the District is entitled to a credit against the Base Rent payable on any payment date for the amounts on deposit in the Certificate Fund representing (a) earnings from the investment of moneys in the Certificate Fund, (b) moneys transferred to the Certificate Fund from the 2013C Leased Property Project Account pursuant to the 2013C Indenture, and (c) any moneys delivered to the Trustee by the District or any other Person that are accompanied by instructions to apply the same to the payment of Base Rent or to deposit the same in the Certificate Fund. See "Certificate Fund" below.

The 2013C Lease requires the District to pay to the Trustee all Base Rent due in each Fiscal Year on or before July 11 of such Fiscal Year (assuming the District does not terminate the 2013C Lease, which it has an annual option to do), and the Trustee is required to deposit an amount from such payment to the Certificate Fund to pay the principal of and interest on the 2013C Certificates coming due on December 15 and June 15 of such Fiscal Year. See "CERTAIN RISK FACTORS—Sources of Base Rent and Additional Rent Payments."

Each payment of Base Rent under the 2013C Lease is paid as, and represents payment of, the following: (i) principal of the 2013C Certificates due in the Fiscal Year in which the Base Rent Payment is due; and (ii) interest due on the 2013C Certificates in such Fiscal Year.

Upon receipt by the Trustee of each payment of Base Rent, the Trustee will apply the amount of such Base Rent in the following manner and order: (1) first, the amount of such payment of Base Rent paid as interest will be deposited in the Interest Account of the Certificate Fund; and (2) second, the remaining portion of such payment of Base Rent will be deposited in the Principal Account of the Certificate Fund.

The Base Rent will be recalculated by the District and confirmed by the Trustee in the event of any partial redemption of the 2013C Certificates prior to maturity.

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The following table sets forth the principal and interest components of the Base Rent payable by the District pursuant to the 2013C Lease for each Fiscal Year shown. The Base Rent schedule assumes that the District does not exercise its annual right to terminate the 2013C Lease at any time during the Lease Term.

TABLE I
Schedule of Base Rent Payments

Year Ended (June 30)[1]	Principal Component	Interest Component[2]	Total Base Rent
2014	–	$ 2,982,320	$ 2,982,320
2015	–	2,657,513	2,657,513
2016	–	2,657,513	2,657,513
2017	$ 950,000	2,638,513	3,588,513
2018	1,000,000	2,599,513	3,599,513
2019	1,010,000	2,559,313	3,569,313
2020	2,500,000	2,489,113	4,989,113
2021	2,770,000	2,383,713	5,153,713
2022	2,885,000	2,256,188	5,141,188
2023	3,030,000	2,108,313	5,138,313
2024	3,180,000	1,953,063	5,133,063
2025	3,340,000	1,790,063	5,130,063
2026	3,505,000	1,618,938	5,123,938
2027	3,680,000	1,439,313	5,119,313
2028	3,865,000	1,250,688	5,115,688
2029	4,055,000	1,088,169	5,143,169
2030	4,190,000	917,525	5,107,525
2031	4,400,000	702,775	5,102,775
2032	4,620,000	504,425	5,124,425
2033	4,795,000	332,163	5,127,163
2034	4,965,000	124,125	5,089,125
Total[3]	$58,740,000	$37,053,251	$95,793,251

[1] Moneys are to be transferred by the District to the Trustee on or before each July 11 for deposit into the Certificate Fund created under the 2013C Indenture. The Trustee will use such moneys deposited into the Certificate Fund to make the required payments on the 2013C Certificates on each December 15 and June 15.
[2] Between the date of delivery of the 2013C Certificates and December 15, 2015, interest on the 2013C Certificates will be paid with a portion of the proceeds of the 2013C Certificates.
[3] Numbers may not total due to rounding to nearest dollar.
Source: The District.

Additional Rent. The 2013C Lease will generally require that the District pay, from funds legally available for such purpose, Additional Rent directly to the Persons to which they are owed in immediately available funds in the amounts and on the dates on which they are due. "Additional Rent" is defined generally to mean all costs and expenses (but not including Base Rent or the Purchase Option Price) incurred by the District in performing its obligations under the 2013C Lease.

Purchase Option Price. The 2013C Lease will grant the District the option to purchase the 2013C Leased Property by paying: (a) an amount (the "Purchase Option Price") to the Trustee, which, together with other amounts then on deposit in the Certificate Fund and the 2013C Leased Property Project Account that are available for such purpose, is sufficient to (i) pay all of the Outstanding 2013C Certificates at maturity, (ii) redeem all of the Outstanding 2013C Certificates in accordance with the redemption provisions of the 2013C Indenture, or (iii) defease all of the Outstanding 2013C Certificates in accordance with the defeasance provisions of the 2013C Indenture; and (b) all Additional Rent payable through the date of conveyance of the 2013C Leased Property to the District or its designee, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the 2013C Leased Property and the payment, redemption or defeasance of the 2013C Certificates.

The District may exercise its option to purchase the 2013C Leased Property pursuant to the 2013C Lease by (i) giving written notice to the Trustee prior to the end of the Scheduled Lease Term (A) stating that the District intends to purchase the 2013C Leased Property pursuant to the 2013C Lease, (B) identifying the source of funds it will use to pay the Purchase Option Price and (C) specifying a closing date for such purpose, which is at least 30 and no more than 90 days after the delivery of such notice; and (ii) paying the Purchase Option Price to the Trustee in immediately available funds on the closing date.

Certificate Fund. Pursuant to the terms of the 2013C Indenture, the Trustee will establish the Certificate Fund and will be required to deposit into the Interest Account of the Certificate Fund (i) all capitalized interest received at the time of the execution and delivery of the 2013C Certificates; (ii) that portion of each payment of Base Rent made by the District which is designated and paid as the interest component thereof under the 2013C Lease; (iii) any moneys transferred to the Interest Account of the Certificate Fund from the 2013C Leased Property Project Account; and (iv) all other moneys received by the Trustee under the 2013C Indenture accompanied by directions that such moneys are to be deposited into the Interest Account of the Certificate Fund.

The Trustee will be required by the 2013C Indenture to deposit into the Principal Account of the Certificate Fund (i) that portion of each payment of Base Rent made by the District which is designated and paid as the principal component thereof under the 2013C Lease; (ii) any moneys transferred to the Principal Account of the Certificate Fund from the 2013C Leased Property Project Account; and (ii) all other moneys received by the Trustee under the 2013C Indenture accompanied by directions that such moneys are to be deposited into the Principal Account of the Certificate Fund.

Moneys in the Interest Account of the Certificate Fund are to be used solely for the payment of interest on the 2013C Certificates and moneys in the Principal Account of the Certificate Fund are to be used solely for the payment of the principal of the 2013C Certificates; provided that (i) in the event that there are any remaining moneys in the Interest Account of the Certificate Fund upon payment of the interest due on the 2013C Certificates, such moneys may be used for the payment of principal of the 2013C Certificates; (ii) moneys representing capitalized interest received at the time of the initial delivery of the 2013C Certificates will be used solely to pay the first interest due on the 2013C Certificates; (iii) the Purchase Option Price and any other moneys transferred to the Certificate Fund with specific instructions that such moneys be used to pay the redemption price of the 2013C Certificates will be used solely to pay the redemption price of the 2013C Certificates; and (iv) any moneys transferred from the 2013C Leased Property Project Account following the completion date of the 2013C Project which are not used to prepay Base Rent and redeem the 2013C Certificates will be used to pay the principal of the 2013C Certificates; provided, further, that all moneys in the Certificate Fund will be available to pay the redemption price of the 2013C Certificates in connection with a redemption of the 2013C Certificates and to pay the principal of and interest on the 2013C Certificates following a 2013C Lease Default or Event of Nonappropriation.

The 2013C Leased Property

In addition to the Lease Revenues and the other funds described above, the 2013C Certificates will be secured by the 2013C Leased Property. The District may determine to continue or to terminate its obligations under the 2013C Lease on an annual basis. However, upon any decision of the District not to appropriate and thereby terminate the 2013C Lease, the District will relinquish its right to use all of the 2013C Leased Property. In such an event, the Trustee will be permitted to sell or re-let the 2013C Leased Property or exercise any other remedies under the 2013C Lease. See "—Exercise of Remedies Under 2013C Lease and 2013C Indenture" below. See also "THE 2013C CERTIFICATES—Redemption of the 2013C Certificates—Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default."

The 2013C Leased Property consists of the 2013C Leased Property Project (Eastbridge Elementary School and Conservatory Green K-8 School which will be constructed with a portion of the proceeds of the 2013 Certificates) and Grant Ranch K-8 School, and the land upon which such schools are or will be located. The 2013C Leased Property does not include the athletic fields or the street improvements that will be constructed with a portion of the proceeds of the 2013C Certificates. The values of the real property and facilities that will comprise the 2013C Leased Property, net of the General Obligation Debt Proceeds relating thereto (defined in the 2013C Indenture as the "Net Value"), are more particularly described in Table II below. "Net Value" is defined in the 2013C Lease to mean, with respect to the 2013C Leased Property or any portion thereof:

(a) with respect to real property included in the 2013C Leased Property on which no Improvements are to be constructed or installed with the proceeds of the 2013C Certificates, the sum of (i) the value of the land included in such property as estimated by the District from time-to-time based on sales of similar property in the vicinity and adjusted periodically between estimation dates based on changes in the assessed value (for property tax purposes) of similar property in the vicinity and (ii) the replacement value of the Improvements included in such property, as most recently determined by the Colorado School Districts Self-Insurance Pool or other insurer providing casualty and property damage for such property, *plus*

(b) with respect to real property included in the 2013C Leased Property on which Improvements are to be constructed or installed with the proceeds of the 2013C Certificates, the sum of (i) the value of the land included in such property as estimated by the District from time-to-time based on sales of similar property in the vicinity and adjusted periodically between estimation dates based on changes in the assessed value (for property tax purposes) of similar property in the vicinity, (ii) the replacement value of the existing Improvements that are included in such property as of the date of delivery of the 2013C Certificates, as most recently determined by the Colorado School Districts Self-Insurance Pool or other insurer providing casualty and property damage for such property, net of any reduction in the value of such property resulting from demolition or other changes to such property in connection with the 2013C Leased Property Project, and (iii) the value of the Improvements to be constructed or installed with the proceeds of the 2013C Certificates, which value will be: (A) prior to the completion date of the 2013C Leased Property Project, the amount of proceeds of the 2013C Certificates deposited into the 2013C Leased Property Project Account with respect to such property; and (B) after the completion date of the 2013C Leased Property Project, the replacement value of such Improvements, as most recently determined by the Colorado School Districts Self-Insurance Pool or other insurer providing casualty and property damage for such property; *minus*

(c) any General Obligation Debt Proceeds expended on such property, as set forth in the most recent certificate relating thereto next delivered by the District to the Trustee pursuant to the 2013C Lease. See "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease—Risks Associated with Value of 2013C Leased Property."

On the date of the execution and delivery of the 2013C Certificates, the Net Value of the 2013C Leased Property is expected to be equal to approximately 97.5% of the par amount of the 2013C Certificates. There is no requirement to revalue the 2013C Leased Property at any time under the 2013C Lease or the 2013C Indenture.

On the date of the execution and delivery of the 2013C Certificates, a portion of the land that will be part of the site for the Conservatory Green K-8 School (1.5 acres that is located adjacent to the present eastern boundary of the site for the Conservatory Green K-8 School) will not be owned by the District and will not be transferred to the Trustee pursuant to the 2013C Lease. This tract of land requires re-platting for purposes of correctly recording the property in the real estate records of the County. Forest City Stapleton Inc. ("Forest City"), the current owner of this tract of land, and the District will enter into a Post Conveyance Agreement pursuant to which Forest City will agree to transfer the land to the District as soon as it completes the re-platting of the land. Once the land is transferred to the District, the District will transfer the land to the Trustee pursuant to the terms of the 2013C Lease. The District expects the re-platting of the land to be completed and the land to be transferred to the District within two months of the execution and delivery of the 2013C Certificates.

Additionally, each of the parcels of land on which the Eastbridge Elementary School and the Conservatory Green K-8 School are to be constructed will contain certain deed restrictions that will limit the use of the land to purposes that only include school and related educational facilities for elementary school, middle school or K-8 school. These restrictions will remain in effect until the earlier of (i) the date upon which a school is constructed on the site as evidenced by a certificate of occupancy or temporary certificate of occupancy, or (ii) 30 years. Once the Eastbridge Elementary School and the Conservatory Green K-8 School are constructed these deed restrictions will terminate. See "See "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease—Risks Associated with Alternative Uses of 2013C Leased Property." In the Event of Nonappropriation or a 2013C Lease Default, any attempts by the Trustee to sell or re-let these portions of the 2013C Leased Property will be subject to these encumbrances. While these restrictions are on the land, it may be difficult or impossible to acquire building permits in order to convert certain of the 2013C Leased Property to other uses.

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The following Table II sets forth descriptions of the 2013C Leased Property, the Net Value of the 2013C Leased Property and the release schedule for the 2013C Leased Property (see "Permitted Releases, Modifications and Substitution of 2013C Leased Property" for additional information describing when and how 2013C Leased Property is released from the 2013C Lease and the lien of the 2013C Indenture).

TABLE II
2013C Leased Property

Building	Estimated Building Value	Estimated Land Value	Total Estimated Building/Land Value	Less General Obligations Debt Proceeds[6]	Net Value	Release Schedule[7]
Eastbridge Elementary School[1]	$19,500,000 [2]	$ 0 [4]	$19,500,000	$ 0	$19,500,000	$21,450,000
Conservatory Green K-8 School[1]	27,000,000 [2]	0 [4]	27,000,000	0	27,000,000	51,150,000
Grant Ranch K-8 School[1]	14,551,610 [3]	10,458,420 [5]	25,010,030	14,240,311	10,769,719	58,740,000
Total	$61,051,610	$10,458,420	$71,510,030	$14,240,311	$57,269,719	

1 Eastbridge Elementary School is being designed to accommodate approximately 550-600 students; Conservatory Green K-8 School is being designed to accommodate approximately 900-1,000 students; and Grant Ranch K-8 School had an enrollment for Fiscal Year 2013 of 818 students.
2 Based on expected costs to construct school.
3 Based on May 2012 insurance schedule provided by Colorado School Districts Self Insurance Pool.
4 As of the date of delivery of the 2013C Certificates, the District will not have assigned a value to the land.
5 Based on 2010 valuation.
6 General Obligation Debt Proceeds expended through December 31, 2012 on the 2013C Leased Property. See "General Obligation Debt Proceeds" below for a discussion of the requirement to pay General Obligation Debt Proceeds under certain circumstances prior to paying Owners of the 2013C Certificates.
7 Pursuant to the 2013C Lease and subject to certain provisions therein, when the principal component of Base Rent paid by the District, plus the principal amount of any 2013C Certificates redeemed through optional redemption, or the total principal amount of 2013C Certificates paid or deemed to be paid pursuant to the 2013C Indenture, equals the applicable amount set forth in this column, and all Additional Rent then due and owing from the District to the Trustee has been paid by the District, the cost of the corresponding portion of the 2013C Leased Property will be deemed to have been fully amortized and the Trustee will be required to release such portion of the 2013C Leased Property from the 2013C Lease and the lien of the 2013C Indenture.
Source: The District.

In the 2013C Lease, the District will represent and covenant that the 2013C Leased Property is property that is necessary and essential to the District's purpose and operations. All of the 2013C Leased Property is currently in use, or, in the case of the 2013C Leased Property Project, will be in use once constructed, for school purposes, and no plans currently exist to close any of the buildings comprising the 2013C Leased Property. However, it is not possible to predict at this time whether any facility comprising the 2013C Leased Property will be closed in the future; nor is it possible to predict to what uses, if any, the District will put any closed facilities. Nothing in the 2013C Lease prohibits the District from changing the existing uses of the facilities comprising the 2013C Leased Property at any time (for example, changing an existing school building to charter school use or otherwise changing the programming of an existing school building) nor is the District prohibited from ceasing to use the facilities comprising the 2013C Leased Property. See "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease—Ownership, Encumbrances, Modifications or Additions to Leased Property; Damage or Condemnation of Leased Property—Modification and Substitution of Leased Property."

The District will agree in the 2013C Lease to maintain commercial property insurance with respect to the 2013C Leased Property in an amount equal to the lesser of (a) the principal amount of all the 2013C Certificates Outstanding or (b) the full replacement value of the Improvements. See "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease—Operation and Maintenance of Leased Property—Taxes, Utilities and Insurance." Portions of the 2013C Leased Property may be released from the 2013C Lease as described in "Permitted Releases, Modification and Substitution of 2013C Leased Property" below and in accordance with the release schedule under the 2013C Lease. The District also may make substitutions of, or additions of property to, the 2013C Leased Property in accordance with the terms of the 2013C Lease and described under "Permitted Releases, Modification and Substitution of 2013C Leased Property" below.

***2013C Lease* Termination**. The District may determine to continue or to terminate its obligations under the 2013C Lease on an annual basis. **However, upon any decision of the District not to appropriate and thereby terminate the 2013C Lease, the District is required to vacate the 2013C Leased Property within 90 days and the District will relinquish its right to use all of the 2013C Leased Property subject to the 2013C Lease (a partial termination of the 2013C Lease is not permitted).** In such an event, the Trustee will be permitted to sell or otherwise dispose of the 2013C Leased Property or re-enter and re-let the 2013C Leased Property or exercise any other remedy under the 2013C Lease.

If all or any portion of the 2013C Leased Property is sold or otherwise disposed of or re-entered and re-let pursuant to the terms of the 2013C Lease, then the Trustee is required to pay from the proceeds of any such sale, disposition or re-letting of the 2013C Leased Property certain fees and expenses of the Trustee with respect to selling or re-letting the 2013C Leased Property (and the costs of maintaining the 2013C Leased Property prior to such sale or re-letting) and to pay the District the amount of General Obligation Debt Proceeds, if any, relating to the 2013C Leased Property, prior to paying any Owners of the 2013C Certificates. See "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Indenture—Defaults and Remedies—Application of Moneys Realized from Exercise of Remedies." Upon the sale, re-letting or other disposition of the 2013C Leased Property, the amount of proceeds from such disposition remaining after the payment of the fees and expenses incurred by the Trustee to sell or re-let the 2013C Leased Property (and the costs of maintaining the 2013C Leased Property prior to such sale or re-letting) and the payment to the District of General Obligation Debt Proceeds expended on the 2013C Leased Property (both payable prior to any payments to Owners of the 2013C Certificates), may not be sufficient to pay the aggregate principal amount of the 2013C Certificates then outstanding plus accrued interest thereon and the other amounts, if any, payable on parity with the 2013C Certificates pursuant to the 2013C Indenture. "THE 2013C CERTIFICATES—Redemption of the 2013C Certificates—Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default," "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease" and "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Indenture."

General Obligation Debt Proceeds. The District issues general obligation indebtedness to fund improvements to property that is owned and/or used by the District, including a portion the 2013C Leased Property. In order to comply with State law and federal tax law applicable to the District's general obligation debt, the District must recoup certain proceeds of general obligation debt (the General Obligation Debt Proceeds) before proceeds of the 2013C Leased Property can be paid to Owners of the 2013C Certificates in the Event of Nonappropriation or an event of a 2013C Lease Default. "General Obligation Debt Proceeds" are defined in the 2013C 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 2013C Leased Property or any portion thereof, as set forth in the most recent certificate delivered by the District pursuant to the 2013C Lease.

On or before December 31 of each Fiscal Year, the District will provide the Trustee a certificate setting forth, as of June 30 of the preceding Fiscal Year (the "Certification Date"): (a) the total General Obligation Debt Proceeds expended on the 2013C Leased Property; (b) the amount amortized or repaid on the debt from which such expended General Obligation Debt Proceeds are derived; and (c) the amount of decrease or increase in General Obligation Debt Proceeds which occurred as a result of any defeasances or refundings of the general obligation debt from which the General Obligation Debt Proceeds are derived. The amount of General Obligation Debt Proceeds expended on the 2013C Leased Property that is set forth in the most recent certificate delivered by the District to the Trustee will be dispositive, absent manifest error, as to the amount of General Obligation Debt Proceeds that have been expended on the 2013C Leased Property as of the Certification Date. See "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease."

At the time of the execution and delivery of the 2013C Certificates, the District will deliver a written certificate to the Trustee setting forth the amount of General Obligation Debt Proceeds expended on each property included in the 2013C Leased Property as of such date. As of the date of the execution and delivery of the 2013C Certificates, the expected amount of General Obligation Debt Proceeds relating to the 2013C Leased Property is set forth in Table II above, which includes $14,240,311 of General Obligation Debt Proceeds already expended on the 2013C Leased Property through December 31, 2012. In addition to the General Obligation Debt Proceeds shown in Table II above, the District expects to expend approximately $222,000 of additional General Obligation Debt Proceeds on the 2013C Leased Property between 2013 and 2017. The General Obligation Debt Proceeds relating to the 2013C Leased Property will increase whenever the District issues additional general obligation indebtedness and expends the proceeds of such general obligation indebtedness on such property and will decrease as payments are made by the District on any general obligation indebtedness related to the 2013C Leased Property. See "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease—Reimbursement of General Obligation Debt Proceeds; Payment of Fees."

Permitted Releases, Modification and Substitution of 2013C Leased Property. The 2013C Lease provides for the release of portions of the 2013C Leased Property, as certain amounts of Base Rent are paid or as certain amounts of the 2013C Certificates are paid or defeased. See Table II above and "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease—The District's Purchase Option; Release of Portions of the Leased Property—Release of Portions of the Leased Property."

The District, at its own expense, may remodel, or make substitutions, additions, modifications or improvements to, the 2013C Leased Property, provided that: (a) such remodeling, substitutions, additions, modifications and additions become part of the 2013C Leased Property; (b) the Net Value of the 2013C Leased Property after such remodeling, substitutions, additions, modifications and additions, in the reasonable judgment of the District, is at least as great as the Net Value of the 2013C Leased Property prior thereto; (c) the 2013C Leased Property or such portions thereto, after such substitutions, remodeling, additions, modifications and additions, continue to be used as provided in, and otherwise be subject to the terms of, the 2013C Lease; and (d) to the extent such remodeling, additions, modifications or improvements are paid for from General Obligation Debt Proceeds, the District will add the amount of such General Obligation Debt Proceeds to the total thereof set forth in the certificate relating thereto next delivered to the Trustee pursuant to the 2013C Lease. See "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease—Ownership, Encumbrances, Modifications or Additions to Leased Property; Damage or Condemnation of Leased Property—Modification and Substitution of Leased Property."

Exercise of Remedies Under 2013C Lease and 2013C Indenture

Upon the occurrence of an Event of Nonappropriation or a 2013C Lease Default, the Trustee is permitted to sell or lease the 2013C Leased Property or exercise its other remedies under the 2013C Lease and the 2013C Indenture. See "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Indenture—Defaults and Remedies" and "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease—Events of Default and Remedies." See also "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease" for descriptions of the limited sources of payment of the 2013C Certificates after a termination of the 2013C Lease.

If an Event of Nonappropriation or a 2013C Lease Default has occurred, the moneys derived by the Trustee from the exercise of the remedies under the 2013C Lease and the 2013C Indenture may be less than the sum of (a) the fees and expenses incurred by the Trustee to sell or re-let the 2013C Leased Property (including the costs of maintaining the 2013C Leased Property prior to such sale or re-letting), (b) the General Obligation Debt Proceeds relating to the 2013C Leased Property (the amounts described in (a) and (b) being payable prior to any payments to Owners of the 2013C Certificates), and (c) the aggregate principal amount of the outstanding 2013C Certificates plus accrued interest thereon. If the 2013C Certificates are redeemed subsequent to a termination of the 2013C Lease Term under the 2013C Indenture for an amount less than the aggregate principal amount of the then outstanding 2013C Certificates and accrued interest thereon, such partial payment will be deemed to constitute a redemption in full of 2013C Certificates pursuant to the 2013C Indenture; and upon such a partial payment, no owner of a 2013C Certificate will have any further claims for payment upon the District or the Trustee. See "THE 2013C CERTIFICATES—Redemption of the 2013C Certificates—Mandatory Redemption of 2013C Certificates In the Event of Nonappropriation or a 2013C Lease Default" and "CERTAIN RISK FACTORS—Effect of a Termination of the 2013C Lease—Risks Associated With Value of 2013C Leased Property."

CERTAIN RISK FACTORS

THE PURCHASE OF THE 2013C CERTIFICATES IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE 2013C CERTIFICATES SHOULD READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, GIVING PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE 2013C CERTIFICATES AND COULD ALSO AFFECT THE MARKET PRICE OF THE 2013C CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED.

Special and Limited Obligations

The 2013C Certificates evidence undivided interests in rights to receive revenues under the 2013C Lease. The 2013C Certificates are payable solely from revenues under the 2013C Lease (which consist primarily of Base Rent) received by the Trustee. All payment obligations of the District under the 2013C Lease, including but not limited to payment of Base Rent, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond the District's then current fiscal year. Any legally available moneys may be applied to the District's payment obligations pursuant to the 2013C Lease. However, neither the District, nor the Trustee on behalf of the District, has pledged the faith or credit of the District to the payment of the District's obligations under the 2013C Lease. No directors, officers, employees, attorneys or agents of the District shall be subject to any pecuniary liability by virtue of the 2013C Certificates, the 2013C Indenture or the 2013C Lease. See "THE 2013C CERTIFICATES" and "DISTRICT FINANCIAL INFORMATION."

Nonappropriation

All financial obligations of the District under the 2013C Lease, including the District's obligation to pay Base Rent, are subject to annual appropriation by the Board. The District is not obligated to pay Base Rent or Additional Rent under the 2013C Lease unless funds are budgeted and appropriated for such rentals by the Board each year. The Superintendent of the District typically submits a proposed budget to the Board for approval at least 30 days prior to the beginning of each Fiscal Year. See "DISTRICT FINANCIAL INFORMATION—Budgetary Process and Information." If, by the last date of each Fiscal Year, the District does not specifically budget and appropriate amounts sufficient to pay all Base Rent due under the 2013C Lease in the next Fiscal Year, and to pay such Additional Rent as are estimated to become due under the 2013C Lease in the next Fiscal Year, an "Event of Nonappropriation" with respect to the 2013C Lease occurs. If an Event of Nonappropriation occurs, the District is deemed to have terminated its obligations under the 2013C Lease, and the District will not be obligated to make payment of the Base Rent or Additional Rent which accrue under the 2013C Lease 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 2013C Leased Property subject to the 2013C Lease). For a detailed description of all actions that would result in an Event of Nonappropriation, see "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease—Base Rent and Additional Rent; Event of Nonappropriation—Event of Nonappropriation."

There is no assurance that the District will not exercise its annual right to terminate the 2013C Lease at any time during the Lease Term. There is no penalty to the District (other than the loss of the use of all of the 2013C Leased Property) if the District does terminate its obligations under the 2013C Lease. The annual decision of the Board to appropriate or not to appropriate amounts payable under the 2013C Lease for any Fiscal Year is dependent upon a variety of factors that are beyond the control of the Owners of the 2013C Certificates, including, but not limited to: (a) the amount of funds available to the District in such Fiscal Year, which is dependent on a variety of factors that are beyond the control of the District, including, but not limited to, economic conditions in the District and the State, the assessed value of taxable property in the District, the District's ad valorem property tax mill levy, the amount of property tax revenue generated by the District's ad valorem property tax mill levy (see "DISTRICT FINANCIAL INFORMATION"); (b) other demands on available District funds, including, but not limited to, relations between the District and its employees and the amount required to be expended to pay the compensation of District employees, the District's capital needs and the cost of services and property provided to the District by third parties; and (c) the District's continued desire to use and occupy the 2013C Leased Property.

Sources of Base Rent and Additional Rent Payments

The obligation of the District to pay Base Rent and Additional Rent pursuant to the 2013C Lease is limited to those District funds that are specifically budgeted and appropriated annually by the Board for such purpose. The 2013C Lease directs the officer of the District who is responsible for formulating budget proposals with respect to payments of Base Rent and Additional Rent to include, in the annual budget proposals submitted to the Board during the Lease Term, items for all payments required under the 2013C Lease for the ensuing Fiscal Year (including any portion of Base Rents corresponding to any property added to the 2013C Leased Property by an amendment to the 2013C Lease), until such time (if any) as the District determines to terminate the 2013C Lease. "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease—Base Rent and Additional Rent; Event of Nonappropriation—Event of Nonappropriation." The 2013C Lease provides that it is the intention of the District that any decision to terminate the 2013C Lease is to be made solely by the Board, in its sole discretion, and not by any other department, agency or official of the District.

Effect of a Termination of the 2013C Lease

Exercise of Remedies. In the event of termination of the District's obligations under the 2013C Lease upon the occurrence of an Event of Nonappropriation or a 2013C Lease Default, the District is required to vacate the 2013C Leased Property within 90 days and the Trustee may exercise its rights and remedies available as provided under the 2013C Indenture and the 2013C Lease. See "THE 2013C CERTIFICATES—Redemption of the 2013C Certificates—Mandatory Redemption of 2013C Certificates in the Event of Nonappropriation or a 2013C Lease Default" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—Exercise of Remedies under 2013C Lease and 2013C Indenture."

Risks Associated With Value of 2013C Leased Property. A potential purchaser of the 2013C Certificates should not assume that it will be possible to sell, re-enter or re-let or otherwise dispose of the Trustee's interest in the 2013C Leased Property, or any portion thereof, for an amount sufficient to pay the fees and expenses incurred by the Trustee to sell or re-let the 2013C Leased Property (including the costs of maintaining the 2013C Leased Property prior to such sale or re-letting) and the General Obligation Debt Proceeds payable to the District (both payable prior to any payments to Owners of the 2013C Certificates) and the aggregate principal amount of the 2013C Certificates then outstanding plus accrued interest thereon and the other amounts payable on parity with the 2013C Certificates pursuant to the 2013C Indenture. The valuation of the land in the 2013C Leased Property, if any, has not been based on any independent third party appraisal or evaluation. Additionally, the replacement value for the Improvements on the land, which for purposes of the 2013C Leased Property Project is based on the estimated costs of constructing the schools and for the other 2013C Lease Property is based on insurance values determined by the Colorado School Districts Self Insurance Pool, may not provide good estimates of the ultimate sale price of such Improvements. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—The 2013C Leased Property." The 2013C Leased Property may depreciate in value each year. It is not possible to predict whether the depreciated value of the 2013C Leased Property will be equal to the fees and expenses incurred by the Trustee to sell or re-let the 2013C Leased Property (and the costs of maintaining the 2013C Leased Property prior to such sale or re-letting), the General Obligation Debt Proceeds and the aggregate principal amount of the 2013C Certificates outstanding, plus accrued interest thereon, at any particular future point in time. The value of the 2013C Leased Property also could be adversely affected by the presence or even by the alleged presence of hazardous substances or other factors such as a natural disaster, foreclosures, real estate value declines and general economic downgrades. There is no requirement under the 2013C Lease or the 2013C Indenture to revalue and add to the 2013C Leased Property at any time during the Lease Term. Furthermore, portions of the 2013C Leased Property will be released according to the schedule attached to the 2013C Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—The 2013C Leased Property."

Risks Associated with Alternative Uses of 2013C Leased Property. Restrictions also may exist that limit the Trustee's ability to obtain Lease Revenues for Owners of the 2013C Certificates in the event of a termination because the 2013C Leased Property will consist primarily of school buildings and related improvements of particular design and use for school purposes, and the 2013C Leased Property may not be easily converted to alternate uses. The 2013C Leased Property is subject to applicable zoning and building codes and in some cases also is subject to subdivision plat limitations. Most of the parcels comprising the 2013C Leased Property also are subject to various utility and ingress/egress easements and several are subject to reserved coal or other mineral rights.

Additionally, each of the parcels of land on which the Eastbridge Elementary School and the Conservatory Green K-8 School are to be constructed will contain certain deed restrictions that will limit the use of the land to purposes that only include school and related educational facilities for elementary school, middle school or K-8 school. These restrictions will remain in effect until the earlier of (i) the date upon which a school is constructed on the site as evidenced by a certificate of occupancy or temporary certificate of occupancy, or (ii) 30 years. Once the Eastbridge Elementary School and the Conservatory Green K-8 School are constructed these deed restrictions will terminate. In the Event of Nonappropriation or an event of 2013C Lease Default, any attempts by the Trustee to sell or re-let these portions of the 2013C Leased Property will be subject to these encumbrances.

It may be difficult or impossible to acquire building permits in order to convert certain of the facilities that are part of the 2013C Leased Property to other uses if use or other restrictions exist on such 2013C Leased Properties.

Reimbursement of General Obligation Debt Proceeds; Payment of Fees. The amount of the General Obligation Debt Proceeds allocable to the 2013C Leased Property is subject to change and will increase whenever the District issues additional general obligation indebtedness and expends the proceeds of such general obligation indebtedness on the 2013C Leased Property. The amount of General Obligation Debt Proceeds with respect to the 2013C Leased Property set forth in "TABLE II—2013C Leased Property" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—The 2013C Leased Property" does not take into account approximately $222,000 of unexpended proceeds of the District's general obligation indebtedness previously issued and outstanding which the District expects to expend on certain improvements to the 2013C Leased Property. Additionally, in the future, the District may incur additional general obligation indebtedness (subject to voter approval and Constitutional and statutory restraints), the proceeds of which may be used to make improvements to the 2013C Leased Property. The proceeds available to the Trustee from the sale of the 2013C Leased Property to pay the redemption price of the 2013C Certificates is dependent on the amount of the General Obligation Debt Proceeds at the time of such a sale that must be reimbursed to the District before the payment of the redemption price with respect to the 2013C Certificates may be made. The rights of the Owners of the 2013C Certificates with respect to the proceeds from the sale, re-letting or other disposition, of all or any portion of the 2013C Leased Property are subordinate to the rights of the District with respect to payments of all amounts relating to the General Obligation Debt Proceeds expended on the 2013C Leased Property. Furthermore, the rights of the Owners of the 2013C Certificates with respect to such proceeds of sale or re-letting are subordinate to certain fees and expenses of the Trustee, if any, with respect to selling or re-letting the 2013C Leased Property (and the costs of maintaining such 2013C Leased Property prior to such sale or re-letting). See "APPENDIX C—FORMS OF THE 2013C INDENTURE AND 2013C LEASE—The 2013C Lease."

Risks Related to Enforceability of Remedies; Liquidation Delays

A termination of the Lease Term as the result of an Event of Nonappropriation or a 2013C Lease Default would give the Trustee the right to possession of, and the right to lease the 2013C Leased Property to a new lessee. The enforceability of the 2013C Certificates, the 2013C Lease and the 2013C Indenture is subject to applicable bankruptcy laws, principles of equity affecting the enforcement of creditor's rights generally and liens securing such rights, the police powers of the State and its political subdivisions and judicial discretion. Because the 2013C Leased Property likely will be used by the District to provide for the welfare and safety of children (or for other school-related purposes), a court in any action brought to enforce the remedy of the Trustee to take possession of the 2013C Leased Property may delay repossession for an indefinite period, even though the District may be in default under the 2013C Lease. Any delays in the ability of the Trustee to resolve its claim to the 2013C Leased Property in order to lease the 2013C Leased Property may result in delays in the payment of the 2013C Certificates.

No Reserve Fund

At the time of the execution and delivery of the 2013C Certificates, no debt service reserve fund will be established to secure the payment of the principal of and interest on the 2013C Certificates. The District has no intention of establishing a debt service reserve fund in the future to secure the payment of the principal of and interest on the 2013C Certificates.

Risks Related to Nonappropriation Under Other Leases of the District

In addition to the 2013C Lease, the District has entered into (a) a lease purchase agreement, dated as of July 1, 1997 (the "1997 Lease"), between the Corporation, as lessor, and the District, as lessee, in connection with the execution and delivery of the Taxable Pension Certificates of Participation Series

1997 (the "1997 Certificates"); (b) the 2011B Lease, dated as of April 14, 2011 (the "2011B Lease"), by and between the Corporation, as lessor, and the District, as lessee, in connection with the execution and delivery of the Taxable Certificates of Participation in a Lease with Denver Public Schools, Fixed Rate Refunding Series 2011B (the "2011B Certificates"); (c) a lease purchase agreement, dated as of January 31, 2013 (the "2013A Lease") between UMB Bank, n.a., as lessor, and the District, as lessee, in connection with the execution and delivery of the Certificates of Participation, Series 2013A (the "2013A Certificates"); and (d) the 2013B Lease in connection with the execution and delivery of the 2013B Certificates. The 2013C Certificates, the 1997 Certificates, the 2011B Certificates, the 2013A Certificates and the 2013B Certificates are each secured by separate land and buildings. See Appendix G hereto for additional information on the land and buildings that secure each of the 1997 Certificates, the 2011B Certificates, the 2013A Certificates and the 2013B Certificates. Any loss of the use of the land and buildings securing the 1997 Certificates, the 2011B Certificates, the 2013A Certificates or the 2013B 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 2013C Lease, the 1997 Lease, the 2011B Lease, the 2013A Lease and the 2013B Lease, it may conclude that the land and buildings securing the 1997 Certificates, the 2011B Certificates, the 2013A Certificates or the 2013B Certificates are more essential to the District than the 2013C Leased Property securing the 2013C Certificates. Such a determination may lead to an Event of Nonappropriation under the 2013C Lease. See "—Effect of a Termination of the 2013C Lease" above.

Trustee's Limited Obligation

The Trustee has no assets or revenues available for payment of the 2013C Certificates other than its right to use proceeds of the 2013C Certificates under the 2013C Indenture, its rights to Base Rent and Additional Rent under the 2013C Lease and its other rights and interests under the 2013C Indenture and the 2013C Lease.

Tax and Securities Law Exemptions Following Termination of the 2013C Lease

Bond Counsel has expressed no opinion as to the effect of any termination of the 2013C Lease on the treatment for federal or Colorado income tax purposes of any moneys received by the Owners subsequent to such termination. See "TAX MATTERS." Owners of the 2013C Certificates should not, therefore, assume that the interest received by them following a termination of the 2013C Lease will be exempt from federal or Colorado income taxation.

Additionally, Bond Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any 2013C Certificate subsequent to a termination of the 2013C Lease. If the 2013C Lease is terminated, there is no assurance that the 2013C Certificates may be transferred by a registered owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Casualty Risk

If all, substantially all, or any portion of the 2013C 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 redemption price of the 2013C Certificates if the 2013C Certificates are called for redemption as a result of such casualty. Although the District believes its casualty insurance coverages are adequate, there is no assurance that delays in the receipt of casualty insurance proceeds pertaining to the 2013C Leased Property or delays in the repair, restoration or replacement of property damaged or destroyed would not have a material adverse effect on the ability of the District to operate the 2013C Leased Property or upon its ability to make timely rental payments under the 2013C Lease.

Insurance Risk

The 2013C Lease requires that the District procure commercial property insurance for the 2013C Leased Property in an amount equal to the lesser of (a) the principal amount of the 2013C Certificates then outstanding, or (b) the full replacement value of the Improvements. Pursuant to the 2013C Lease, such commercial property insurance may be provided by one or more private or public insurance companies or organizations, by the Colorado School Districts Self Insurance Pool, or through a self-insurance program. Any self-insurance program (if established) would likely be funded annually by appropriation, and there is no assurance that, in the event the 2013C Lease is terminated as a result of damage or destruction or condemnation of the 2013C Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the 2013C Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date. The District currently has a blanket property and casualty insurance policy covering its existing property (including the 2013C Leased Property, other than the 2013C Leased Property Project); however, such policy is subject to annual renewal.

Condemnation by the District

A Colorado city previously attempted (a) to terminate a lease purchase agreement for a building that it was using as its city hall by nonappropriation and (b) to condemn the building using its power of eminent domain for a price that would not have been sufficient to pay the principal of and interest on the certificates of participation issued to finance the building. The Colorado district court upheld the city's right to condemn the building. Although the city, after extensive court proceedings, ultimately did not condemn the building, there is a risk that a Colorado government, including the District, could terminate a lease and condemn the leased property and that a court could determine that the condemnation price (which, under Colorado law, is supposed to be fair market value) is less than the principal of and interest payable on any certificates, bonds, or other obligations issued to finance the property.

The District has agreed in the 2013C Lease that, to the extent permitted by law, in the event it brings an eminent domain or condemnation proceeding with respect to all or any portion of the 2013C Leased Property, the appraised value of the condemned portion of the 2013C Leased Property will not be less than the greater of (i) if the 2013C Certificates are then subject to redemption under the 2013C Indenture, the redemption price of the 2013C Certificates that are attributable to the condemned property, plus any fees and expenses of the Trustee required for the conveyance of the 2013C Leased Property and the payment, redemption or defeasance of the 2013C Certificates (including other fees and expenses and payable by the Trustee under the 2013C Indenture), or (b) if the 2013C Certificates are not then subject to redemption, the amount necessary to defease the 2013C Certificates attributable to the condemned property to the first date on which the 2013C Certificates are subject to redemption under the 2013C Indenture, plus any fees and expenses of the Trustee required for the conveyance of the 2013C Leased Property and the payment, redemption or defeasance of the 2013C Certificates (including other fees and expenses and payable by the Trustee under the 2013C Indenture).

It is, however, not clear that the agreement described in the immediately preceding paragraph is enforceable. Bond Counsel and the District's General Counsel have not delivered any opinions and the District and the Underwriters have not made any representation regarding the enforceability of such agreement. If the agreement described in the immediately preceding paragraph is not enforceable, there is a risk that the District could attempt to terminate the 2013C Lease and condemn the 2013C Leased

Property and that the court hearing the condemnation action could order a condemnation price that is insufficient to pay the principal of and interest on the 2013C Certificates.

Federal Budget Cuts

The Budget Control Act of 2011 (the "2011 Budget Act") required the Joint Select Committee on Deficit Reduction and Congress to propose and enact legislation before January 2, 2013 that would reduce the federal deficit by $1.2 trillion. On January 2, 2013, the President signed into law the "American Taxpayer Relief Act of 2012" (the "2012 Act"), which, among other things, revised income tax rates on ordinary and capital gain income, modified estate tax rates, permanently extended a number of tax provisions that had already expired at the end of 2011 and 2012, and extended unemployment benefits, Medicare payments and farm subsidies. However, the 2012 Act did not include the deficit reducing legislation that is required by the 2011 Budget Act. Instead, the 2012 Act extended the deadline for Congress to enact deficit reducing legislation until March 1, 2013. Congress failed to enact specific deficit reduction measures by March 1, 2013 and automatic comprehensive budget sequestration and cuts to defense and nondefense spending went into effect. At this time, the impact of sequestration is unclear. Such reductions could include, among other things, a reduction of the direct payments the District receives from the federal government with respect to its tax credit bonds (Build America Bonds, Qualified School Construction Bonds and Qualified Zone Academy Bonds) (see "DEBT AND OTHER FINANCIAL OBLIGATIONS—Outstanding General Obligation Debt"), and a reduction of the moneys the District receives for certain federal education programs including Title I, II and III and under the Individuals with Disabilities Education Act ("IDEA"). These automatic reductions would be permanent unless Congress were to enact subsequent legislation that cancelled the reductions. The District has received information from the Department of Education and the Office of Management and Budget related to the estimated sequestration reduction percentages in certain federal education programs including Titles I, II and III and IDEA, and its tax credit bonds (Build America Bonds, Qualified School Construction Bonds and Qualified Zone Academy Bonds). The District has made necessary budget preparations based on the sequestration reduction percentages that have been communicated to date. The District cannot predict what actions Congress and the President will take to comply with the 2011 Budget Act or what actions they may take in the future to reduce federal budget deficits, or what effect those actions may have on the District.

Future Changes in Laws

Various State laws and constitutional provisions limit revenues and spending of the State and local governments, such as the District, and govern generally the operations of the District. State laws, constitutional provisions and federal laws and regulations also apply to the obligations created by the execution and delivery of the 2013C Certificates. There can be no assurance that there will not be changes in interpretation of or additions to the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of the District.

Cost Overruns and Delays in Completion of the 2013C Leased Property Project

Unforeseen circumstances could cause the costs of the 2013C Leased Property Project (Eastbridge Elementary School and Conservatory Green K-8 School which are to be constructed with proceeds of the 2013C Certificates) to exceed its budget or cause the completion of the 2013C Leased Property Project to be delayed. Pursuant to the provisions of the 2013C Lease, in the event the costs of the 2013C Leased Property Project exceed the amounts on deposit in the 2013C Leased Property Project Account, the District will be required to do one or a combination of the following: (i) modify the specifications of the 2013C Leased Property Project so that the costs of the 2013C Leased Property Project do not exceed the moneys in the 2013C Leased Property Project Account; and/or (ii) pay a portion of such costs from other District moneys. An increase in the costs of the 2013C Leased Property Project or a delay in the completion of the 2013C Leased Property Project could affect the willingness of the District to appropriate Base Rent and other amounts payable under the 2013C Lease and could increase the risk of the occurrence of an Event of Nonappropriation.

Secondary Market

There can be no assurance or guaranty that a market for the 2013C Certificates can or will be maintained. Accordingly, each potential investor should be prepared to hold its 2013C Certificates to maturity.

Forward-Looking Statements

This Official Statement 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. See "INTRODUCTION—Forward-Looking Statements."

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 had a fall 2012 student enrollment of 84,424, making it the second-largest of the 178 school districts in the State.

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 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 to 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 also is 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 whose 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.

Pursuant to the Colorado constitution, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval. The present Board members, their offices on the Board, principal occupations, approximate lengths of service on the Board and terms of office are as follows:

Board of Education

Name	Office	Principal Occupation	Years of Service	Term Expires (November)
Mary Seawell	President	Non-Profit Consultant	3	2013
Allegra Haynes	Vice President	Govt/Business Consultant	1	2015
Andrea Mérida	Secretary	Legislative Aide	3	2013
Anne Rowe	Treasurer	Publisher	1	2015
Arturo Jimenez	Member	Attorney	5	2015
Jeannie Kaplan	Member	Retired	7	2013
Landri Taylor[1]	Member	President &CEO; Denver Urban League	N/A	2013

[1] Nate Easley, Jr. resigned as a member of the Board effective January 17, 2013. On March 18, 2013, Landri Taylor was appointed to replace Mr. Easley. Mr. Taylor's term on the Board will expire in November 2013.

Administrative Staff and Management

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

Superintendent—Tom Boasberg. The Board of Education 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—David D. Hart. Mr. Hart was appointed Chief Financial Officer of the District in June 2010. The Chief Financial Officer has general oversight of general accounting and accounts payable, budgeting, disbursement, cash management, financial planning, debt management and risk management. Before becoming Chief Financial Officer of the District, Mr. Hart served as Chief Financial Officer of the Douglas County School District from April 2007 to June 2010. He also served as Manager of Revenue for the City and County of Denver from May 2006 to April 2007, as Treasurer for the City and County of Denver between fall 2004 and spring 2006, and as Budget Director for the Douglas County School District from 2003 to 2004. Mr. Hart attended the University of Colorado at Denver, where he received his Master of Public Administration: Policy Analysis and Evaluation.

Executive Director of Finance—Kathleen Rinkel. Ms. Rinkel joined the District in August 2008 as the Executive Director of Finance. Prior to joining the District, she was the Manager of Finance and Administration, Facilities Operations for the University of Colorado, Denver for three years. Ms. Rinkel worked for Qwest Communications (formerly known as U.S. West) for 17 years, holding the posts of finance manager, senior general accountant (special project), financial advisor/business manager, financial advisor and manager-cost accounting. Ms. Rinkel received her Bachelor of Science in Accounting from City University, Bellevue, Washington. She also holds a C4PM Certificate (Project Management) from the University of Denver. Ms. Rinkel is a Certified Public Accountant in the State of Washington and also is a Certified Management Accountant.

District Employees and Labor Relations

In order to provide the variety of services required by law, as of December 1, 2012, the District employed approximately 15,798 personnel, comprised of 9,283 full-time and 6,515 part-time employees. Included in the total number of full-time employees are 5,235 certificated/licensed and 10,565 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. The number of District employees has been stable over the last several years and is projected to remain stable.

As of December 1, 2012, the District's certificated/licensed employees held the following degrees:

Highest Degree Held	Percent of Certificated/Licensed Staff
Bachelors	40.7%
Masters	55.0
Doctorate	1.9
Other	2.4
Total	100.0%

Source: The District.

Approximately 61% of the District's teachers are non-probationary, and the average annual salary for teachers is approximately $53,302.

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 56% 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 35% 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, 2015, and the current DAEOP contract expires on August 31, 2013.

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District 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, and the District's K-12 funded pupil counts (which do not include Early Childhood Education (pre-kindergarten) students served by the District).

TABLE III
District Enrollment and Funded Pupil Count

School Year	Enrollment[1]	Percent Change	Funded Pupil Count[2]	Percent Change
2008-09	75,269	1.9%	69,394	2.6%
2009-10	78,352	4.1	72,115	3.9
2010-11[3]	79,423	1.4	72,770	0.9
2011-12	81,870	3.1	75,005	3.1
2012-13	84,424	3.1	77,252	3.0

[1] Total student enrollment (headcount) for Early Childhood Education (pre-kindergarten) through 12th grade.
[2] Based on funded K-12 funded pupil counts which do not include Early Childhood Education students. See "DISTRICT FINANCIAL INFORMATION—Total Program Funding" for a description of the use of the District's funded pupil count in determining the District's Total Program funding.
[3] Enrollment and Funded Pupil Count for 2010-11 includes the loss of an online charter school, Connections Academy, which had 1,060 students, that moved to a neighboring school district.
Source: The District.

The District's current enrollment forecast predicts significant growth through school year 2016 and beyond. The forecast, which is based on statistical modeling by the District, reflects an expected increase over the five-year period of approximately 5,025 students (for K-12 only; excludes preschool/Early Childhood Education numbers). These statistics are subject to change based upon numerous factors, including population shifts, changes in housing or economic conditions and other unforeseen factors. The District added approximately 1,300 K-12 students from the fall of 2011 to the fall of 2012. Between the 2008-09 school year and the 2011-12 school year (the most recent school year for which figures are available), the District's dropout rate decreased from approximately 7.4% to approximately 5.7%.

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. In 2012, District revenue from the sales tax was capped at $4,850,000 and in 2013, District revenue will be capped at $5,250,000.

The District's funded pupil count is used to determine funding pursuant to the Public School Finance Act of 1994 (the "1994 Act"). See "DISTRICT FINANCIAL INFORMATION—Public School Finance Act of 1994." Accordingly, the Colorado Department of Education ("CDE") audits school districts regularly and requests the return of funds if it determines that such an action is warranted. CDE audits of the District's enrollment have been completed and accepted for the 2008-09 and 2009-10 school years; the funds returned under each of those audits were $1,104,971 and $3,424,288, respectively. Audits for each of the 2010-11, 2011-12 and 2012-13 school years have been completed but are still under review by the District and CDE. 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.

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 2012-13 school year, the District is operating a variety of programs to support its educational strategy for the community it serves, including 72 elementary schools, 15 K-8 schools, 21 middle schools, 22 high schools (note that some middle and high schools may operate as a combined 6-12), 11 alternative education centers, one adult opportunity school, one all-District athletic facility, one outdoor education facility, one aircraft training center, two Dedicated Early Childhood Centers, and seven other support buildings (two transportation complexes, a service center, a data center, food service, educational support and administration facilities). Additionally, 26 District-chartered schools (covering a variety of grades) are housed in District-owned or District-leased facilities (the remaining 13 District-chartered schools are housed in private facilities), and an expeditionary learning school is housed in a District-owned building but is operated by neighboring school districts.

In support of the District's strategy to offer a variety of educational opportunities for students, seven charter schools and four new District-operated schools opened in the District for the 2012-13 school year. See "—District Charter Schools" below. For the 2013-2014 school year, the Board approved four new District-operated school applications and five new charter school applications as part of the District's Request for Proposal process. The recommendations resulted from a thorough evaluation of the proposals that successfully met the District's criteria of having a solid research-based educational model, proven school leadership, highly qualified design teams, strong board governance and demonstrated community support. For the 2013-14 school year, the District expects to operate 76 elementary schools, 15 K-8 schools, 22 middle schools, 23 high schools, 13 alternative education centers, one adult opportunity school, one all-District athletic facility, one outdoor education facility, one aircraft training center, two Dedicated Early Childhood Centers, and seven other support buildings (two transportation complexes, a service center, a data center, food service, educational support and administration facilities).

The District owns or leases 157 facilities spanning 13.7 million square feet of buildings and approximately 1,931.1 acres of land (not including the 2013C Leased Property Project). 119 of the 157 facilities are owned by the District outright. The remaining 38 facilities are leased by the District pursuant to certificate of participation financing arrangements under which the District pays annual rent, subject to annual appropriation (including, the 2013C Certificates, the 1997 Certificates, the 2011B Certificates, the 2013A Certificates and the 2013B Certificates). As described in Table II under "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—The 2013C Leased Property" and in Appendix G hereto, the facilities leased by the District with respect to the 2013C Certificates, the 1997 Certificates, the 2011B Certificates, the 2013A Certificates and the 2013B Certificates had a net value, as of December 31, 2012, of approximately $1.076 billion. In connection with the execution and delivery of the 2013C Certificates, the District will lease two additional properties (Eastbridge Elementary School and Conservatory Green K-8 School, both of which will be constructed with a portion of the proceeds of the 2013C Certificates). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES—The 2013C Leased Property." The District will receive unencumbered fee title to these facilities once it has paid all rent for the full term of the applicable lease or exercises its purchase option under the applicable lease. See "DEBT AND OTHER FINANCIAL

OBLIGATIONS—Other Financial Obligations—Certificates of Participation." The District also owns numerous vehicles, including a fleet of school buses and maintenance and food service vehicles.

The District has closed several low attendance schools since 2005, including eight schools in 2007 and one school in 2008 based upon recommendations from a citizen advisory group. Additionally, a facilities study was completed in 2008 concerning the usage of all District properties; the study contained recommendations regarding the possible sale of certain properties. Since 2008, all but three of the schools have been re-commissioned. In 2012, the District also closed two additional schools and a bus terminal. In 2013, the District expects to re-open one of the schools. The District is evaluating the possible sale or re-use of the bus terminal.

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.

District Capital Plans

The District's most recent capital plan is a four-year capital improvement program (for Fiscal Years 2013 through 2016). The capital projects contemplated by the plan were included in the ballot issue that was approved by voters on November 6, 2012 (the "2012 Ballot Issue"). The 2012 Ballot Issue authorized the District to issue up to $466 million in general obligation bonds, which were issued in December 2012 as the General Obligation Bonds, Tax-Exempt Series 2012B (the "2012B General Obligation Bonds") and the General Obligation Bonds, Taxable Qualified Zone Academy Series 2012C (the "2012C General Obligation Bonds," and together with the "2012B General Obligation Bonds," the "2012BC General Obligation Bonds"). The proceeds of the 2012BC General Obligation Bonds will be used to finance, among other things (a) the maintenance, repair and renovation of existing school buildings, and (b) the construction of additions and improvements to existing schools and the construction of new buildings to reduce overcrowding.

In January 2013, the 2013A Certificates were executed and delivered in the aggregate principal amount of $35,195,000, the proceeds of which were and will be used by the District to purchase and make improvements to an existing office building located in downtown Denver (the "2013A Leased Property"). The District plans to use the building for (a) the central administrative functions of the District, (b) a charter school (the Downtown Denver Expeditionary School), and (c) the Emily Griffith Technical College. The 2013A Certificates are secured by certain lease payments payable by the District pursuant to a lease purchase agreement between UMB Bank, n.a., as lessor, and the District, as lessee. The District will pay the lease payments from any legally available amounts annually appropriated by the Board for such payment.

In June 2004, the District entered into agreements with DURA and other entities involved in the redevelopment of the former Lowry Air Force Base ("Lowry") and Stapleton International Airport ("Stapleton") sites. Pursuant to those agreements, DURA and certain 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. The agreements also require DURA or other entities to 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 with the proceeds of tax increment bonds; that K-8 school opened in August 2006. 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, the Stapleton master redeveloper, providing that a third school would be built in Stapleton using up to $9 million in bond proceeds from a ballot issue approved by voters in 2008 to be advanced by the District, approximately $5.4 million previously contributed by Forest City Enterprises and an additional $5 million advance from Forest City Enterprises. DURA is to repay the amounts advanced by the District and Forest City Enterprises from tax increment revenues derived within Stapleton. The third Stapleton school opened in August 2011.

The District, DURA, Forest City Enterprises, the City of Denver and Park Creek Metropolitan District are currently in the process of negotiating an additional agreement in connection with the construction of the 2013C Project, which also will be located in Stapleton. The 2013C Project consists of the construction and equipping of the 2013C Leased Property Project (Eastbridge Elementary School and Conservatory Green K-8 School), certain street improvements and athletic fields. It is expected that the final agreement to be executed in connection with the construction and equipping of the 2013C Project will require DURA to reimburse the District from available tax increment revenues, if any, for costs incurred in connection with the construction and equipping of the 2013C Project and the costs incurred in connection with the execution and delivery of the 2013C Certificates. DURA's authority to collect tax increment revenues derived within Stapleton will terminate in 2025.

Curriculum and Instruction; Accreditation and Standardized Tests

General. The District offers a comprehensive curricula including special education and gifted and talented programs. Furthermore, the District's adult education program at Emily Griffith Technical College is widely recognized across the country.

Accreditation. The District is fully accredited by CDE and is subject to periodic monitoring by the State to ensure continued compliance with accreditation standards. The District has never lost its accreditation.

Standardized Tests. Beginning with the 2011-12 academic year, all Colorado school districts are required by State law to participate in the Transitional Colorado Assessment Program ("TCAP"). Pursuant to TCAP, all public school students are given standardized tests in grades 3-10. The test is designed to measure student achievement in relationship to the Colorado Academic Standards. These standards are expectations specifying what students should know at particular points in their education. As a result, TCAP provides a series of snapshots of student achievement in reading, writing and math as they move through grades 3-10 (in addition, separate Grade 5, 8 and 10 science tests are also administered). TCAP test results are part of statewide school accreditation standards implemented in 1999 and revised in 2008. In addition, in 2001, the State began assigning individual schools a rating ranging from unsatisfactory to excellent based upon CSAP/TCAP scores (CSAP, the Colorado Student Assessment Program, was the predecessor of TCAP). If a school that receives an unsatisfactory rating does not improve within two years, the State Board of Education will review the operations of the school to determine whether the school will be allowed to continue to operate pursuant to its improvement plan, whether the improvement plan should be modified, or whether the school should be converted to an independent charter school.

Title I. Title I funds are allocated based on the poverty rates of students enrolled in schools and districts. Previously, schools in Colorado, eligible to receive federal funding under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended ("Title I"), were measured by adequate yearly progress ("AYP") for purposes of the federal No Child Left Behind Act. Colorado applied for, and received, a waiver from the federal No Child Left Behind law in February 2012. The waiver, which is in effect for the 2012-13 school year, gives Colorado the authority to use the State's accountability system in place of key federal accountability requirements. Therefore, AYP results will no longer be calculated and districts will now be measured using District Performance Framework ("DPF"), Colorado's own accountability system.

There are five accreditation rating levels under DFP: (1) "Accredited with Distinction," (2) "Accredited," (3) "Accredited with Improvement Plan," (4) "Accredited with Priority Improvement Plan," and (5) "Accredited with Turnaround Plan." The District's 2012 final accreditation rating under DPF was "Accredited with Priority Improvement Plan." In 2008, the District developed "The Denver Plan," a strategic compilation of research-based best practices created to guide the District in its efforts to bolster student achievement. The District submitted the Denver Plan to CDE as its corrective action plan under AYP. Since then, CDE has implemented the "Colorado's Unified Improvement Plan for school districts" ("UIP") to streamline the improvement planning components of state and federal accountability requirements. The District annually submits an updated UIP with CDE, with the most recent being submitted on January 15, 2013.

The District's current rating of "Accredited with Priority Improvement Plan" does not currently affect either District finances or operations. If a school district's accreditation rating falls to "Accredited with Turnaround Plan," CDE could become more involved in such school district's improvement strategies and CDE could make recommendations on needed interventions.

District Charter Schools

In Colorado, a charter school is a public school operated by a group of parents, teachers and/or community members as a semi-autonomous school within a school district, operating under a contract or "charter" contract between the members of the charter school community and the local board of education. The "charter," as defined in the Charter Schools Act (Sections 22-30.5-101 et. seq. C.R.S.), specifies the school goals, standards, education design, governance and operations. The degree of autonomy to be exercised by the charter school on such issues as personnel, curriculum and facilities is negotiated between the charter applicants and the local school district and reflected in the charter.

The District's charter schools are funded by a portion of the District's Total Program Funding (see "DISTRICT FINANCIAL INFORMATION—Total Program Funding"), based on their respective enrollments, a portion of the District's mill levy override revenues (see "DISTRICT FINANCIAL INFORMATION—Management's Discussion and Analysis of Recent Operating Results—Fiscal Years 2007-08 through 2011-12—Local Sources"), State and federal grants, and other revenues generated by the respective charter schools. 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.

The District currently has 39 operating charter schools. See "—Facilities" above.

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 its territory.

DISTRICT FINANCIAL INFORMATION

Neither the 2013C Certificates, the 2013C Lease, nor any payments required under the 2013C Lease constitute a mandatory payment obligation in any ensuing year beyond the then current Fiscal Year or constitute or give rise to a general obligation or other indebtedness of the District. The 2013C Lease is comprised of an initial term, ending June 30, 2013, with successive one year renewal terms, and *the District may terminate its obligations under the 2013C Lease on an annual basis. The payment obligations of the District under the 2013C Lease may be made from any legally available moneys of the District. Set forth hereafter is financial information concerning the District.*

Accounting Policies

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The basic format for the financial operation of the District is provided by State law, which allows for the creation of certain governmental funds for specific purposes for each school district. The District also may create and maintain additional funds as required. Pursuant to such authorization, the District maintains six major governmental funds: the General Fund, the Bond Redemption Fund, the Capital Reserve Fund, the Special Revenue Fund, the Building Fund and the ProComp Special Revenue Fund. The District also maintains a number of other special funds. See Note 1 in the audited financial statements of the District attached hereto as Appendix A.

All revenues, except those attributable to the Bond Redemption Fund, the Capital Reserve Fund and any other fund authorized by State law and the State Board of Education, are accounted for in the General Fund, and any lawful expenditure of the District may be made from the General Fund and recorded therein. If the District has any outstanding general obligation indebtedness, the revenues from tax levies made for the purpose of paying debt service on such indebtedness would be recorded in the Bond Redemption Fund. See "DEBT AND OTHER FINANCIAL OBLIGATIONS." The Capital Reserve Fund is funded by transfers from the General Fund. See "—Sources of Revenue—State Share" below.

Awards. The District received the Certificate of Achievement for Excellence in Financial Reporting ("Certificate of Achievement") 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, 2011. 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 27 consecutive fiscal years and has received the Certificate of Excellence from ASBO for 14 consecutive years. On December 28, 2012, the District submitted its CAFR for the fiscal year ended June 30, 2012 to GFOA to determine its eligibility for another Certificate of Achievement, and to ASBO for consideration for its Certification of Excellence.

Public School Finance Act of 1994

General. School districts in the State are mainly funded pursuant to the 1994 Act. The 1994 Act sets forth a formula (the "Total Program") for determining state and local funding amounts for each school district in the State based on a variety of factors including pupil count, local costs of living, personnel costs, the size of each district, the number of at-risk pupils, the number of on-line pupils and the Negative Factor, described below. CDE reports that in budget year 2012-13, the 1994 Act provides for over \$5.3 billion of funding to Colorado schools via state taxes, local specific ownership taxes and local property taxes. See "—Total Program Funding" below.

Lobato Case. On December 9, 2011, the District Court of Denver County, Colorado (the "District Court"), in *Lobato v. State of Colorado* (Case No. 2005CV479, Div. 424), a case filed by several Colorado students, parents of students and school districts, held that the Colorado school finance system is not rationally related to (a) the Colorado Constitutional mandate to establish and maintain a thorough and uniform system of free public schools and results in the denial of the rights of the plaintiff students and parents guaranteed by the provisions of Article IX, section 2 of the Colorado Constitution that require the State to establish and maintain a thorough and uniform system of free public schools (the "Education Clause"), and (b) the rights and powers of the plaintiff school districts pursuant to the Education Clause and the provisions of Article IX, section 15 of the Colorado Constitution that grants the board of education of each school district "control of instruction in the public schools of their respective districts" (the "Local Control Clause"). The District Court held that the public school finance system must be revised to assure that funding is rationally related to the actual costs of providing a thorough and uniform system of public education, stating that "it is also apparent that increased funding will be required."

The District Court enjoined the State from adopting, implementing, administering or enforcing any and all laws and regulations that fail to comply with the court's holding and mandated that the State design, enact, fund and implement a system of public school finance that provides and assures that adequate, necessary and sufficient funds are available in a manner rationally related to accomplish the purposes of the Education Clause and the Local Control Clause. The District Court stayed the injunctive relief in order to provide the State a reasonable time to create and implement a system of public school finance that complies with the Education Clause and the Local Control Clause. The stay will continue in effect, and the present financing formula and funding may remain in effect, until final action by the Colorado Supreme Court upon appeal of the District Court's decision. On January 23, 2012, the State filed a notice of appeal directly with the Colorado Supreme Court and, on July 18, 2012, filed its opening brief with the court. On March 7, 2013, the Colorado Supreme Court heard oral arguments from the plaintiffs and the State. The Supreme Court has not announced when it expects to provide its decision on the *Lobato* case.

Any requirement to increase in State funding of Colorado schools resulting from the *Lobato* case that is not accompanied by additional State revenues may adversely affect the State's finances. The District does not expect the case to adversely affect its bond redemption mill levy, its ability to pay any of its outstanding general obligation bonds or its ability to pay Base Rent under the 2013C Lease. At this time, the District is not able to determine whether the case will have any other effects on the District or its finances.

Proposed Legislation Changing School Funding. On March 8, 2013, Colorado State Senators Mike Johnston and Rollie Heath, introduced a bill in the Colorado General Assembly (Senate Bill 13-213) that, if approved by the General Assembly and signed by the Governor, would substantially change the formula set forth in the 1994 Act for funding schools in Colorado and would increase total funding for schools in the State by approximately $1 billion. A discussion of the current school funding formula is set forth below under "—Total Program Funding." The approximately $1 billion of increased funding for schools, which is expected to come from increased income taxes, would require approval from the voters of the State. According to information provided by Senators Johnston and Heath, if the legislation were adopted in its current form and the voters of the State approved the increased funding, the District's per-pupil funding would increase from its current level. At this time, the District cannot predict if the legislation will be approved in its current form, whether the voters of the State will approve the increased funding or what effect such new legislation will ultimately have on the operations and finances of the District.

Total Program Funding

School district funding is based on the Total Program formula set forth in the 1994 Act. For each pupil funded in a school district's October 1 pupil count, the Total Program allocates a base per-pupil amount of money plus additional amounts based on district-by-district variances. Beginning with fiscal year 2010-11, a new factor was introduced in the school finance formula due to the statewide budget balancing challenges the State was facing. As further described below, this "Negative Factor" reduces the amount of funding school districts would have received prior to this factor's application as a pro-rata portion of the statewide reduction. This factor acts as a reduction to other existing factors and does not reduce any base per pupil funding school districts receive through the school finance formula. Total Program calculations may be expressed in the following formula:

Total Program	=	Funded Pupil Count	x	Total Per Pupil Funding	+	At-Risk Funding	+	On-line Funding	-	Negative Factor

Under the 1994 Act, every school district starts with the same per pupil funding amount generally known as the "statewide base." The statewide base is increased annually by an amount equal to the rate of inflation. The base amount of per pupil funding for fiscal year 2012-13 is $5,843.26. The statewide base is then adjusted in each school district to account for differences between each school district's cost of living, school district size and personnel costs. The cost of living factor is adjusted biennially, taking into account increases in the household income level of each school district. The personnel and size factors are determined using enrollment based calculations, making them unique to each school district.

For each fiscal year, the Colorado General Assembly (the "General Assembly") establishes a minimum amount of funding per pupil statewide based on a statutorily established "minimum per pupil funding base." Additionally, each school district's Total Program per pupil funding cannot exceed 125% of its prior fiscal year Total Program per pupil funding. For fiscal year 2012-13, each school district is guaranteed Total Program funding consisting of the sum of $7,320.89 per traditional pupil plus $7,046.00 per on-line pupil (as described below). These amounts are adjusted to $6,141.28 per traditional pupil plus $5,910.68 per on-line pupil after application of the Negative Factor. For fiscal year 2012-13, fourteen school districts are projected to receive funding based on the minimum Total Program provision, and no school district is expected to reach the maximum limit.

The Total Program calculation is adjusted upward for each pupil qualifying as "at risk." "At risk" is generally determined based on eligibility for participation in the federal free lunch program. Beginning in fiscal year 2005-06, the definition of "at risk" was expanded to include students who are not eligible for free lunch, but whose scores on the CSAP/TCAP test are not included in calculating a school's performance grade because the students' dominant language is not English. A school district receives additional funding equal to 12-30% of its total per pupil funding for "at risk" students. The amount of at risk funding increases as a school district's percentage of at risk pupils increases above the State average. After giving effect to the District's at risk funding, the District's adjusted in-school per pupil funding for fiscal year 2012-13 is approximately $6,868.

On-line funding is based on the number of pupils enrolled in either a single district on-line program or a certified multi-district on-line program. A single district on-line program is any school district on-line program which enrolls no more than 10 students from another school district. The on-line per pupil funding amount changes by the percentage by which the statewide base changes. For fiscal year 2012-13, the on-line funding amount is equal to $5,910.68 (which amount has been adjusted downward by 16.19%, a percentage commensurate with the Negative Factor).

In general, the Negative Factor is calculated by (i) first determining the Total Program amount prior to application of the Negative Factor ($6,309,482,173 for fiscal year 2012-13) and (ii) secondly, dividing a minimum funding amount set by the General Assembly ($5,286,898,382 for fiscal year 2012-13) by the Total Program amount prior to application of the Negative Factor, and subtracting that percentage from 100%. For fiscal year 2012-13, the Negative Factor is equal to $5,286,898,382/$6,309,482,173 = 83.69%, less 100% = 16.21%.

On November 1, 2012, the Governor presented his proposed 2013-14 State budget. Under the Governor's proposed budget, the District's per pupil funding after such at risk adjustment would increase to $7,088 for fiscal year 2013-14. Such amount is only the Governor's proposal and is subject to determination by the General Assembly, which determination will take into consideration a number of factors, including without limitation, differences in State revenues for fiscal year 2013-14 from the revenues currently projected and potential policy differences between the Governor and the General Assembly.

Sources of Revenue

After determining the Total Program, such amount is funded by both the school district's share (the "Local Share") and the State's share (the "State Share"). The relative amounts of revenues received from these sources is a function of the local tax base and other factors relevant to each district.

Local Share. After determining a Total Program figure, a school district's share of such amount is the amount it raises by mill levy (assuming 100% collection) plus the amount of specific ownership tax revenue paid to such school district in the prior fiscal year attributable to the General Fund, excluding any budget election revenue (collectively, the "District Contribution"). The amount of a school district's General Fund mill levy is to be the lesser of: (a) the number of mills levied by the school district for the immediately preceding property tax year; (b) the number of mills that will generate enough property tax revenue to entirely pay for the school district's Total Program for the applicable budget year minus the minimum state aid and minus the amount of specific ownership tax revenue paid to the district; (c) for a school district that has not obtained voter approval to retain and spend revenues in excess of the property tax revenue limitation imposed by under Article X, Section 20 of the State Constitution ("TABOR"), the number of mills that may be levied by the school district under the property tax revenue limitation imposed on such school district under TABOR, or (d) 27 mills. See "—Constitutional Amendment Limiting Taxes and Spending" below.

Taxes levied in one year are collected in the following year. The tax levied for the General Fund is distinct from the tax levied by the District for its Bond Redemption Fund. Nonetheless, both taxes are levied and collected in the same manner described hereafter. See "—Ad Valorem Property Taxes" below.

The District's General Fund mill levy for fiscal year 2010-11 produced $363,590,941 in tax revenues representing approximately 54.3% of the total revenue in the General Fund; the General Fund mill levy for fiscal year 2011-12 produced $316,037,748 in tax revenues representing approximately 49.8% of the total revenue in the General Fund; and the General Fund mill levy for fiscal year 2012-13 is budgeted to produce $306,208,805 in tax revenues, which is expected to represent approximately 49.5% of the total revenue in the General Fund.

Other sources of 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, fees and interest income earned on the District's investments.

State Share. The State Share is provided to each school district whose District Contribution is insufficient to fully fund its Total Program, and the amount of the State Share is the difference between the District Contribution and the Total Program. Payments of State Share moneys are made monthly to school districts and are funded primarily from State income taxes (personal and corporate) and sales and use tax revenue collected.

The General Assembly is to make annual appropriations to fund the State Share of the Total Program of all school districts. The availability of State funds to the District may be affected by actions of the General Assembly and by the cash position of the State itself, as to which the District can give no assurance. In the event that the State's appropriation is not sufficient to fully fund the State Share of the Total Program of all school districts, CDE must submit a request for a supplemental appropriation in an amount which will fully fund the State Share during the fiscal year in which such insufficiency occurs. If a supplemental appropriation is not made, a percentage reduction in State aid to all school districts receiving State aid is to be made.

In budget year 2012-13, State Share financing to school districts is projected to range from $0 per pupil to $10,452.71 per pupil. Beginning with fiscal year 2009-10 the guarantee for minimum State aid was eliminated and school districts are no longer guaranteed an amount of aid from the State.

With a number of exceptions requiring earmarking certain funds, a school district may spend all funds in the Total Program at the school district's discretion. Prior to fiscal year 2009-10, school districts also were required to allocate funds to instructional supplies and materials and capital and/or insurance reserves. However, beginning in fiscal year 2009-10, school districts are no longer required to allocate these funds and district contributions are strictly voluntary. Further, there are no minimum spending requirements for these funds. Each school district must allocate at least 75% of its at risk funding to school or district-wide educational programs for at risk pupils or staff development associated with teaching at risk pupils in the district. Every school district that receives at risk funding must expend such amounts on pupils whose dominant language is not English for implementation of the school district's English language proficiency program. School districts with State preschool programs must budget an amount equal to the school district's per pupil operating revenues times the school district's preschool enrollment.

In fiscal year 2010-11, the District received $201,316,796 in State equalization funding, representing approximately 30.1% of the total revenue in the General Fund; in fiscal year 2011-12, the District received $234,783,298 in State equalization funding, representing approximately 37.0% of the total revenue in the General Fund; and for fiscal year 2012-13, the District has budgeted $247,089,782 in State equalization funding, which is expected to represent approximately 39.9% of total General Fund revenue.

Grants. The District has been the recipient of approximately $167 million in supplemental grant funding since 2008. This funding, while solicited for specific purposes, allows the District to implement "big picture" reforms and "bridge the divide between thought and action." In the District, major initiatives currently funded through grants include: (i) LEAP (Educator Effectiveness) Framework (Bill and Melinda Gates Foundation) and the new Teacher Incentive Fund grant (federal); (ii) Principal Development (Wallace Foundation, Michael and Susan Dell Foundation); (iii) ELA Summer Academy for English Learners (Title I, I3); (iv) Early Childhood Education (Headstart); (v) Common Core State Standards implementation (Race to the Top-state funding, Colorado Legacy Foundation); (vi) Building an Effective Data Culture (Susan and Michael Dell Foundation); and (vii) School Turnaround (Tiered Intervention Grant, Walton Family Foundation).

The use of grant funds, whether from governmental or private sources, is restricted to programs and costs in the approved application and budget. Common forms of grant restrictions include requirements that changes to the approved program or budget must have written approval from the provider of the funds and that the use of the funds be documented through the reporting requirements of each grant. Additionally, continued funding throughout the life of the grant is frequently dependent on performance and occasionally funding is reduced or eliminated due to changes in the funding that is available from the foundations. Further, grants from the federal or State government may be subject to legislative appropriation.

Ad Valorem Property Taxes

The Board has the power, subject to constitutional and statutory guidelines, to certify 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 taxable property within the District. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below.

Property Tax Reduction for Senior Citizens and Disabled Veterans; Property Tax Deferral for Senior Citizens and Active Duty Military Personnel. On November 7, 2000 and November 7, 2006, respectively, the electors of the State of Colorado approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first $200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under TABOR. However, the Colorado State Legislature disallowed the qualified senior citizens exemption beginning with the 2009 levy year (2010 collection year) through the 2011 levy year (2012 collection year), reinstating it for the 2012 levy year (2013 collection year).

Additionally, Colorado law permits any taxpayer who is a qualifying senior citizen or on active military duty to elect to defer the taxpayer's entire property tax liability on property owned by the taxpayer that constitutes the taxpayer's primary residence until the taxpayer dies or such property is sold; provided that upon the taxpayer's death the deferral may be continued by the taxpayer's spouse until the spouse's death (but only, with respect to a deferral for a taxpayer who is a senior citizen, if the taxpayer's spouse is also a senior citizen at the time of the taxpayer's death). The amount deferred is paid by the State to the applicable county treasurer and treated as a loan from the State to the deferring taxpayer. The loan bears interest at an annually reset rate equal to the then-current rate on 10-year United States Treasury Notes and is secured by a lien in favor of the State. Unlike other tax liens, the priority of the lien so established is subordinate to liens established earlier in time, but the deferral may only be elected by the taxpayer if the property meets certain loan-to-value requirements at the time of the deferral.

Property Subject to Taxation. Both real and personal property located within the boundaries of the District, unless exempt, are subject to taxation by the District. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; 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; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and non-profit cemeteries.

Assessment of Property. All taxable property is listed, appraised and valued for assessment as of January 1 of each year by each county assessor. The "actual" value, with certain exceptions, is determined by each county assessor annually based on a biennially recalculated "level of value" set on January 1 of each odd-numbered year. The "level of value" is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, "actual" values for the 2011 levy/2012 collection year and the 2012 levy/2013 collection year are based on market data from the period January 1, 2009 to June 30, 2010. The "level of value" calculation does not change for even-numbered years. The classes of property the "actual" value of which is not determined by a "level of value" include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the "actual" value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property changes from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the "Gallagher Amendment"). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45% to 55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuates. For the 2003 through 2012 levy years the residential ratio is 7.96%.

The Colorado Legislative Council Staff's December 2012 forecast (as contained in its "Focus Colorado: Economic and Revenue Forecast, 2012-2015"), projects that the residential assessment ratio will remain at 7.96% through the 2015 levy year (for tax collection in 2016).

Beginning in May of each year, each county assessor hears taxpayer objections to property valuations, and each county board of equalization hears assessment appeals. Each assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the District's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by, in the case of the District, the Denver Board of Equalization; and 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 following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within the District is required to be certified by the County Assessor to the District no later than August 25 each year. Such value is subject to recertification by the County Assessor prior to December 10 each year. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the District for its General Fund and Bond Redemption Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take into consideration the limitations on certain increases in property tax revenues as described in "—Budgetary Process and Information" and "—Constitutional Amendment Limiting Taxes and Spending" below. The Board must certify the District's levy to the City Council (acting for such purpose as the Board of County Commissioners) no later than December 15.

Upon receipt of the tax levy certification of the District and other taxing entities within the County, the City Council (acting for such purpose as the Board of County Commissioners) levies against the assessed valuation of all taxable property within the county the applicable property taxes. Such levies are certified by the City Council to the County Assessor, who thereupon delivers the tax list and warrant to the City and County of Denver Treasurer (the "County Treasurer") for the collection of taxes.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Taxes certified in 2012, for example, will be collected in 2013. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16 of the collection year. The County Treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the District to the District on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on a parity with the liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the County Treasurer. Further, the County Treasurer may set a minimum total amount below which competitive bids will not be accepted, in which event property for which acceptable bids are not received will be set off to the County. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the City Council, acting for such purpose as the Board of County Commissioners.

Tax Increment Areas

Colorado law authorizes municipalities to establish both urban renewal authorities and downtown development authorities for the purpose of financing improvements to areas which have been designated by the respective governing bodies of municipalities as being blighted or, with respect to downtown development authorities, subject to deterioration of property values or structures. Denver has previously formed DURA and the Denver Union Station Downtown Development Authority ("DUSDDA"). For taxable property included in any urban renewal area established by DURA or plan of development area established by DUSDDA (a "tax increment area"), the assessed valuation of such property does not increase beyond the amount existing in the year prior to the adoption of the applicable urban renewal plan or plan of development (other than by means of the general reassessment). Any increase above the "base" amount (referred to as the "increment") is paid to DURA or DUSDDA, as applicable. See "TABLE V—History of District's Assessed Valuation" below, for information on the assessed valuation attributable to such tax increment areas. Currently, it is the policy of CDE to provide State equalization funding to school districts in order to equalize the amount 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 District's mill levies and assessed valuations for the 2008 levy/2009 collection year through the 2012 levy/2013 collection year are set forth in the following tables. The 2012 levy/2013 collection year includes (i) a property tax increase approved by the voters of the District in November 2012, to pay the principal of and interest on $466 million in principal amount of general obligation bonds issued by the District in December 2012 for new capital projects, and (ii) an increase of 4.86 mills in additional property taxes approved by the voters of the District in November 2012, for the purposes of: restoring and enhancing art, music, physical education and other enrichment programs; increasing instructional support services such as: tutoring, small group instruction, counseling, and community and parent engagement; providing computers, classroom technology and rigorous curricular materials in support of 21st century learning; and expanding early childhood education and full-day kindergarten. See "—Ad Valorem Property Taxes—Assessment of Property" above for a description of the assessment ratios for taxable property used in each of such years.

TABLE IV
History of District's Mill Levy
(number of mills)[1]

Levy/ Collection Year	General Fund	Bond Redemption Fund	Mill Levy Override	Abatements	Total Mill Levy
2008/2009	25.541	6.193	7.473	0.450	39.657
2009/2010	25.541	6.350	6.847	0.524	39.262
2010/2011	25.541	6.800	6.884	0.747	39.972
2011/2012	25.541	7.958	7.584	1.182	42.265
2012/2013	25.541	10.913	12.714	1.320	50.488

[1] One mill equals 1/10 of one cent.
Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2008-2012 State of Colorado Property Tax Annual Reports, City and County of Denver Assessor's Office and the District.

TABLE V
History of District's Assessed Valuation

Levy/Collection Year	Assessed Valuation	Tax Increment Valuation[1]	Net Assessed Valuation	Percent Change
2008/2009	$10,863,244,130	$677,117,213	$10,186,126,917	1.6%
2009/2010	12,012,342,720	735,524,709	11,276,818,011	10.7
2010/2011 [2]	11,960,083,760	783,582,379	11,176,501,381	(0.9)
2011/2012 [2]	10,937,453,830	736,636,866	10,200,816,964	(8.7)
2012/2013 [2]	10,757,438,400	750,170,508	10,007,267,892	(1.9)

[1] Represents the assessed valuation attributable to tax increment areas. See "—Tax Increment Areas" above.
[2] According to the City and County of Denver Assessor's office, the decrease in the District's assessed valuation was primarily attributable to the general downturn in the economy and the reappraisal process.
Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2008-2012 State of Colorado Property Tax Annual Reports and the City and County of Denver Assessor's Office.

The following tables set forth the assessed and "actual" valuations for the 2008 levy/2009 collection year through the 2012 levy/2013 collection year for specific classes of property within the District. 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.

TABLE VI
Assessed Valuation of Classes of Property in the District

Class	2008 Levy/ 2009 Collection Year	2009 Levy/ 2010 Collection Year	2010 Levy/ 2011 Collection Year	2011 Levy/ 2012 Collection Year	2012 Levy/ 2013 Collection Year
Residential	$4,512,971,310	$ 4,546,921,570	$ 4,574,934,180	$ 4,327,503,100	$4,354,890,340
Commercial	5,096,062,630	6,153,135,030	6,104,234,510	5,252,701,040	5,182,438,880
State Assessed	837,782,600	821,501,800	835,629,000	888,484,800	808,217,700
Industrial	236,368,830	259,123,750	251,641,350	223,851,970	218,009,540
Vacant	212,368,360	238,222,210	219,158,050	194,259,930	193,881,940
Agriculture	56,820	43,790	43,740	47,860	–
Oil and Gas	3,295,580	4,083,790	26,940	–	–
Gross Assessed Valuation	10,898,906,130	12,023,031,940	11,985,667,770	10,886,848,700	10,757,438,400
Less Tax Increment [1]	677,117,213	735,524,709	794,936,679	736,636,868	750,170,508
Total	$10,221,788,917	$11,287,507,231	$11,190,731,091	$10,150,211,832	$10,007,267,892

[1] Incremental assessed valuations in excess of "base" valuation in property tax increment areas from which the District does not receive property tax revenue. See "—Tax Increment Areas" above.
Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2007-2011 State of Colorado Property Tax Annual Reports; and the City and County of Denver Assessor's Offices.

TABLE VII
"Actual" Valuation of Classes of Property in the District [1]

Class	2008 Levy/ 2009 Collection Year	2009 Levy/ 2010 Collection Year	2010 Levy/ 2011 Collection Year	2011 Levy/ 2012 Collection Year	2012 Levy/ 2013 Collection Year
Residential	$56,695,619,472	$57,122,130,276	$57,474,047,487	$54,365,616,834	$54,619,696,600
Commercial	17,572,629,759	21,217,707,000	21,049,084,517	18,112,762,207	17,870,479,200
State Assessed	2,888,905,517	2,832,764,828	2,881,479,310	3,063,740,690	2,786,957,600
Industrial	815,064,931	893,530,172	867,728,793	771,903,345	751,757,000
Vacant	732,304,690	821,455,897	755,717,414	669,861,828	668,558,400
Agriculture	195,931	151,000	150,828	165,034	–
Oil and Gas	3,766,377	4,667,189	30,789	–	–
Gross "Actual" Valuation	$78,708,486,677	$82,070,950,465	$83,028,239,138	$76,984,049,938	$76,697,448,800

[1] Except for the 2012 levy year, which is the statutory certified "actual" valuation, the estimated historical "actual" valuations presented herein are derived from data provided by the Colorado Department of Local Affairs, State of Colorado Property Tax Annual Reports. "Actual" valuation is not equal to the market valuation of the classes of property.
Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2007-2011 State of Colorado Property Tax Annual Reports; and the City and County of Denver Assessor's Offices.

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The following table sets forth a history of the District's ad valorem property tax collections within the District since the 2007 levy/2008 collection year, on a calendar year basis.

TABLE VIII
Historical Property Tax Collections

Levy/ Collection Year	Total Taxes Levied	Current Tax Collections [1]	Percent of Levy Collected	Delinquent Taxes Collected [2]	Total Taxes Collected	Percent of Total Collections
2007/2008 [3]	$393,073,078	$392,161,254	99.77%	$ (982,194)	$391,179,060	99.52%
2008/2009 [3]	403,951,236	401,544,035	98.40	(2,126,458)	399,417,577	98.88
2009/2010 [3]	442,516,290	436,223,046	98.58	2,746,675 [5]	438,969,721	99.20
2010/2011 [3]	446,293,224	440,805,154	98.77	(4,907,174)	435,897,980	97.67
2011/2012 [3]	431,137,524	422,629,736	98.03	(1,195,056)	421,434,680	97.75
2012/2013 [4]	505,245,139	208,383,486	41.24	238,617	208,622,103	41.29

[1] The County Treasurer's collection fees have not been deducted from these amounts. Figures do not include interest, fees and penalties.
[2] According to the County Treasurer, the negative amounts of delinquent tax collections in each of the years shown are attributable to various abatements/refunds.
[3] Property tax collections through December 31 of the collection year.
[4] Property tax collections through March 31, 2013.
[5] Includes Frontier Airlines delinquent 2007-08 tax payment made in 2009-10 upon emergence from bankruptcy.
Source: City and County of Denver Treasurer's Office and the District.

Set forth in the following table are the persons or entities which represented the largest taxpayers within the District for the 2011levy/2012 collection year (the latest year for which information is available), as provided by the County Assessor. 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.

TABLE IX
Largest Taxpayers Within the District

Name	Assessed Valuation	Percent of Assessed Valuation[1]
Xcel Energy, Inc. (formerly Public Service Company)	$ 223,358,360	2.04%
Century Link (formerly Qwest Corporation)	190,453,060	1.74
Callahan Capital Partners	109,778,240	1.00
Frontier Airlines	106,610,600	0.98
United Airlines Inc.	87,606,900	0.80
Columbia-Healthone LLC	82,921,480	0.76
Brookfield Properties	82,091,790	0.75
LBA Realty Fund	80,737,930	0.74
UBS Realty Investors	74,185,570	0.68
MPG Office Trust Inc.	73,678,370	0.67
Total	$1,111,422,300	10.16%

[1] The 2011 assessed valuation figure of the District used in computing the above was $10,937,453,830, which included the tax increment assessed valuation of $736,636,866. See "—Tax Increment Areas" above.
Source: City and County of Denver Assessor's Office.

Overlapping Mill Levies

Numerous entities located wholly or partially within the District are authorized to levy taxes on property located within the District. According to the County Assessor, out of a total of 70 entities overlapping all or a portion of the District, there are currently 38 entities which levy a mill levy. According to the County Assessor, the lowest total mill levy imposed in 2012 (collected in 2013) on a taxpayer located in the District was 84.071 and the highest was 209.071. As a result, property owners within the District may be subject to various mill levies depending upon the location of their property. The following table is representative of a sample total 2012 mill levy (collected in 2013) 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. See also "DEBT AND OTHER FINANCIAL OBLIGATIONS—Outstanding General Obligation Debt—Estimated Overlapping General Obligation Debt."

TABLE X
Sample 2012 Mill Levy

Taxing Entity	2012 Mill Levy[1]
Denver (City and County)	32.926
Urban Drainage and Flood Control District	0.657
Sample Overlapping Mill Levy	33.583
The District	50.488
Sample Total Mill Levy	84.071

[1] One mill equals 1/10 of one cent. Mill levies certified in 2012 are for the collection of ad valorem property taxes in 2013. Net of tax credits as allowed by State statutes.

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

Historical General Fund Financial Information

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. The fund represents and accounts for the District's ordinary operations financed primarily from state aid and property taxes and is the most significant fund in relation to the District's overall operations. The following table sets forth a five-year comparative statement of revenues, expenditures and changes in fund balances for the District's General Fund. The following information should be read together with the District's financial statements and accompanying notes appended hereto as Appendix A.

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TABLE XI
Summary of General Fund Revenues, Expenditures and Changes in Fund Balances [1]

	2007-08	2008-09	2009-10	2010-11	2011-12
Beginning Balance (GAAP)	$ 95,417,774	$ 34,883,716	$ 28,625,407	$ 74,740,057 [2]	$116,513,738
Local Revenue Sources					
Property Taxes	331,802,650	334,307,042	364,202,455	365,649,202	318,541,996
Delinquent Taxes and Interest	550,040	609,640	1,514,731	(2,058,261)	(2,504,248)
Specific Ownership Tax	29,568,688	27,169,809	26,172,343	25,698,371	27,021,138
Tuition	5,954,728	4,775,692	9,797,158	13,427,191	6,127,453
Interest on Investments [3, 4]	3,857,555	1,144,649	727,864	772,199	708,773
Other Local Sources	7,946,254	8,685,562	6,356,725	15,165,361	20,270,542
Total Local	379,679,915	376,692,394	408,771,276	418,654,063	370,165,654
State Revenue Sources					
Finance Act	208,706,454	225,756,709	234,172,686	201,316,796	234,783,298
Vocational Education	736,597	626,841	648,904	778,325	1,751,387
Special Education	13,541,358	14,190,222	13,798,676	13,735,972	13,485,096
Transportation	4,281,572	3,986,663	4,485,214	4,587,259	4,474,628
Other State Sources	561,962	3,593,105	2,200,320	2,103,950	1,794,936
Total State	227,827,943	248,153,540	255,305,800	222,522,302	256,289,345
Federal Revenue Sources					
Total Federal Revenue	853,961	912,634	3,274,570	28,261,677 [5]	7,863,578 [5]
Total Revenue	608,361,819	625,758,568	667,351,646	669,438,042	634,318,577
Operating Transfers In	1,147,347	4,209,660	96,805	13,043,507	1,567,163
Proceeds from:					
Certificates of Participation	750,000,000	--	--	792,280,000	--
TOTAL RESOURCES	1,454,926,940	664,851,944	696,073,858	1,549,501,606	752,399,478
Expenditures					
Current:					
Instruction	326,964,441	328,394,419	334,898,507	333,728,437	326,490,335
Supporting Services	88,965,082	91,192,753	92,857,298	93,517,612	118,705,976
Business Supporting Services	104,845,910	101,462,436	103,787,418	100,658,370	112,784,548
Community Services	130,453	389,602	312,027	4,250,529	5,641,526
Education for adults	--	--	--	1,556,938	622,852
Capital Outlay	367,976	454,071	172,107	1,036,732	1,847,261
Debt Service [6]	119,486,339	65,732,537	48,067,190	84,816,236	56,397,285
Issuance Cost of Debt [4]	17,590,452	--	--	6,023,749	--
Total Expenditures	658,350,653	587,625,818	580,094,547	625,588,603	622,489,783
Refunded Certificates	313,957,102	--	--	750,000,000	--
Advance Payment of Pension UAAL [7]	397,800,000	--	--	--	--
Operating Transfers Out to:					
Capital Reserve Funds	16,199,058	13,007,097	17,797,125	11,642,125	21,346,725
ProComp Special Revenue Trust Fund	26,503,865	26,839,486	28,251,184	27,742,834	--[11]
Other Funds	7,232,546	8,754,136	6,679,072	18,014,306	6,893,402
Ending Fund Balance (GAAP)	$ 34,883,716	$ 28,625,407	$ 63,251,930	$ 116,513,738	$101,669,568
Salaries Earned but Unpaid [8]	44,784,003	40,344,360	46,372,122	43,761,358	44,294,132
Deferred Revenue [9]	6,715,870	6,023,301	5,330,732	4,479,200	3,985,312
Reserve for Encumbrances	(4,479,066)	(4,293,617)	(6,100,558)	(5,440,309)	(5,870,393)
Net Income Adjustments [10]	(2,654,619)	(2,871,103)	(2,911,970)	(2,981,452)	(2,804,935)
Budgetary Basis Fund Balance	$ 79,249,904	$ 67,828,348	$105,942,256	$ 156,332,535	$141,273,684
Ending Fund Balance (GAAP) as a % of Expenditures	5.30%	4.87%	10.90%	18.62%	16.33%

1 Results are presented using generally accepted accounting principles ("GAAP").

2 The 2010-11 beginning balance includes a prior period adjustment reflecting a net transfer in of $11,498,127 from special revenue funds in compliance with GASB Statement No. 54. See "Note 1. Summary of Significant Accounting Policies - Fund Balance" in the audited financial statements of the District attached hereto as Appendix A.

3 In 2001, the District began transferring a designated amount of interest earnings from its Bond Redemption Fund.

4 In 2008, "Interest on Investments" reflects the proceeds realized from the execution and delivery of the Taxable Variable Rate Certificates of Participation, Series 2008A, 2008B-1 and 2008B-2 (the "2008 Certificates"), a portion of which refunded a portion of the 1997 Certificates and the Taxable Variable Rate Certificates of Participation, Series 2005A (the "2005A Certificates") and the Taxable Variable Rate Certificates of Participation, Series 2005B (the "2005B Certificates," and together with the 2005A Certificates, the "2005 Certificates"). In 2008, the "Issuance Cost of Debt" category relates to the execution and delivery of the 2008 Certificates, net of the cost to terminate a swap associated with the 2005 Certificates. In 2011, "Interest on Investments" reflects the proceeds realized from the execution and delivery of the 2011A Certificates and the 2011B Certificates, a portion of which refunded the 2008 Certificates. In 2011, the "Issuance Cost of Debt" category relates to the execution and delivery of the 2011A Certificates and the 2011B Certificates, net of the cost to terminate certain swaps associated with the 2008 Certificates.

5 Includes certain grants received by the District pursuant to the American Recovery and Reinvestment Act ("ARRA").

6 Includes amounts for the payments due under various lease-purchase agreements and the lease payments associated with the 1997 Certificates, the 2005A Certificates and the 2008 Certificates. In fiscal year 2008, also includes $62.575 million attributable to the redemption of callable 1997 Certificates with proceeds of the 2005B Certificates in January 2008. Debt service on the 2005B Certificates was paid with proceeds of a guaranteed investment contract.

7 Represents payment of a portion of the proceeds of the 2008 Certificates to fund all of the District's then-unfunded pension accrued actuarial liability. See "—Retirement and Pension Matters" below.

8 In a July-June fiscal year, teachers (and certain other District employees) earn 100% of their salary yet would have been paid for only ten months, or 83%, thus a salary accrual of 17% is recorded for GAAP purposes.

9 On a GAAP basis, under GASB Statement No. 34, the proceeds from forward delivery agreements are recognized as revenues over the term of the obligations for which they were entered into. The District has previously entered into forward delivery agreements with respect to certain of its general obligation bonds and the 1997 Certificates, the 2011A Certificates and the 2011B Certificates.

10 On a GAAP basis, capital lease and state transportation receivables are reported as revenues.

11 Revenue for ProComp Special Revenue Trust Fund now recorded directly in ProComp Special Revenue Trust Fund rather than transferred out from General Fund.

Source: The District's audited financial statements for the fiscal years ended June 30, 2008-2012 and the District.

Management's Discussion and Analysis of Recent Operating Results

Fiscal Years 2007-08 through 2011-12.

Revenues. As illustrated in the table above, total revenue increased in each year from fiscal year 2007-08 through fiscal year 2010-11, then decreased in fiscal year 2011-12. The District's revenues are derived from local sources, State sources, and federal revenues.

Local Sources. Property tax revenues comprise the majority of the District's local revenue sources. Assessed valuations, upon which property taxes are collected, increased in each year through levy year 2009, then decreased in levy years 2010 and 2011. According to the City and County of Denver Assessor's office, the decrease in the District's assessed valuation is primarily attributable to the general downturn in the economy and the reappraisal process. District voters approved mill levy override elections in November 2003 ($20 million beginning calendar year 2004) to support various programs, in 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 in November 2012 ($49 million beginning in calendar year 2013) to support early-childhood education, enrichment programs such as arts, music and physical education and technology. In addition, beginning with the 2008 property tax collection year, an amendment to the 1994 Act (the "Mill Levy Freeze"), legislatively froze the District's mill levy at the existing level of 25.541 mills. Without the Mill Levy Freeze, the District's mill levy likely would have declined. The result of the Mill Levy Freeze has been a shift in the 1994 Act funding from State sources to local sources.

Specific ownership taxes, which are based upon the District's proportional share of ad valorem property taxes collected in the County, decreased approximately 8.6% from fiscal year 2007-08 to fiscal year 2011-12 as a result of the nationwide economic downturn. Delinquent tax collections increased from fiscal year 2007-08 through fiscal year 2009-10 and declined in fiscal years 2010-2011 and 2011-12 due to economic conditions. Tuition revenues (primarily from early child education tuition-based programs) decreased by approximately 54% in fiscal year 2011-12 due to a reclassification of early child education tuition to non-general funds. Other sources of local revenue include interest from investments and other revenue sources. Interest on investments fluctuates as market interest rates change.

State Sources. The primary source of State revenues is the 1994 Act. In fiscal year 2007-08, the Mill Levy Freeze caused a decrease in the 1994 Act funding for the 2008 property tax collection year. For fiscal years 2008-09 through 2009-10, per-pupil funding was restored to historical levels. For fiscal year 2010-11, due to declining State revenues, negative factors were applied by the state to the Finance Act funding to balance the State budget. Other sources of State revenue include vocational education, special education and transportation. Special Education funding has increased due to the State's increase in its appropriation for this support; however, vocational education and transportation funding have remained flat. Revenues from other State sources are mainly charter school construction grants.

Expenditures. Expenditures from fiscal year 2007-08 to 2008-09 decreased from $658 million to $587 million mainly as a result of a decrease in debt service paid by the District. However, expenditures from fiscal years 2008-09 through 2011-12 increased from $588 million to $622 million due to inflation and enrollment growth, and increases in debt service and the "Issuance Cost of Debt" described in footnote (4) to Table XI. The District's continued management of its debt is reflected in the reduced debt service costs for 2008-09 and 2009-10. The District's 2010-11 and 2011-12 debt service costs reflect the execution and delivery of the 2011A Certificates and the 2011B Certificates (collectively, the "2011 Certificates"). The District's capital outlay fluctuates from year to year.

Operating Transfers Out. This figure represents amounts of funding required to be transferred or allocated to the Capital Reserve Fund pursuant to the 1994 Act. Beginning in fiscal year 2009-10, this transfer was no longer required as stipulated in the 1994 Act. Transfers out to other fund subsidies include funds to the Pupil Activity Fund to support the high school athletics program, to the second chance program at the District's Emily Griffith Technical College, and to the Special Revenue Fund for various educational programs.

Fund Balance. As a result of GASB Statement No. 34, the GAAP accounting treatment changed for the recognition of revenue from the collection of proceeds from forward delivery agreements such that it is not to be recognized as revenues upon receipt as in the past, but rather is to be recognized as revenues over the term of the securities for which such agreement relates. In fiscal year 2002-03, the District entered into a forward delivery agreement whereby approximately $9.6 million in proceeds were received upfront for the present value of future reinvestment earnings from a portion of future General Fund revenues deposited to certain certificate fund(s) established for the District's certificates of participation. These deferred revenues continue to amortize. See "DEBT AND OTHER FINANCIAL OBLIGATIONS—Other Financial Obligations—Certificate Fund Investment Agreement" for additional information about this forward delivery agreement.

School budget law also requires the encumbering of current budgeted funds for any orders of goods and services not received. The net income adjustments result from some revenues being on a cash basis for budgetary purposes and on the accrual basis for GAAP purposes.

For the fiscal year ended June 30, 2009, the District's emergency reserve required by Section 20 (5) of Article X of the Colorado Constitution was met through a letter of credit from an investment–grade bank, as permitted by Section 22-44-105 (1) (c.5), Colorado Revised Statutes, as amended. For fiscal years ended June 30, 2010 through June 30, 2013, the District's emergency reserve required by Section 20 (5) of Article X of the Colorado Constitution was met by designating real property owned by the District in lieu of cash, as permitted by Section 22-44-105 (1) (c.5), Colorado Revised Statutes, as amended. See "—Constitutional Amendment Limiting Taxes and Spending" below.

In January 2005, the District adopted a policy requiring that a contingency reserve be set aside in the General Fund in an amount equal to 2% in fiscal year 2006-07 and 3% in fiscal year 2007-08 and later years. The District achieved 3% funding during fiscal year 2006-07 due to the availability of funds resulting from larger than expected beginning fund balance; the reserved fund balance remains in place. Further information relating to the General Fund, as well as certain other funds of the District, may be found in the financial statements of the District appended hereto. For fiscal years ended June 30, 2009 through June 30, 2013, and in accordance with C.R.S Section 22-44-105 (1) (c.5), Colorado Revised Statutes, the District established an emergency cash reserve in the general fund equal to 3% of budgeted general fund revenues.

Fiscal Year 2012-13. The District submitted a balanced budget for fiscal year 2012-13, which was adopted by the Board on May 17, 2012. The budget reflects an overall reduction in State per pupil funding of 16.11%, or approximately $1,329 per pupil, after applying a 1.1% increase for inflation and the Negative Factor. The District also continues to ensure that compensation increases stay in line with projected revenue increases. The Board adopted an amended budget for fiscal year 2012-13 on January 17, 2013.

As a result of the merger with the State's pension system (see "—Retirement and Pension Matters" below), the District generated approximately $19.4 million in savings in fiscal year 2009-10. Also, the District continues to maintain strong fund balances, including the 3% District emergency reserve.

Future Considerations. The District continues to review and analyze forward looking financial projections as a part of its annual budgetary process. The District considers these projections to be a critical component to successfully managing the finances of the District. This is especially true in the current economic environment as the District may be confronting a future funding decline as a result of the budget challenges of the State and the future reduction of funding received from the federal government. As a result, it is paramount that the District review its projected financial position in order to ensure the appropriate re-balancing and budget setting occurs proactively to mitigate and prepare for these and other future financial pressures. One example of the District's proactive approach is the District's commitment to maintaining an adequate and appropriate fund balance through the establishment of reserves. The District's ending fund balance for fiscal year 2011-12 was $101,669,568.

For a further discussion and analysis of District operations with respect to the fiscal year ended June 30, 2012, see the District's audited financial statements appended hereto as Appendix A.

Budgetary Process and Information

The District is required by the School District Budget Law of 1964, Article 44 of Title 22, Colorado Revised Statutes, as amended (the "Budget Law"), to formulate a balanced budget and to hold a public hearing thereon prior to the determination of the amounts to be financed in whole or in part by ad valorem property taxes, funds on hand or estimated revenues from other sources. The budget must specify the amounts budgeted for proposed expenditures by funds, the amounts budgeted to be transferred from the general fund to the capital reserve fund and the insurance internal service fund, the corresponding amounts budgeted by fund that were actually expended during the last completed fiscal year and anticipated to be expended during the current fiscal year, all revenue anticipated for the ensuing fiscal year classified as to funds and sources of income, and the fund balance at the end of the fiscal year.

As part of the budgeting process of the District, the Superintendent of the District submits a proposed budget to the Board at least 30 days prior to the beginning of the next fiscal year. After conducting a public hearing on the budget proposals, at which time any person paying school taxes in the District has an opportunity to be heard, the Board must adopt a final budget for the succeeding year prior to June 30 of each year by formal resolution specifying the amount of money appropriated to each fund, and must certify to the City Council, by December 15 of each year, the amounts necessary to be raised from levies against the assessed valuation of all taxable property located within the District for its General Fund and Bond Redemption Fund to defray expenditures therefrom during the next ensuing fiscal year. The Board cannot expend any moneys in excess of the amount appropriated by resolution for a particular fund.

The annual budget is the financial operating plan for the District after adoption by the Board. Should the Board determine that the property tax mill levy should be increased beyond the authorized limit set by State statutes, the Board may submit such proposed increase at a general election for approval and, if such increased levy is approved, may adopt a supplemental budget. While the budget may be revised from time to time after following steps required by Board policy and State law, statutes prohibit the board of education of any school district to expend any moneys in excess of the amount appropriated by resolution for a particular fund.

The District is not aware of any material changes that would adversely affect the District's ability to complete the 2012-13 fiscal year within budget. The following table sets forth a comparison and a summary of the 2011-12 final budget as compared with 2011-12 year-end audited figures (presented on a budget basis, not GAAP basis), and the 2012-13 amended budget as compared with 2012-13 unaudited figures (through January 31, 2013). The original 2012-13 budget was adopted by the Board on May 17, 2012 and the 2012-13 amended budget was adopted by the Board on January 17, 2013. The 2012-13 amended budget reflects an overall reduction in State per pupil funding of 16.11%, or approximately $1,319.26 per pupil, after applying a 1.1% increase for inflation and the Negative Factor.

TABLE XII
General Fund Budget Summary and Comparison [1]

	2011-12 Budget (as amended)	2011-12 Year-End (unaudited) [2]	2012-13 Budget (as amended) [3]	2012-13 Year-to-Date (unaudited)[4]
Beginning Fund Balance [5]	$156,334,573	$156,332,535	$141,075,851	$141,075,851
Revenues				
Local revenues [6]	337,571,891	369,936,330	401,695,587	30,340,295
State revenues	266,077,929	256,460,563	276,902,756	166,350,601
Federal revenues	7,381,578	7,863,578	7,381,578	3,702,142
Total Revenue	611,031,398	634,260,471	685,979,921	200,393,037
Total Resources	$767,365,971	$790,593,006	$827,055,772	$341,468,888
Commitments/Expenditures				
Salaries [7]	$372,257,476	$372,015,611	$382,703,148	$223,010,592
Employee benefits [8]	60,887,719	46,767,979	46,850,059	22,791,893
Purchased services [7]	31,810,074	33,503,236	38,553,823	15,839,501
Charter Schools [8]	58,921,198	69,256,138	69,805,670	70,561,567
Supplies & Materials [9]	51,484,090	36,490,803	43,024,393	23,230,249
Property [7]	7,965,692	7,263,521	7,453,270	3,638,034
Interfund transfers [10]	26,842,845	26,672,963	18,138,194	(148,083)
Debt Service	58,970,284	56,397,211	58,346,544	31,758,323
Other Expenses	1,502,361	951,861	8,042,795	728,263
Reserves	53,062,101	--	154,137,877	--
Total General Fund Appropriations	$723,703,840	$649,319,323	$827,055,772	$391,410,339

1 Figures are reported on a budgetary basis and not on a GAAP basis. Figures have been rounded.
2 Unaudited actual figures for the year ended June 30, 2012, including fund 13 General Project due to GASB 54.
3 Amended Budget adopted by the Board on January 17, 2013.
4 Unaudited actual figures through January 31, 2013, including fund 13 General Project due to GASB 54. Results for the first 7 months of fiscal year 2012-13 may not be indicative of results for the full fiscal year 2012-13.
5 Due to GASB 54, beginning balance for certain projects has been reclassified from Special Revenue to the General Fund.
6 Due to drop in assessed valuation; change in budget methodology related to charter schools (see Note 16 in the audited financial statements of the District attached hereto as Appendix A).
7 Due to GASB 54, expenses for certain projects incurred in Special Revenue have been reclassified to the General Fund.
8 Known budget variance, has been corrected in fiscal year 2012-13.
9 The budgets for these expenses are discretionary and can fluctuate from year to year.
10 Revenue for ProComp Special Revenue Trust Fund now recorded directly in ProComp Special Revenue Trust Fund rather than transferred out from General Fund.

Source: The District.

Constitutional Amendment Limiting Taxes and Spending

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or TABOR, and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and new requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, now requires voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on (i) for the State, the percentage change in State population, (ii) for a school district, the percentage change in student enrollment, and (iii) for any other local government, the net percentage change in actual value of all real property from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of 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. Elections on such matters may only be held on the same day as a state general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual . . . revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency." The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

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 fiscal year 1999-2000.

Retirement and Pension Matters

Pension Plan. 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 pursuant to Senate Bill 09-282 ("SB 09-282"). See Note 9 to the audited financial statements of the District attached hereto as Appendix A for additional information regarding the merger of DPSRS into PERA and other matters with respect to the District's pension plan. At the time of the merger, all of the assets, liabilities and obligations of DPSRS were transferred into a separate newly created division within PERA known as the Denver Public Schools Division of PERA (the "DPS Division"). SB 09-282 also established a separate District division within PERA for health care benefits. SB 09-282 allows for the portability of benefits between the District divisions within PERA and other PERA divisions. PERA is a cost-sharing multiple-employer defined benefit pension plan that provides retirement and disability, post-retirement annual increases and death benefits for members or other beneficiaries.

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The following table sets forth DPSRS's (now the DPS Division of PERA) funding status for the years shown (dollar amounts in thousands):

Actuarial Valuation Date December 31	Actuarial Value of Assets [a]	Actuarial Accrued Liabilities (AAL) [b]	Unfunded Actuarial Accrued Liabilities (UAAL) [b]-[a]	Funded Ratio [a]/[b]	Annual Covered Payroll [c]	UAAL/ as a Percentage of Covered Payroll ([b]-[a])/[c]
2007	$2,968,794	$3,383,258	$414,464	87.7%	$357,049	116.1%
2008	2,944,292	3,493,011	548,719	84.3	388,652	141.2
2009	2,917,927	3,304,766	386,839	88.3	491,750	78.7
2010	2,961,720	3,332,814	371,094	88.9	470,774	78.8
2011	2,804,706	3,442,527	637,821	81.5	491,646	129.7

Source: 2007-2009: Comprehensive Annual Financial Report, Denver Public Schools Retirement System, year ended December 31, 2009; and 2010 and 2011: PERA Comprehensive Annual Financial Reports, years ended December 31, 2010 and 2010.

When calculating the funding status of the DPS Division for the year ended December 31, 2011, the following actuarial assumptions were used: (a) assets are valued on a four-year moving average of expected and market values so that investment gains and losses for a year are recognized over four years at 25% per year; (b) the remaining amortization period is 30 years; (c) the rate of return on investments is assumed to be 8.0% (which was changed from 8.5% in November 2009); (d) salaries are projected to increase 4.5-10.7%; (e) the rate of inflation is assumed to be 4.5%; (f) payrolls are projected to increase 3.75% per year; and (g) cost of living adjustments are assumed to be 2.0% per year.

According to the Comprehensive Annual Financial Report of the Colorado Public Employees' Retirement Association for the year ended December 31, 2011, the market value of the assets in the DPS Division was approximately $2.818 billion. The DPS Division 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, 2011 (instead of the Actuarial Value of Assets), the funded ratio of the DPS Division would increase from approximately 81.5% to 81.9%.

The District's pension contributions for fiscal years 2011-12, 2010-11, 2009-10, and 2008-09 were $17,594,394, $13,574,646, $6,231,573, and $27,760,626, respectively.

In 1997, the 1997 Certificates were executed and delivered to fund the District's then-existing UAAL. A portion of the 1997 Certificates were refunded with the proceeds of the 2005 Certificates. In May 2008, the 2008 Certificates were executed and delivered to refund the 2005 Certificates and to fund the District's then-existing UAAL of $397,800,000. The 2008 Certificates were refunded in April 2011 with the proceeds of the 2011A Certificates (which were refunded on April 23, 2013 with a portion of the proceeds of the 2013B Certificates) and the 2011B Certificates. See "DEBT AND OTHER FINANCIAL OBLIGATIONS—Other Financial Obligations—Certificates of Participation."

The District is required by law to contribute to PERA at rates established by State statute. Contribution rates are set by law and may be changed by the State legislature from time to time. The District's current contribution rates (excluding contributions to the Healthcare Trust Fund, which are fixed at an annual rate of 1.03% of covered payroll) are: 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. However, pursuant to SB 09-282, the District's required annual pension contributions are reduced by the amount of principal and interest (assumed to be fixed at 8.5% per annum) the District pays each year with respect to the 1997 Certificates and the 2011 Certificates and any other obligations incurred to refund such obligations (including the 2013B Certificates) (collectively, the "PCOPs Credit"). The District's required annual pension contributions will continue to be reduced by the amount of the PCOPs Credit until the 1997 Certificates, the 2011B Certificates, the 2013B Certificates and any other obligations incurred to refund such obligations are no longer outstanding.

SB 09-282 established DPS Division's pension contributions at a rate 3.6% higher than the division of PERA that covers all of the other school districts in the State (the "School Division"). The differential was intended to ensure both the DPS Division and the School Division reach equal funding status after 30 years (as of January 1, 2040). According to PERA, the DPS Division's current funding status exceeds that of the School Division, and is projected to reach full-funding status by 2032. According to PERA, the School Division's funding status is currently not projected to reach full-funding status by January 1, 2040. The School Division existed prior to the merger of PERA and DPSRS and the creation of the DPS Division. 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, a true-up will be calculated to determine if the DPS Division and the School Division are on-track to reach equal funding status, and calls 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. At this time, the District cannot predict the level of any such increases or decreases. As a result of the District's ability to reduce its statutorily required pension contributions by the amount of the PCOPs Credit, it is expected that the District's actual contributions to PERA will be less than the District's annual required contributions ("ARC") for the next several years.

In addition to the District's contributions to the DPS Division, each member employee contributes 8% of his or her salary. 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%. 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 website of PERA 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. 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 4,432 retired employees are eligible for a fully insured life insurance benefit under the Retiree Life Insurance Trust. Additionally, post-employment health insurance is provided under PERA's retiree health program, PERACare. The life insurance benefits and the health insurance benefits constitute other post-retirement benefits ("OPEB") for purposes of Governmental Accounting Standards Board Statement No. 45 ("GASB 45").

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 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. The District's contributions for the fiscal years ended June 30, 2012, 2011, and 2010 were

$17,594,394, $13,574,646, and $6,231,573 respectively, representing 100% of the required contribution. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund. Additional information of the Health Care Trust Fund can be found in Note 10 to the audited financial statements of the District attached hereto as Appendix A.

The District's 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. The District's annual contributions to the Retiree Life Insurance Trust for 2011 and 2012 were $2,070,768 and $2,040,000 respectively. Calculation of the UAAL and the ARC is based upon numerous assumptions, including future retiree participation and contribution rates, discount rates, investment rates and life expectancy rates. Detailed descriptions of those assumptions, post-retirement benefits offered as well as actuarial information with respect to the District's OPEB liabilities can be found in Note 10 to the audited financial statements attached of the District hereto as Appendix A.

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 11 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; Midwest Employers Casualty 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.

DEBT AND OTHER FINANCIAL OBLIGATIONS

Outstanding General Obligation Debt

Statutory Limit on General Obligation Debt. Pursuant to State statute, the general obligation debt of a school district cannot exceed the greater of (a) 20% of the latest valuation for assessment of the taxable property in the district, or (b) 6% of the most recent determination of the "actual" value of the taxable property in the district, both as certified by the county assessor. The District's statutory limit on bonded indebtedness is $2,151,487,680 under the 20% test and $4,601,846,928 under the 6% test, based upon the District's 2012 certified assessed valuation of $10,757,438,400 and "actual" valuation of $76,697,448,800. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes." As of March 1, 2013, the District had $1,430,390,175 aggregate principal amount of general obligation debt outstanding, leaving $721,097,505 under the 20% test and $3,171,456,753 under the 6% test of general obligation debt capacity as allowed under State statute. However, the issuance of general obligation debt also is subject to constitutional and statutory limitations, including, but not limited to, constitutional and statutory provisions requiring voter approval of general obligation debt and statutory limits on the dollar amount of general obligation debt. See "DISTRICT FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending" below. See also "THE DISTRICT—District Capital Plans." As of March 1, 2013, the District had $21,403,000 remaining in voter authorized but unissued general obligation indebtedness.

Outstanding General Obligation Debt. The following table sets forth the District's outstanding general obligation debt as of March 1, 2013.

TABLE XIII
Outstanding General Obligation Debt of the District

Obligation	Principal Amount Outstanding[1]
General Obligation Qualified Zone Academy Bonds, Series 2001A and Series 2001B	$ 7,998,175
General Obligation Bonds, Series 2004	16,875,000
General Obligation Refunding Bonds, Series 2004C	27,875,000
General Obligation Refunding Bonds, Series 2005A	129,510,000
General Obligation Bonds, Series 2009A	149,170,000
General Obligation Bonds, Qualified School Construction Series 2009B	24,022,000 [2]
General Obligation Bonds, Taxable Build America New Money Series 2009C	250,000,000
General Obligation Bonds, Tax-Exempt Refunding Series 2009F	24,600,000
General Obligation Bonds, Tax-Exempt Refunding Series 2009G	42,495,000
General Obligation Bonds, Taxable Qualified School Construction Series 2010A	29,260,000 [2]
General Obligation Bonds, Taxable Build American New Money Series 2010B	1,545,000
General Obligation Bonds, Tax-Exempt Refunding Series 2010C	85,390,000
General Obligation Refunding Bonds, Series 2012A	129,830,000
General Obligation Bonds, Tax-Exempt Series 2012B	428,600,000
General Obligation Bonds, Taxable Qualified Zone Academy Series 2012C	16,000,000
General Obligation Bonds, Taxable Refunding Series 2012D	67,220,000
Total	$1,430,390,175

[1] As of March 1, 2013.
[2] Represents the entire principal amount of the 2009B Bonds and 2010A Bonds, respectively. Not reduced for sinking fund deposits made by the District.
Source: The District.

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General Obligation Debt Ratios. Set forth in the following table are selected historical general obligation debt ratios for the District.

TABLE XIV
Historical Debt Ratios

	Fiscal Years Ended June 30				
	2008	**2009**	**2010**	**2011**	**2012**
General Obligation Debt Outstanding	$633,326,046	$768,396,601	$1,027,365,175	$1,032,125,175	$1,002,395,175
Estimated Population	596,582	611,509	618,650	600,158	619,968
Debt Per Capita	$1,062	$1,257	$1,661	$1,720	$1,617
Assessed Value [1]	$10,660,627,490	$10,863,244,130	$12,012,342,720	$11,960,083,760	$10,937,453,830
Ratio of Debt to Assessed Value	5.94%	7.07%	8.55%	8.63%	9.16%
Personal Income Per Capita (Denver County)	$55,060	$49,582	$52,365	$54,537	unavailable
Ratio of Debt Per Capita to Personal Income Per Capita (Denver County)	1.93%	2.53%	3.17%	3.15%	unavailable

[1] Includes incremental assessed valuations in excess of "base" valuation in property tax increment areas from which the District does not receive property tax revenue. See "DISTRICT FINANCIAL INFORMATION—Tax Increment Areas."

Sources: District Audited Financial Statements, 2008-2012; City and County of Denver Assessor's Office; State of Colorado, Division of Property Taxation, Annual Reports 2006-2011; Regional Economics Information System Bureau of Economic Analysis; U.S. Census Bureau and the District.

Estimated Overlapping General Obligation Debt. Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within the District are also authorized to incur general obligation debt, and to the extent that properties within the District are also within such overlapping public entities such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity's outstanding debt chargeable to District property owners 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 the overlapping entities, the percentage of general obligation debt for which District property owners are responsible will also change. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the District as of the date of this Official Statement. The District is not financially or legally obligated with regard to any of the indebtedness shown on the following table. Although the District has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the District, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

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TABLE XV
Estimated Overlapping General Obligation Debt[1]

Overlapping Entity	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties Within the District	
		Percent	Amount
Bowles Metropolitan District	$ 22,270,000	50.97%	$ 11,351,019
Central Platte Valley Metropolitan District	57,450,000	100.00	57,450,000
Cherry Creek North Business Improvement District No. 1	17,275,000	100.00	17,275,000
Colorado International Center Metropolitan District No. 14	6,330,000	100.00	6,330,000
Denver (City and County of)	895,649,000	100.00	895,649,000
Denver Gateway Center Metropolitan District	465,000	100.00	465,000
Denver International Business Center Metropolitan District No. 1	12,465,000	100.00	12,465,000
Ebert Metropolitan District	87,830,000	100.00	87,830,000
Fairlake Metropolitan District	2,915,000	100.00	2,915,000
Gateway Regional Metropolitan District	8,320,000	100.00	8,320,000
Gateway Village General Improvement District	1,405,000	100.00	1,405,000
Goldsmith Metropolitan District	5,040,000	56.29	2,837,016
Greenwood Metropolitan District	2,135,000	2.53	54,016
GVR Metropolitan District	3,130,000	100.00	3,130,000
Madre Metropolitan District No. 2	25,555,000	100.00	25,555,000
Mile High Business Center Metropolitan District	7,640,000	100.00	7,640,000
North Washington Fire Protection District No. 3	4,095,000	1.43	58,559
Park Creek Metropolitan District/Westerly Creek Metropolitan Districts [2]	237,095,000	100.00	237,095,000
Sand Creek Metropolitan District [3]	66,260,000	16.57	10,979,282
SBC Metropolitan District	25,685,000	100.00	25,685,000
Section 14 Metropolitan District	5,800,000	16.22	940,760
South Denver Metropolitan District	1,125,000	100.00	1,125,000
Southeast Public Improvement Metropolitan District	3,695,000	13.26	489,957
Total			$1,417,044,609

[1] As of January 24, 2013.
[2] Park Creek Metropolitan District was organized concurrently with Westerly Creek Metropolitan District. Park Creek Metropolitan District is the financing and operating district, and Westerly Creek Metropolitan District is the taxing district. Park Creek Metropolitan District entered into an intergovernmental agreement with Westerly Creek Metropolitan District in which Westerly Creek Metropolitan District will remit all revenues to the Park Creek Metropolitan District.
[3] Sand Creek Metropolitan District expects to refund certain of its outstanding maturities in the first quarter of 2013.
Sources: City and County of Denver Assessor and individual entities.

Other Financial Obligations

The District 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.

As of June 30, 2012, the District had one outstanding capital lease-purchase obligation for equipment, with a lease term of 15 months (the lease expires on August 25, 2013). As of June 30, 2012, the liability under this lease was $298,454.

The District also records a liability for compensated absences. Additional information of the District's liability for compensated absences can be found in Note 6 to the audited financial statements of the District attached hereto as Appendix A.

Certificates of Participation. The District also has entered into several lease agreements with the Denver School Facilities Leasing Corporation (the "Corporation"), as lessor, and one lease with UMB Bank, n.a. ("UMB"), as lessor. In connection with such leases, the Corporation and UMB executed and delivered certificates of participation representing undivided interests in the Corporation's and UMB's, respectively, right to receive lease revenues paid by the District thereunder. The following table sets forth the aggregate principal amount of the certificates of participation outstanding as of March 1, 2013.

TABLE XVI
Outstanding Certificates of Participation

Obligation	Principal Amount Outstanding[1]
Certificates of Participation, Series 1997	$ 10,712,160
Certificates of Participation, Series 2011A-1[2]	96,045,000
Certificates of Participation, Series 2011A-2[2]	100,000,000
Certificates of Participation, Series 2011A-3[2]	100,000,000
Certificates of Participation, Series 2011A-4[2]	100,000,000
Certificates of Participation, Series 2011B	396,235,000
Certificates of Participation, Series 2013A	35,195,000
Total	$838,187,160

[1] As of March 1, 2013.
[2] On April 23, 2013, the 2013B Certificates were executed and delivered, a portion of the proceeds of which were used to refund and redeem all of the outstanding 2011A Certificates.
Source: The District

On April 23, 2013, the District entered into the 2013B Lease in connection with the execution and delivery of $536,855,000 aggregate principal amount of the 2013B Certificates. Proceeds of the 2013B Certificates were used to (a) refund and redeem all of the outstanding 2011A Certificates, (b) pay amounts due in connection with the termination of three interest rate swap agreements previously entered into by the Corporation with respect to the 2011A Certificates, and (c) pay the costs of issuance of the 2013B Certificates.

The 2013B Certificates are secured by the 2013B Leased Property. An event of default under the 2013B Lease will not directly affect the 2013C Lease or the 2013C Certificates. However, upon a termination of the 2013B Lease by reason of an event of nonappropriation or a default thereunder, the District would be required within 90 days to vacate the 2013B Leased Property, and would lose its right to use the 2013B Leased Property, which could have an impact on the District's operations and financial status. The 2013B Leased Property is subject only to the provisions of the 2013B Lease and the mortgage and indenture of trust pursuant to which the 2013B Certificates will be executed and delivered (the "2013B Indenture"); the 2013B Leased Property will not secure the 2013C Certificates. An event of default under the 2013B Lease and the 2013B Indenture will not constitute an event of default under the 2013C Lease or the 2013C Indenture, although prospective investors should consider the risks related to the 2013B Certificates described in "CERTAIN RISK FACTORS—Risks Related to Nonappropriation Under Other Leases of the District." The 2013B Certificates are not being offered pursuant to this Official Statement.

The following tables sets forth the base rent payable by the District under the 2013C Lease and the leases entered into with respect to the 1997 Certificates, the 2011B Certificates, the 2013A Certificates and the 2013B Certificates.

TABLE XVII
Composite Base Rentals Schedule

Fiscal Year (Ended June 30)	1997 Base Rentals	2011B Base Rentals[1]	2013A Base Rentals[2]	2013B Base Rental[3]	2013C Base Rentals[4]	Total Base Rentals
2013	$ 5,685,677	$ 26,978,875	$230,674	–	–	$ 32,895,226
2014	6,910,000	26,978,875	695,834	$ 24,040,237	$ 2,982,320	61,607,266
2015	8,210,000	26,978,875	695,834	24,043,762	2,657,513	62,585,984
2016	9,545,000	26,978,875	697,741	24,043,812	2,657,513	63,922,941
2017	10,950,000	26,978,875	695,834	26,626,255	3,588,513	68,839,477
2018	3,980,000	31,135,456	–	31,099,036	3,599,513	69,814,005
2019	–	33,751,096	–	33,936,928	3,569,313	71,257,337
2020	–	34,084,022	–	34,267,050	4,989,113	73,340,185
2021	–	34,400,477	–	34,612,388	5,153,713	74,166,578
2022	–	34,732,197	–	34,942,431	5,141,188	74,815,816
2023	–	35,065,137	–	35,277,730	5,138,313	75,481,180
2024	–	35,400,411	–	35,607,424	5,133,063	76,140,898
2025	–	35,729,131	–	35,941,695	5,130,063	76,800,889
2026	–	36,062,099	–	36,266,103	5,123,938	77,452,140
2027	–	36,404,338	–	36,585,320	5,119,313	78,108,971
2028	–	36,741,787	–	36,903,594	5,115,688	78,761,069
2029	–	37,073,725	–	37,220,207	5,143,169	79,437,101
2030	–	37,411,636	–	37,538,329	5,107,525	80,057,490
2031	–	37,742,276	–	37,847,396	5,102,775	80,692,447
2032	–	38,081,699	–	38,149,434	5,124,425	81,355,558
2033	–	38,415,255	–	38,442,079	5,127,163	81,984,497
2034	–	38,757,594	–	38,727,923	5,089,125	82,574,642
2035	–	39,087,841	–	39,014,198	–	78,102,039
2036	–	39,419,593	–	39,288,148	–	78,707,741
2037	–	37,755,043	–	39,547,225	–	77,302,268
2038	–	40,042,263	–	39,847,614	–	79,889,877
Total[5]	$45,280,677	$902,187,451	$3,015,917	$869,816,307	$95,793,251	$1,916,093,622

[1] Only includes the portion of 2011B Base Rentals that will be used to pay principal of and interest on the 2011B Certificates. Does not include regularly scheduled fees of the trustee for the 2011B Certificates, which are estimated to be approximately $3,000 per Fiscal Year.
[2] The base rentals payable under the 2013A Lease consist only of interest through Fiscal Year 2018. Prior to Fiscal Year 2018, the District expects to redeem the 2013A Certificates with proceeds from the sale of properties and/or any other available funds of the District. If the District does not redeem the 2013A Certificates by Fiscal Year 2018, beginning in Fiscal Year 2019, the base rentals payable under the 2013A Lease will consist of principal and interest calculated at an interest rate equal to the lesser of (a) 12% or (b) the one-month London Interbank Offered Rate (LIBOR) plus a spread calculated pursuant to the 2013A Lease.
[3] Only includes the portion of 2013B Base Rentals that will be used to pay principal of and interest on the 2013B Certificates. Does not include regularly scheduled fees of the trustee for the 2013B Certificates, which are estimated to be approximately $3,000 per Fiscal Year.
[4] Between the date of delivery of the 2013C Certificates and December 15, 2015, interest on the 2013C Certificates will be paid with a portion of the proceeds of the 2013C Certificates.
[5] Numbers may not total due to rounding to nearest dollar.
Source: The District.

Certificate Fund Investment Agreement. The Corporation, Wells Fargo Bank, National Association, as trustee for the 2011B Certificates and the 2013B Certificates (the "2011B/2013B Trustee"), and JPMorgan Chase Bank, National Association (the "Certificate Fund Investment Provider") entered into a Certificate Fund Forward Delivery Agreement dated as of February 12, 2003, as amended (the "Certificate Fund Investment Agreement"). Pursuant to the Certificate Fund Investment Agreement, by July 11 of each Fiscal Year, the 2011B/2013B Trustee is required to use a portion of the base rentals related to the 2011B Certificates and the 2013B Certificates on deposit in the certificate funds created pursuant to the indentures entered into with respect to the 2011B Certificates and the 2013B Certificates to purchase investment securities from the Certificate Fund Investment Provider. The proceeds received from the maturing investments will be used to pay the principal of and interest on the 2011B Certificates and the 2013B Certificates and to pay other amounts payable from the certificate funds created pursuant to the indentures entered into with respect to the 2011B Certificates and the 2013B Certificates. The Certificate Fund Investment Agreement expires in 2018.

TAX MATTERS

General Matters

In the opinion of Kutak Rock LLP, Bond Counsel to the District, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the 2013C Lease, and received by the owners of the 2013C Certificates is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the execution and delivery of the 2013C Certificates. Failure to comply with such covenants could cause interest on the 2013C Certificates to be included in gross income for federal income tax purposes retroactive to the date of the execution and delivery of the 2013C Certificates. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2013C Certificates.

Notwithstanding Bond Counsel's opinion that interest on the 2013C Certificates is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the 2013C Certificates may otherwise affect the federal income tax liability of the owners of the 2013C Certificates. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2013C Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2013C Certificates.

In the opinion of Bond Counsel, under existing Colorado statutes, to the extent the portion of the Base Rent paid by the District is designated and paid as interest, as provided in the 2013C Lease, and received by the Owners of the 2013C Certificates, such portion is excluded from Colorado income taxation and from the calculation of Colorado alternative minimum taxable income. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the 2013C Certificates under the laws of Colorado or any other state or jurisdiction.

Original Issue Discount

The 2013C Certificates that have an original yield above their respective interest rates, as shown on the inside front cover page of this Official Statement (collectively, the "Discount 2013C Certificates"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount 2013C Certificates and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount 2013C Certificate is added to the cost basis of the owner of such Discount 2013C Certificate in determining, for federal income tax purposes, gain or loss upon disposition of such Discount 2013C Certificate (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount 2013C Certificate that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount 2013C Certificate, on days that are determined by reference to the maturity date of such Discount 2013C Certificate. The amount treated as original issue discount on such Discount 2013C Certificate for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount 2013C Certificate (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount 2013C Certificate at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount 2013C Certificate during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount 2013C Certificate the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount 2013C Certificate is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount 2013C Certificates should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount 2013C Certificate. Subsequent purchasers of Discount 2013C Certificates that purchase such Discount 2013C Certificates for a price that is higher or lower than the "adjusted issue price" of the Discount 2013C Certificates at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

The 2013C Certificates that have an original yield below their respective interest rates, as shown on the inside front cover page of this Official Statement (collectively, the "Premium 2013C Certificates"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium 2013C Certificate over its stated redemption price at maturity constitutes premium on such Premium 2013C Certificate. A purchaser of a Premium 2013C Certificate must amortize any premium over such Premium 2013C Certificate's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium 2013C Certificates callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium 2013C Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium 2013C Certificate prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium 2013C Certificates should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium 2013C Certificate.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2013C Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the 2013C Certificates who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2013C Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the 2013C Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2013C Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2013C Certificates or the market value thereof would be impacted thereby. Purchasers of the 2013C Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of the execution and delivery of the 2013C Certificates, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LEGAL MATTERS

Sovereign Immunity

The Governmental Immunity Act, Title 24, Article 10, Part 1, Colorado Revised Statutes, as amended (the "Governmental 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 Governmental Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. In general, public entities will be held liable for willful and wanton acts or omissions or willful and wanton acts or omissions of its public employees which occurred during the performance of their duties and within the scope of their employment. However, if a plaintiff can meet the burden of proof required to show that any one of the exceptions specified in the Governmental Immunity Act applies, 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, which was not willful and wanton, 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 Governmental Immunity Act, 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 $150,000; and (b) for an injury to two or more persons in any single occurrence, the sum of $600,000, except in such instance, no person may recover in excess of $150,000. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. The District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten mills per annum for all outstanding settlements or judgments.

Beginning July 1, 2013, the maximum amounts recoverable under the Governmental Immunity Act will increase to the following levels: (a) for any injury to one person in any single occurrence, the sum would increase to $350,000; and (b) for an injury to two or more persons in any single occurrence, the sum would increase to $990,000, except in such instance, no person would be able to recover in excess of $350,000.

The District may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 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 the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Litigation

According to the District, there is no litigation pending against the District in any way contesting or affecting the validity or enforceability of the 2013C Certificates or that, if determined adversely to the District, would adversely affect the ability of the District to perform its obligations under the 2013C Indenture and related documents. In addition, the District's general counsel states that as of the date hereof, to the best of his knowledge, although the District is subject to certain pending or threatened litigation or administrative proceedings, these matters either are adequately covered by insurance or, to the extent not insured, the final settlement thereof is not expected to materially adversely affect the ability of the District to perform its obligations under the 2013C Indenture and related documents or materially adversely affect the financial position of the District.

Legal Representation

Legal matters incident to the authorization, execution and delivery of the 2013C Certificates are subject to approval by Kutak Rock LLP, Bond Counsel to the District. Certain legal matters will be passed upon for the District by John Kechriotis, Esq., General Counsel to the District, and for the Underwriters by Greenberg Traurig, LLP, Denver, Colorado, as counsel to the Underwriters. In addition to acting as Bond Counsel to the District, Kutak Rock LLP has been retained to advise the District concerning, and has assisted the District in the preparation of, this Official Statement.

The legal opinions to be delivered concurrently with the delivery of the 2013C Certificates express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction. As Bond Counsel, Kutak Rock LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

RATINGS

Moody's Investors Service Inc. and Fitch Ratings have assigned ratings of "Aa3" (stable outlook), and "AA" (stable outlook), respectively, to the 2013C Certificates. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investor Services, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the 2013C Certificates. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2013C Certificates.

FINANCIAL ADVISOR

The District has retained Fiscal Strategies Group, Inc., Berkley, California, as financial advisor (the "Financial Advisor") in connection with the execution and delivery of the 2013C Certificates. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor will act as an independent advisory firm and will not be engaged in the business of underwriting, trading or distributing the 2013C Certificates.

INDEPENDENT AUDITORS

The financial statements of the District for the fiscal year ended June 30, 2012, which are attached hereto as Appendix A, have been audited by independent auditor, CliftonLarsonAllen LLP, Greenwood Village, Colorado as stated in their report appearing therein. The District has not requested, nor did the District obtain, permission from CliftonLarsonAllen LLP to include the financial statements as an appendix to this Official Statement. CliftonLarsonAllen LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix A to this Official Statement, any procedures on the financial statements of the District for the fiscal year ended June 30, 2012. CliftonLarsonAllen LLP also has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

In connection with its execution and delivery of the 2013C Certificates, the District will execute a Continuing Disclosure Certificate (the "Disclosure Certificate"), a form of which is attached hereto as Appendix D, wherein it will agree for the benefit of the owners of the 2013C Certificates to provide or to cause to be provided, to the MSRB through the EMMA system, for purposes of Rule 15c2-12, certain annual financial information and operating data relating to the District (the "Annual Report") and notices of certain enumerated events. The Annual Report will include, among other things, a copy of the District's annual financial statements prepared in accordance with generally accepted accounting principles as in effect from time to time audited by a firm of certified public accountants. If audited annual financial statements are not available by the time that the Annual Report is required to be filed with the MSRB, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided as soon as they are available. Over the last five years, the District has not failed to comply in all material respects with any previous undertaking with regard to Rule 15c2-12 to provide an Annual Report and notices of enumerated events.

UNDERWRITING

The 2013C Certificates will be purchased by Piper Jaffray & Co. and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters"), at a price of $66,136,893.60 (which is the par amount of the 2013C Certificates, plus a net original issue premium of $7,718,201.40, less an underwriters' discount of $321,307.80), subject to the terms of a certificate purchase contract (the "Purchase Contract"), between Piper Jaffray & Co., as representative of the Underwriters, and the District.

The Purchase Contract provides that the Underwriters will purchase all of the 2013C Certificates if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the 2013C Certificates set forth on the inside of the front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2013C Certificates into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The following paragraph has been provided by Piper Jaffray & Co. for inclusion in this Official Statement and the District does not make any representation as to its accuracy or completeness.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, has entered into an agreement (the "Distribution Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the 2013C Certificates. Under the Distribution Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representation of fact. No representation is made that any of the opinions or estimates will be realized.

All references to the 2013C Indenture, the 2013C Lease, certain provisions of the State Constitution and State statutes and certain other documents are made subject to the detailed provisions of such documents and statutes. Copies of such documents and statutes are available for review at the offices of the District which are currently located at School District No. 1 (Denver Public Schools), 900 Grant Street, Room 302, Denver, Colorado 80203. The District maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein and should not be relied upon by the Owners of the 2013C Certificates.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution have been authorized by the Board. This Official Statement is not to be construed as an agreement or contract between the District and any purchaser, owner or holder of any 2013C Certificate.

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

By /s/ Mary A. Seawell
President, Board of Education

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APPENDIX A

AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT AS OF AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

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DENVER
PUBLIC
SCHOOLS

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of Opportunity™

Denver Public Schools
Department of Financial Services
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www.dpsk12.org

DENVER PUBLIC SCHOOLS
Discover a World of Opportunity™

November 15, 2012

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

The Comprehensive Annual Financial Report of School District No. 1 in the City and County of Denver and State of Colorado (the "District") is submitted in compliance with 29-1-603 of the Colorado Revised Statutes and the applicable by-laws of the District's Board of Education. This Comprehensive Annual Financial Report (the "CAFR") for the fiscal year ended June 30, 2012, was prepared by the Financial Services Department and includes the report of the independent auditors, CliftonLarsonAllen LLP. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, remains with the District. Accordingly, the District has established and continues to refine a comprehensive framework of controls to protect the District's assets and to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles ("GAAP"). Given that the cost of controls should not outweigh their benefit; the District's financial framework has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, to the best of our knowledge and belief, we assert that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

The CAFR is presented in three sections: introductory, financial, and statistical.

- The introductory section includes this letter of transmittal, the District's organizational chart, a list of principal officials and a reproduction of the 2011 GFOA Certificate of Achievement and the 2011 ASBO Certificate of Excellence.
- The financial section includes the MD&A, the basic financial statements, required supplementary information, and other supplementary information, as well as the independent auditors' report on the financial statements and schedules.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The independent auditor's reports on the District's internal control over financial reporting and compliance and other matters are included in the Single Audit reports, which are presented separately.

The District's boundaries are conterminous with those of the City and County of Denver which is the metropolitan center of the Rocky Mountain region. The District encompasses approximately 155 square miles and has a population of approximately 600,000 . The District provides a full range of K-12 educational school programs and services for approximately 84,000 students.

The District is a fiscally and politically independent subdivision operating under the applicable laws of the State of Colorado governed by a seven-member Board of Education (the "Board") whose members are elected by the qualified electors within the District's boundaries. General duties which the Board is empowered to perform include the power to establish annual operating and capital budgets; determine the K-12 educational programs and services to be carried on in the schools of the District; employ all personnel necessary to maintain District operations; to determine staffing levels and compensation thereof; and prescribe the textbooks of any course of instruction or study through the District's educational programs and services. The District receives funding from local, state and federal government sources and must comply with the requirements of such funding sources.

In defining and determining the District as an appropriate reporting entity, the District has considered the scope of public services of various associations and entities. Using the above considerations, the District has included the Denver School Facilities Leasing Corporation, using the blended method, in its financial statements. Additionally, the Denver Public Schools Foundation and District's charter schools have been included as discretely presented component units.

ECONOMIC CONDITION AND OUTLOOK

One of the biggest obstacles to achieving District goals during the past few years has been reductions in State funding attributable to the economic downturn. Compounding the fiscal strain from declining State support are declining assessed valuations of real property in Denver which are down nearly 8% during the most recent fiscal year. Local property taxes, which are based upon the assessed valuations, are a main funding source for public school districts in Colorado. Due to the recent recession, education funding in Colorado has been reduced for the past three years as the State's revenue has not been sufficient to fully fund K-12 education. The District's FY2012-13 per pupil funding level declined by $5 per pupil as compared to the prior fiscal year and has declined by nearly $1,000 per student as compared to three years ago. Despite these cuts, the District has managed to keep cuts out of the classroom by using one-time reserves that have been built up over the past decade through prudent fiscal management. The District is one of the only major districts in Colorado that has not had wide-spread layoffs, furlough days, or increases in class sizes. Although the District has had recent success mitigating these budget reductions, the District's fund balance is declining and soon there will not be enough "emergency reserves" to insulate our classrooms from the current economic reality.

In November 2000, the Colorado voters approved a constitutional amendment (commonly known as "Amendment 23") that sets minimum levels of increase in the statewide base per pupil funding amount and the total State funding for categorical programs. Amendment 23 stipulates the General Assembly must increase the base each year by the rate of inflation increase by at least the rate of inflation plus one-percent for the ten-year period beginning FY 2001-02, and by at least the rate of inflation thereafter. As a result of the passage of Amendment 23, school formula funding has increased each year for the District by approximately the rate of inflation plus one-percent plus enrollment growth. Enrollment has been increasing for the District over the last few years and is expected to continue to do so in the near future.

No school district may levy general fund taxes at a rate greater than that allowed by the Act unless authorized to do so at a general election or at a special election in November in odd-numbered years. In respect of the District, the maximum amount of the revenue increase may not exceed 25% of the District's formula funding. In 1988, 1998, and 2003, the voters of Denver approved overrides of $12.1 million, $17 million, and $20 million, respectively, for an indefinite period of time. In 2005, voters approved an additional override of $25 million which is to be adjusted annually for inflation as measured by the Denver-Boulder-Greeley consumer price index. The 2005 override amount for the 2012 collection year was approximately $27.5 million. Revenues derived from the 1998, 2003 and 2005 overrides are targeted toward specific programs or initiatives; the 2005 override is directed toward the program known as ProComp which is described below.

Over the coming years, the main fiscal challenge for the District will be the State's ability to increase K-12 funding. If the State collects sufficient revenue to increase per pupil funding, the District will be in a very strong position financially and will be able to make the necessary investments to increase academic performance in all schools across the District. Given that the District expended almost $15 million of fund balance of the general fund in the fiscal year ended June 30, 2012 and plans to spend another $28 million in the subsequent fiscal year, the District will not be in a position to maintain current funding levels in subsequent years if per pupil revenue is held flat or cut further.

MAJOR INITIATIVES

Ballot Initiatives - 2012

The District had two questions on the November 2012 ballot. The voters approved both of these District initiatives, with each receiving more than 64% approval. The first question was a general obligation bond for $466 million. The primary areas of investment will be to address critical maintenance needs in existing facilities, building new facilities to address enrollment growth, and expanding technology devices and software throughout the District. In addition to a general obligation bond, the second ballot question related to a mill levy override for $49 million to help offset the substantial state per pupil funding cuts over the past three years. The primary areas of investment for the mill levy override will focus on enrichment programs, instructional support, expanded early childhood education, and investment in technology and curricular materials.

Capital Improvement Plan - 2008

On November 4, 2008, the District received voter approval to issue $454 million in general obligation bonds to be used to: make critical repairs and renovations; improve computer technology; replace deteriorating school playgrounds; construct a new kindergarten-through-eighth grade and new high school; and expand elementary school classroom capacity. Of this authorization, $454 million was issued and $454 million remains outstanding at June 30, 2012.

Intergovernmental Efforts

Management meets with the City and County of Denver and developers to discuss future school sites at the Stapleton Urban Redevelopment Area, for which schools will be funded with tax increment financing approved by the City pursuant to an Urban Renewal Plan. These efforts relate to an executed "School Funding Agreement" between the District and the Denver Urban Renewal Authority to specifically address classroom needs in the area.

Professional Compensation for Teachers Mill Levy Override

Denver Public Schools Professional Compensation System ("ProComp") is a groundbreaking compensation system that links teacher pay to the Denver Public School's instructional mission. 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. ProComp promotes improved student achievement by:

- Rewarding teachers with bonuses and salary increases for improved student performance
- Encouraging talented teachers to work in schools and assignments with the greatest needs

ProComp helps attract and retain top quality teachers by:

- Allowing teachers to have more direct control of their career with options that reward them for increased knowledge and skills
- Offering salary incentives for satisfactory professional evaluations

Denver voters went to the polls on November 1, 2005, to approve the $25 million mill levy to pay for the new system with such amount to be increased annually by inflation in future years. The ProComp mill levy dollars are to be used to pay for the difference between the amount of compensation paid to District general-operating-fund-paid DCTA members who are paid pursuant to the ProComp Agreement and what they would have been paid pursuant to the Master Agreement. In addition, the ProComp mill levy dollars are to be used for reasonable and necessary expenses of administering the Denver Public Schools Professional Compensation System for Teachers Trust ("Trust") such as legal and other professional fees, Trustee expenses, the rental or leasing of equipment and supplies as needed by the Trust. The Trust, which is a part of the District and accounted for in a special revenue fund, is responsible for receiving the ProComp mill levy tax dollars from the Denver Public Schools, managing and distributing these funds. One of the most important functions of the Trust is to ensure that ProComp is financially stable over time. The Trust also is responsible for monitoring how the District spends the monies derived from the Trust and ensuring that they are spent only for ProComp related expenses and spent in a manner consistent with the ProComp Agreement. The Denver Public Schools Teacher Compensation Trust Agreement was approved by the District Board of Education and ratified by the DCTA Executive Board.

FINANCIAL INFORMATION

Internal Control

Management of the District is responsible for establishing and maintaining effective internal control to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The District's system of internal control is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and, (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and local financial assistance, the District is also responsible for maintaining effective internal control to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is subject to periodic evaluation by management and the internal audit staff of the District.

As a part of the District's single audit, tests are made to determine the adequacy of its internal control (however, not to provide assurance on the internal control), including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

Accounting and Budgetary Controls

The District maintains its records on the full accrual basis for proprietary funds, on the modified accrual basis for all other funds except the general fund and capital funds which are on the non-GAAP budgetary basis, which is modified accrual for revenues (with the exception of forward delivery agreement proceeds), and encumbrances are recorded as expenditures and changes in accrued payroll are excluded for budgetary purposes. For financial statement presentation purposes, the modified accrual basis of accounting is followed for all governmental funds and similar fiduciary fund types. The management's discussion and analysis and the notes to financial statements expand upon this and other accounting policies. The financial statements have been prepared in accordance with the Standards of the Governmental Accounting Standards Board. All of the District's funds are presented in this report and have been audited by the District's independent auditors, CliftonLarsonAllen LLP. The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant and be in accordance with generally accepted auditing standards. The auditor's role is to conduct an independent audit and render to outside parties an opinion on the fair presentation of the financial statements.

Budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is maintained at the total fund level for each individual fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all its funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Cash Management
In keeping with prudent fiscal management, receipts are deposited and invested on a frequent basis in order to minimize idle funds. Funds were deposited in public depositories as designated by the Banking Board and the Commissioner of Financial Services, and approved by the Board of Education.

Also, it was necessary for the District to participate in the State of Colorado's District Cash Flow Program by borrowing $81.9 million throughout the fiscal year in order to meet operating expenditures since the property tax receipt of significant amounts are not received until March, April, May and June. The loan was repaid during the months of March and May 2011. See Note 8 to the basic financial statement for additional information on this borrowing.

Risk Management
The risk management fund, reported as an internal service fund, contains the financial activity of the District's worker's compensation program and the property and liability insurance programs. The worker's compensation program is a structured self-financed program with the State of Colorado whereas the property and liability insurance program is administered by the Colorado Districts Self-Insurance Pool wherein risk is managed for all members. The latter was established with the intent to reduce Colorado school districts' long-term burden for property and liability insurance premiums. Revenue for the risk management fund is primarily from a transfer from the general fund reported as billings to other funds. A risk manager oversees the risk management program with the charge of developing and implementing measures for the purposes of minimizing the District's risks and related losses.

PERA Merger
As defined in Senate Bill 09-282, the Denver Public Schools Retirement System (DPSRS) merged with Colorado's Public Employee Retirement Association (PERA) on January 1, 2010. The entire DPSRS membership along with existing Denver Public Schools hourly employees and all future employees were placed into a new DPS division of PERA.

Financial Policies
The District maintains an emergency reserve of three percent of fiscal year spending, per Colorado Constitution Article X, section 20(5), and does so by designation of real property. This District also maintains an emergency cash reserve in the general fund equal to at least three percent of the amount budgeted to the general fund.

Long-term Financial Planning
The District continually develops and refines forward-looking financial projections as part of its budgetary process and considers it to be a critical component to successfully managing the finances of the District. This is especially true in the current economic environment as the District will continue to face funding challenges related to the declines in state support. As a result, it is paramount that the District reviews its projected financial position in order to ensure that appropriate re-balancing and budget setting occurs proactively to mitigate and prepare for these future financial pressures. One example is the District's commitment to maintaining an adequate and appropriate fund balance through the establishment of reserves.

OTHER INFORMATION

Independent Audit
The laws of the State of Colorado require that the District's annual financial report be audited by independent certified public accountants. The accounting firm CliftonLarsonAllen LLP was selected by the District's Board of Education and performed the audit of this report. In addition to meeting the requirements set forth in state law, the audit also meets the requirements of the federal Single Audit Act Amendment of 1996 and related Office of Management and Budget Circular A-133. The independent auditors' report is included in the financial section of this report.

Awards
The District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the District's CAFR for the fiscal year ended June 30, 2011. This was the twenty-seventh consecutive year that the District received this award. This award requires that a government publish an easily readable and efficiently organized CAFR. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. Although the award is applicable only to the June 30, 2011 report, we believe that this report continues to meet the requirements for this award and will be submitted to the GFOA to determine its eligibility for this certificate of achievement for excellence.

The District received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO) for its CAFR for the fiscal year ended June 30, 2011. This was the fourteenth consecutive year that the District received this award. An expert ASBO review panel consisting of certified public accountants and practicing school business officials grants the award after review of the CAFR. The award recognizes that the District met standards of excellence in school financial reporting. Although this award is applicable only to the 2011 report, we believe this report continues to meet the requirements for this award and will be submitted to the ASBO to determine its eligibility for this certificate of excellence.

Acknowledgement
The preparation of this report requires contribution from and the work of many people throughout the District. We would like to thank all those who played a part in the preparation of this report. Additionally, we express our appreciation to the Board of Education for its oversight of the financial aspects of the District during the year.

Respectfully submitted,

David D. Hart
David D. Hart
Chief Financial Officer

Stephen A. Clawson
Stephen A. Clawson CPA
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School District No. 1

in the City and County of Denver

Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Christopher P Morrill

President

Jeffrey R. Esser

Executive Director

Association of School Business Officials International

The Certificate of Excellence in Financial Reporting Award
is presented to

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

For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards

Brian L. Mee, SFO, RSBA
President

John D. Musso, CAE, RSBA
Executive Director

DISTRICT OFFICIALS

BOARD OF EDUCATION

Mary Seawell	President
Happy Haynes	Vice President
Nate Easley, Jr.	Secretary
Anne Rowe	Treasurer
Arturo Jimenez	Member
Jeannie Kaplan	Member
Andrea Mérida	Member

Superintendent

Tom Boasberg

Chief Operating Officer

David Suppes

Chief Financial Officer

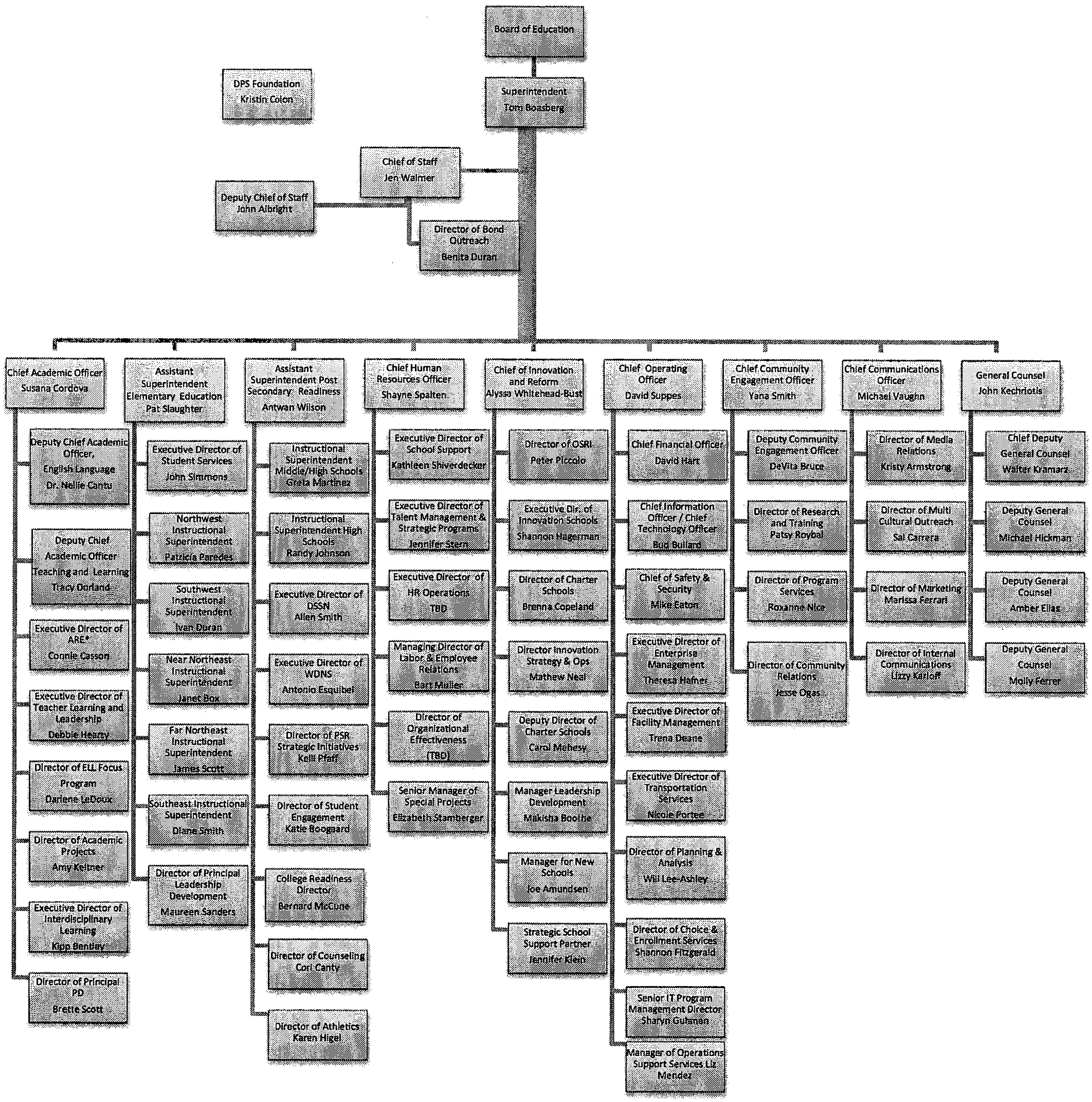
David D. Hart

Controller

Stephen A. Clawson CPA

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

ORGANIZATIONAL CHART



FINANCIAL SECTION

DENVER
PUBLIC
SCHOOLS

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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of 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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the reports of such 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 of material misstatement. Of the discretely presented component units, only the financial statements of The Odyssey School were audited in accordance with *Governmental Auditing Standards.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2012 on our consideration of the District's internal control over financial reporting and on 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other post-employment benefit information on pages 20 through 30 and 114 through 121 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

CliftonLarsonAllen LLP

Greenwood Village
November 14, 2012

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 this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. 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 six of this report.

Financial Highlights

- On the statement of net position, the District's net position for governmental activities is a deficit of $651.8 million. This deficit is due to $720.6 million taxable certificates of participation that were issued in 1997 and 2011 to fund pension costs. This borrowing did not result in the acquisition of assets to offset the liability so results in deficit net assets. This borrowing allowed the District to merge its pension plan with Colorado PERA and reduces required contributions to PERA.

- On the statement of activities, general revenues accounted for $687.5 million or 73.2 percent of the $939.1 million in total revenues of the primary government. Program revenues were $251.6 million or 26.8 percent of total revenues.

- Long-term debt increased 4.3 percent from $1.84 billion in 2011 to $1.91 billion in 2012 primarily due to a decrease in the fair value of interest rate swap agreements and an increase in the net OPEB obligation.

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 in addition to the basic financial statements.

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 and liabilities, with the difference between the two reported as net position to the exclusion of fiduciary funds. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information on how the District's net assets changed during the fiscal year. All changes in net assets 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 divided into two categories:

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.

Business-type activities: The food service program is intended to recover all or a significant portion of their costs through fees, charges, and governmental reimbursements.

The government-wide financial statements include not only the District itself (the primary government), but also legally-separate entities such as the Denver Public Schools Foundation and charter schools which are component units of the District. Financial information for these component units is reported separately from the financial information presented for the primary government. The Denver School Facilities Leasing Corporation has been included as a blended component unit.

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 eight 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 fund, the special revenue fund, ProComp special revenue fund, the bond redemption (debt service) fund, the capital projects building fund and the capital reserve fund, all of which are considered to be major funds. Data for the other two governmental funds (pupil activity fund and permanent fund) is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements included in this report.

Proprietary funds: The District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its food services fund. Internal service funds allocate costs internally among the District's various functions while deriving revenue from the other funds served. The District uses internal service funds to account for its risk management activities, the DoTS (Department of Technology Services) service bureau, and warehouse activities. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the District. 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 own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. These are followed by budgetary comparison schedules for the District's building and capital reserve fund. The budgetary comparison schedules for the remaining funds follow. The combining statements referred to earlier for the internal service funds are provided next.

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

Financial Analysis of the District

As noted earlier, the trend of changes in net assets may serve over time as a useful indicator of the District's financial position.

The majority of the District's assets are its investment in capital assets (e.g., land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the District's net position as of June 30, 2012 and 2011, respectively (in millions):

	June 30, 2012			June 30, 2011		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Current and other assets	$ 533.7	$ 2.8	$ 536.5	$ 652.7	$ 5.4	$ 658.1
Capital assets	742.9	0.5	743.4	703.7	0.5	704.2
Total assets	1,276.6	3.3	1,279.9	1,356.4	5.9	1,362.3
Deferred outlow of resources	118.7	-	118.7	15.8	-	15.8
Long-term liabilities	1,914.2	-	1,914.2	1,802.7	-	1,802.7
Other liabilities	132.9	1.0	133.9	169.9	1.0	170.9
Total liabilities	2,047.1	1.0	2,048.1	1,972.6	1.0	1,973.6
Net position:						
Net investment in captal assets	145.0	0.5	145.5	158.1	0.5	158.6
Restricted	254.5	-	254.5	249.5	-	249.5
Unrestricted	(1,051.3)	1.8	(1,049.5)	(1,008.0)	4.4	(1,003.6)
Total net position	$ (651.8)	$ 2.3	$ (649.5)	$ (600.4)	$ 4.9	$ (595.5)

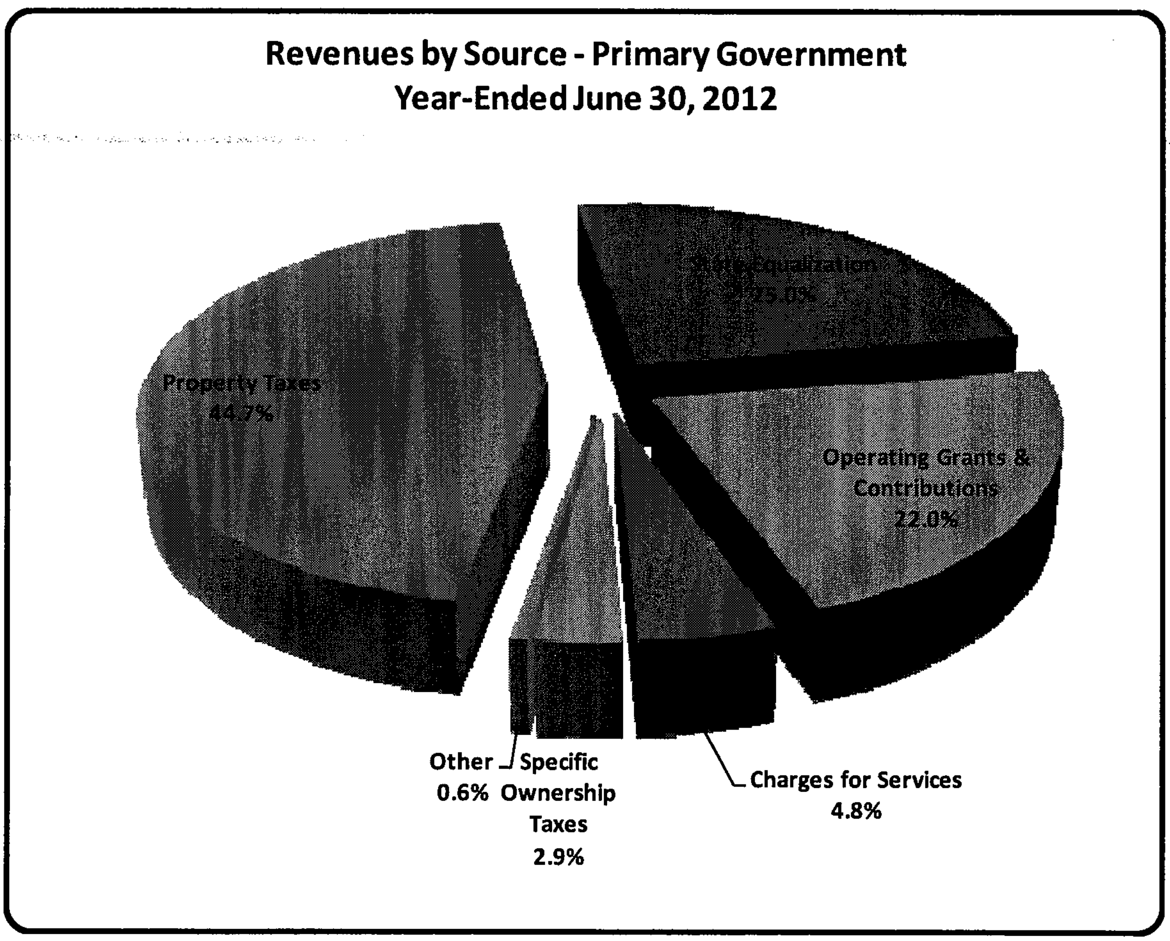
To calculate capital assets, net of related debt, the original long-term debt was evaluated to ascertain the amount of proceeds not spent, and of the amount spent, what portion of it had been used on capital assets versus maintenance projects and other non-capital expenditures. That percentage was then 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, 2012 and 2011, respectively (in millions):

	June 30, 2012			June 30, 2011		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
REVENUES						
Program revenues						
Charges for services	$ 41.5	$ 3.7	$ 45.2	$ 28.0	$ 3.6	$ 31.6
Operating grants and contributions	178.1	28.3	206.4	233.0	25.8	258.8
General revenues						
Taxes	449.3	-	449.3	465.5	-	465.5
State equalization	234.8	-	234.8	201.3	-	201.3
Investment income	2.5	-	2.5	7.5	-	7.5
Other	0.9	-	0.9	-	-	-
Total revenues	907.1	32.0	939.1	935.3	29.4	964.7
EXPENSES						
Instruction	477.6	-	477.6	451.4	-	451.4
Support services	372.4	34.6	407.0	348.0	32.4	380.4
Interest on long-term debt	108.5	-	108.5	100.3	-	100.3
Total expenses	958.5	34.6	993.1	899.7	32.4	932.1
Change in net position	(51.4)	(2.6)	(54.0)	35.6	(3.0)	32.6
Net position - beginning	(600.4)	4.9	(595.5)	(636.0)	7.9	(628.1)
Net position - ending	$ (651.8)	$ 2.3	$(649.5)	$ (600.4)	$ 4.9	$(595.5)

The primary source of operating revenue for Colorado school districts is provided by the Public School Finance Act of 1994, as amended (SFA). Under the SFA, the District received $6,875.02 in fiscal year 2012 and $6,942.93 in fiscal year 2011 per funded student. In fiscal year 2012, the funded pupil count was 74,871 while fiscal year 2011 was 72,658. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The District receives approximately 25 percent of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax. The District's assessed valuation generated $420.2 million in property taxes in fiscal year 2012 and $437.8 million in fiscal year 2011; both include four election overrides, bond redemption and a share of SFA funding. Total expenses for the primary government in fiscal year 2012 were $993.1 million.

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



Business-Type Activities

Business-type activities consist of the food services fund. This program had total revenues of $32.0 million and expenses of $34.6 million in fiscal year 2012, with $29.4 million and $32.4 million, respectively, in fiscal year 2011. Business-type activities receive no support from tax revenues.

Financial Analysis of the District's Funds

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

Governmental funds

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

Fund balance of all governmental funds decreased by $100.9 million. This decrease is primarily due to planned spending of $94.9 million for capital projects in the building fund without the addition of new resources to the building fund. These projects were funded partly by general obligation bond proceeds of $30.8 million in the building fund.

<u>General Fund</u>

The general fund is the primary operating fund of the District. Fund balance of the general fund at June 30, 2012 was $101.7 million, a decrease of 12.7 percent from the prior fiscal year. This decrease is attributable primarily to a 6.7 percent decline in revenues with only a 2.1 percent decrease in expenditures. Revenue declines from the prior year were most notably in taxes, which were down almost 12 percent due to lower assessed valuations of real property. Federal source revenues accounted for in the general fund decreased by $20.4 million as American Recovery and Reinvestment Act of 2009 (ARRA) funding sources end.

<u>Other major governmental funds</u>

The special revenue fund balance increased $4.6 million due to growth in tuition based services provided by the District and a planned reduction in expenditures related to instruction and supporting services. Fund balance of the ProComp special revenue fund decreased by $8.9 million due to planned increases in program spending. The bond redemption fund had a $5.4 million or 7.5% increase in fund balance due to an increase in tax revenues from a millage rate increase with debt service remaining consistent with the prior year. Fund balance of the building fund declined due to continued capital spending without additional resources to the fund. The increase in fund balance of the capital reserve fund was a budgeted increase as it is primarily due to a significant increase of transfers in to the fund while the deficiency of revenues under expenditures remained consistent with the prior year.

Proprietary funds

The District's proprietary funds provide the same type of information found in the government-wide business-type activities financial statements, but in more detail. The fund statements show a column for internal service funds, which are included with the governmental activities for the government-wide financial statements.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with state law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the general fund.

The difference between the original and final budget for expenditures was an overall increase of $30 million and primarily attributable to:

- Increase of 2,213 funded students relative to the prior year resulting in staffing increases and related expenses to support the enrollment growth.
- Budgetary adjustment in fiscal year 2012 related to implementation of Statement No. 54 of the Governmental Accounting Standards Board, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASBS 54).

The major differences between the District's final budget and actual expenditures relates to approximately $50.8 million of budgeted reserves which were not expected to be spent. The District budgets so that beginning fund balance plus budgeted revenues equals budgeted expenditures and reserves. It is not the District's intent to necessarily spend all available and appropriated funds.

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to $743.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and capital leases all with an original cost greater than $5,000.

The major capital event during the current fiscal year was the completion of the North High School campus remodel. This and other projects were financed by bonds issued in previous years to make critical repairs and renovations at almost every school in the District, improving computer technology across the District, replacing deteriorating school playgrounds with safer ones, constructing a new kindergarten through eighth grade and a new high school in far northeast Denver, and expanding elementary school classroom capacity to accommodate the increasing demand of preschool and kindergarten programs.

The District's total capital assets at June 30, 2012 and 2011, respectively, net of accumulated depreciation, were as follows (in millions):

	June 30, 2012			June 30, 2011		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Land	$ 67.8	$ -	$ 67.8	$ 67.5	$ -	$ 67.5
Buildings and improvements	603.2	-	603.2	528.1	-	$ 528.1
Construction in progress	27.7	-	27.7	56.5	-	$ 56.5
Equipment	43.9	0.5	44.4	50.9	0.4	$ 51.3
Capital leases	0.3	-	0.3	0.7	-	$ 0.7
Total	$ 742.9	$ 0.5	$ 743.4	$ 703.7	$ 0.4	$ 704.1

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

Long-Term Debt

At June 30, 2012 and 2011, respectively, the District's long-term debt consisted of the following (in millions):

	June 30, 2012			June 30, 2011		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Capital lease obligations	$ 0.3	$ -	$ 0.3	$ 0.5	$ -	$ 0.5
Interest rate swaps	118.7	-	118.7	15.8	-	$ 15.8
Certificates of participation	720.6	-	720.6	718.1	-	$ 718.1
General obligation bonds	1,018.1	-	1,018.1	1,044.7	-	$1,044.7
Compensated absences	13.4	-	13.4	15.6	-	$ 15.6
Loan payable	40.4	-	40.4	41.3	-	$ 41.3
OPEB Net Obligation	2.7	-	2.7	1.4	-	$ 1.4
Total	$ 1,914.2	$ -	$1,914.2	$ 1,837.4	$ -	$1,837.4

Section 22-42-104 of the Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the latest valuation for assessment of the taxable property in the District, as certified by the County Assessor to the Board of County Commissioners, or 6% of the most recent determination of the actual value of the taxable property in the District, as certified by the County

Assessor to the Board of County commissioners. The District's bonded debt limit at June 30, 2012, is $2.39 billion.

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

Economic Factors

School Finance Act Funding
The largest source of revenue for the District's operating funds is derived from the Public School Finance Act funding formula. In April 1994, the Colorado state legislature enacted the Public School Finance Act of 1994 which continued the goals of (1) establishing a financial base of support for public education, (2) moving toward a uniform mill tax levy for all Districts and (3) limiting the future growth of and reliance on the property tax to support public education. It establishes a statewide base per pupil funding and adjusts that amount for individual Districts by recognizing differences in (1) personnel costs, (2) nonpersonnel costs, (3) local cost of living, and (4) District size. Additional funding is also provided to Districts based upon the presence of at-risk pupils. The sources of funding the Public School Finance Act formula amount include (1) a portion of the specific ownership taxes traditionally flowing to Districts in addition to (2) local property taxes and (3) state equalization payments. The District's funding, based on this formula, decreased by 1.0% per pupil for fiscal year 2012 compared to a decrease of 9.7% per pupil for fiscal year 2011. The fiscal year 2012 decrease was primarily due to the state budget stabilization factor.

In November 2000, the Colorado voters approved Amendment 23, "Funding for Public Schools", which requires that the statewide base per pupil funding and the total State funding for categorical programs increase by at least the rate of inflation plus one-percent for the ten-year period beginning FY 2001-02, and by at least the rate of inflation thereafter. In addition, State revenues collected from a tax of one-third of one-percent on federal taxable income shall be deposited into the State Education Fund. The State cannot use the State Education Fund monies to supplant the level of Public School Finance Act and categorical funding appropriated in the State general fund existing for FY 1999-2000; and, for the ten-year period through FY 2010-2011, the State must annually increase its State general fund support for Public School Finance Act funding by a minimum of five percent. This State minimum general fund growth is not required in any fiscal year that Colorado personal income grows by less than four and one-half percent between the two previous calendar years. The State Education Fund monies can be used to fund what additional amounts are needed as required by Amendment 23 and any remaining funds can be used to support certain educational programs, as appropriated by the State General Assembly. As a result of the passage of Amendment 23, School Finance Act formula funding has increased each year for the District by approximately the rate of inflation plus one-percent plus enrollment growth. Enrollment, in this regard, has been increasing for the District over the last few years and is expected to continue so in the near future.

Override Election Property Taxes

No school district may levy General Fund taxes at a rate greater than that allowed by the Public School Finance Act unless authorized to do so at a general election or at a special election in November in odd-numbered years. The maximum amount of the revenue increase may not exceed 20% of the formula amount or $200,000, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the District could have generated for FY 2001-02 in a cost of living adjustment election. In November 1988, 1998, 2003, and 2005, the voters of Denver approved overrides of $12,099,253, $17,000,000, $20,000,000, and $25,000,000 respectively, for an indefinite period of time. The 1998 measure is targeted to fund student literacy programs, technology and maintenance of school buildings; the 2003 measure is targeted to fund early childhood and extended kindergarten education, elementary arts, textbooks, school reform and maintenance of school buildings; while the 2005 measure, which increases by inflation each year, is restricted for the ProComp special revenue fund for teacher compensation. The sum of these four election amounts approximates sixty-two percent of the override limit.

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 District, 900 Grant Street, Denver, Colorado 80203. Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the District's component units are presented in the notes to the financial statements.

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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
JUNE 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS				
Cash and cash equivalents	$ 321,899,974	$ 1,014,643	$ 322,914,617	$ 25,268,264
Investments	53,258,937	-	53,258,937	-
Receivables:				
Taxes	22,079,055	-	22,079,055	-
Intergovernmental	29,763,847	6,439,929	36,203,776	75,791
Interest	325,239	-	325,239	-
Other	28,466,478	61,202	28,527,680	5,040,740
Internal balances	6,631,123	(6,631,123)	-	-
Due from private purpose trust	1,205	-	1,205	-
Inventory	1,147,545	1,947,558	3,095,103	35,081
Deferred charges	11,162,429	-	11,162,429	884,859
Held by fiscal agent	2,328,338	-	2,328,338	1,719,948
Restricted investments	56,663,221	-	56,663,221	3,236,460
Capital assets, net	742,891,860	506,458	743,398,318	27,981,106
Total assets	1,276,619,251	3,338,667	1,279,957,918	64,242,249
DEFERRED OUTFLOW OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	118,700,561	-	118,700,561	-
LIABILITIES				
Accounts and interest payable	66,623,339	576,811	67,200,150	13,288,788
Accrued payroll and benefits	54,293,011	507,630	54,800,641	1,072,221
Accrued claims	5,503,563	-	5,503,563	-
Unearned revenue	6,488,865	-	6,488,865	724,169
Long-term liabilities				
Due within one year	31,140,161	-	31,140,161	853,206
Due in more than one year	1,883,034,756	-	1,883,034,756	16,950,655
Total liabilities	2,047,083,695	1,084,441	2,048,168,136	32,889,039
NET POSITION				
Net investment in capital assets	145,041,564	506,458	145,548,022	12,309,645
Restricted for:				
Capital outlays	92,538,729	-	92,538,729	202,854
Special revenue funds	77,786,870	-	77,786,870	-
Bond redemption	66,038,987	-	66,038,987	-
Emergency reserve	18,038,993	-	18,038,993	2,395,913
Permanent fund	122,225	-	122,225	-
Donor-designated purposes	-	-	-	5,848,789
Unrestricted (deficit)	(1,051,331,251)	1,747,768	(1,049,583,483)	10,596,009
Total net position	$ (651,763,883)	$ 2,254,226	$ (649,509,657)	$ 31,353,210

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 ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Primary government				
Governmental activities:				
Instruction:				
Regular	$ 396,707,542	$ 24,628,584	$ 68,396,234	$ (303,682,724)
Special education	60,166,844	-	16,920,944	(43,245,900)
Vocational	5,009,050	-	1,246,806	(3,762,244)
Other	15,720,994	913,708	11,043,142	(3,764,144)
Total instruction	477,604,430	25,542,292	97,607,126	(354,455,012)
Support services:				
Pupil support	29,312,499	166,129	4,096,649	(25,049,721)
Instructional support	78,847,455	1,536,691	41,322,725	(35,988,039)
General administration	6,873,428	41,532	178,115	(6,653,781)
School administration	52,697,622	1,952,013	4,452,880	(46,292,729)
Business services	6,442,027	-	1,424,922	(5,017,105)
Operations and maintenance	76,815,166	290,725	712,461	(75,811,980)
Pupil transportation	22,288,795	-	712,461	(21,576,334)
Central services	69,071,079	498,386	6,590,262	(61,982,431)
Other support services	4,628,895	-	4,452,880	(176,015)
Community services	9,483,230	3,613,300	3,384,189	(2,485,741)
Education for adults	15,775,918	7,891,115	13,002,409	5,117,606
Food services	153,482	-	178,115	24,633
Interest on long-term debt	108,487,396	-	-	(108,487,396)
Total support services	480,876,992	15,989,891	80,508,068	(384,379,033)
Total governmental activities	958,481,422	41,532,183	178,115,194	(738,834,045)
Business-type activities:				
Food services	34,622,691	3,715,616	28,273,108	(2,633,967)
Total business-type activities	34,622,691	3,715,616	28,273,108	(2,633,967)
Total primary government	$ 993,104,113	$ 45,247,799	$ 206,388,302	$ (741,468,012)
Component units				
Charter schools	$ 90,655,543	$ 1,581,953	$ 15,280,100	(73,793,490)
DPS Foundation	13,502,949	-	13,811,197	308,248
Total component units	$ 104,158,492	$ 1,581,953	$ 29,091,297	$ (73,485,242)

	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Net (expense) revenue	$ (738,834,045)	$ (2,633,967)	$ (741,468,012)	$ (73,485,242)
General revenues:				
Property taxes	420,204,686	-	420,204,686	2,804,177
Specific ownership taxes	27,021,138	-	27,021,138	-
Payment in lieu of taxes	2,081,204	-	2,081,204	-
State equalization	234,783,298	-	234,783,298	65,500,010
Interest and investment income	2,486,539	-	2,486,539	66,394
Other	935,905	29,589	965,494	6,635,266
Total general revenues	687,512,770	29,589	687,542,359	75,005,847
Changes in net position	(51,321,275)	(2,604,378)	(53,925,653)	1,520,605
Net position - beginning	(600,442,608)	4,858,604	(595,584,004)	29,832,605
Net position - ending	$ (651,763,883)	$ 2,254,226	$ (649,509,657)	$ 31,353,210

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 20, 2012

	General	Special Revenue	ProComp Special Revenue
ASSETS			
Assets:			
Cash and cash equivalents	$ 123,496,280	$ 33,447,054	$ 11,249,872
Investments	800,593	-	52,454,362
Receivables:			
Taxes receivable	17,589,131	-	742,802
Intergovernmental	944,393	28,819,454	-
Interest receivable	635	-	111,958
Other	4,785,553	1,951,911	-
Due from other funds	41,585,205	5,060,809	-
Inventory	847,557	-	-
Held by fiscal agents	532,628	-	-
Restricted investments	-	-	-
Total assets	$ 190,581,975	$ 69,279,228	$ 64,558,994
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 32,717,080	$ 6,920,464	$ 8,072
Accrued payroll and benefits	44,294,132	9,988,330	-
Due to other funds	122,089	31,708,622	6,168,888
Deferred revenue	11,779,106	1,956,556	-
Total liabilities	88,912,407	50,573,972	6,176,960
Fund balances:			
Nonspendable:			
Inventory	847,557	-	-
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Special revenue fund	-	18,705,256	58,382,034
Emergency reserve	18,038,993	-	-
Committed to:			
Capital reserve fund	-	-	-
Assigned to:			
General projects	11,752,585	-	-
Unassigned	71,030,433	-	-
Total fund balances	101,669,568	18,705,256	58,382,034
Total liabilities and fund balances	$ 190,581,975	$ 69,279,228	$ 64,558,994

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

Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
$ 58,521,789	$ 69,183,815	$ 20,970,642	$ 842,128	$ 317,711,580
-	-	-	3,982	53,258,937
3,747,122	-	-	-	22,079,055
-	-	-	-	29,763,847
14,361	198,285	-	-	325,239
-	82,392	21,639,614	-	28,459,470
-	3,836,643	1,291,145	-	51,773,802
-	-	-	-	847,557
-	-	-	-	532,628
11,427,000	45,236,221	-	-	56,663,221
$ 73,710,272	$ 118,537,356	$ 43,901,401	$ 846,110	$ 561,415,336
$ 15,079	$ 19,694,992	$ 1,080,054	$ 20,418	$ 60,456,159
-	-	-	-	54,282,462
-	6,303,635	482,831	3,887	44,789,952
1,610,461	-	21,522,124	-	36,868,247
1,625,540	25,998,627	23,085,009	24,305	196,396,820
-	-	-	-	847,557
-	-	-	122,225	122,225
72,084,732	-	-	-	72,084,732
-	92,538,729	-	-	92,538,729
-	-	-	699,580	77,786,870
-	-	-	-	18,038,993
-	-	20,816,392	-	20,816,392
-	-	-	-	11,752,585
-	-	-	-	71,030,433
72,084,732	92,538,729	20,816,392	821,805	365,018,516
$ 73,710,272	$ 118,537,356	$ 43,901,401	$ 846,110	$ 561,415,336

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2012

Total fund balances for governmental funds	$	365,018,516
Add:		
Deferred property tax and other revenues - Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements.		30,379,382
Total capital assets $1,228,637,208 less internal service funds $363,193.		1,228,274,015
The costs to issue debt are reported as expenditures 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.		11,162,429
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net position balance of the internal service funds is included in the governmental activities statement of net position.		304,032
Less:		
Total accumulated depreciation $485,745,349 less internal service funds $363,193.		(485,382,156)
Long-term liabiliteis are not due and payable in the current period and therefore are not reported in governmental funds.		(1,792,741,888)
Interest payable		(6,045,744)
OPEB are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.		(2,732,469)
Net position of governmental activities	$	(651,763,883)

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Special Revenue	ProComp Special Revenue
REVENUES			
Taxes	$ 343,058,887	$ -	$ 28,771,492
Intergovernmental:			
State sources	256,289,344	14,170,869	-
Federal sources	7,863,578	106,349,467	-
Charge for services	6,127,453	16,843,131	-
Investment income	708,773	862	836,282
Other local sources	20,270,542	27,960,444	-
Total revenues	634,318,577	165,324,773	29,607,774
EXPENDITURES			
Current:			
Instruction:			
Regular instruction	270,142,231	57,009,596	37,534,652
Special education	47,591,368	12,587,480	-
Vocational education	4,166,848	806,752	-
Other instruction	4,589,888	8,679,850	-
Total instruction	326,490,335	79,083,678	37,534,652
Support services:			
Pupil supporting services	23,623,681	5,329,216	-
Instructional support	37,443,813	40,685,465	-
General administration	6,270,835	563,935	53,418
School administration	50,610,332	1,909,611	-
Business services	5,249,788	408,692	-
Operations and maintenance	50,770,339	85,762	-
Pupil transportation	19,006,911	1,015,622	-
Central services	37,757,510	11,820,988	925,440
Other support services	757,315	3,871,580	-
Total support services	231,490,524	65,690,871	978,858
Community services	5,641,526	3,849,535	-
Education for adults	622,852	15,285,408	-
Capital outlay	1,847,261	456,555	-
Debt service:			
Principal payments	3,985,000	-	-
Interest and fiscal charges	52,412,285	-	-
Total debt service	56,397,285	-	-
Debt issuance costs	-	-	-
Total expenditures	622,489,783	164,366,047	38,513,510
Excess (deficiency) of revenues over (under) expenditures	11,828,794	958,726	(8,905,736)
OTHER FINANCING SOURCES (USES)			
Transfers-in	1,567,163	4,926,925	-
Transfers-out	(28,240,127)	(1,324,053)	-
Refunding bonds	-	-	-
Premium on refunding bonds	-	-	-
Payment to bond escrow agent	-	-	-
Total other financing sources (uses)	(26,672,964)	3,602,872	-
Net change in fund balances	(14,844,170)	4,561,598	(8,905,736)
Fund balance - beginning	116,513,738	14,143,658	67,287,770
Fund balance - ending	$ 101,669,568	$ 18,705,256	$ 58,382,034

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

Bond Redemption	Building	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
$ 79,813,185	$ -	$ -	$ -	$ 451,643,564
-	-	-	-	270,460,213
-	-	-	-	114,213,045
-	-	162,837	297,062	23,430,483
179,003	282,603	555	2,555	2,010,633
-	-	5,874,719	237,654	54,343,359
79,992,188	282,603	6,038,111	537,271	916,101,297
-	-	-	11,552	364,698,031
-	14,765	-	-	60,193,613
-	-	-	-	4,973,600
-	-	-	2,451,256	15,720,994
-	14,765	-	2,462,808	445,586,238
-	-	-	-	28,952,897
-	773,665	16,618	-	78,919,561
-	-	-	-	6,888,188
-	101,669	-	-	52,621,612
-	-	57,298	-	5,715,778
-	14,136,802	13,210,723	-	78,203,626
-	-	296,606	-	20,319,139
-	4,668,292	2,719,851	-	57,892,081
-	-	-	-	4,628,895
-	19,680,428	16,301,096	-	334,141,777
-	-	-	-	9,491,061
-	-	-	-	15,908,260
-	75,157,906	1,312,933	-	78,774,655
24,200,000	-	2,307,391	-	30,492,391
49,778,289	1,200	76,644	-	102,268,418
73,978,289	1,200	2,384,035	-	132,760,809
760,824	-	-	-	760,824
74,739,113	94,854,299	19,998,064	2,462,808	1,017,423,624
5,253,075	(94,571,696)	(13,959,953)	(1,925,537)	(101,322,327)
-	-	21,346,725	1,966,477	29,807,290
(243,110)	-	-	-	(29,807,290)
129,870,000	-	-	-	129,870,000
16,171,251	-	-	-	16,171,251
(145,623,553)	-	-	-	(145,623,553)
174,588	-	21,346,725	1,966,477	417,698
5,427,663	(94,571,696)	7,386,772	40,940	(100,904,629)
66,657,069	187,110,425	13,429,620	780,865	465,923,145
$ 72,084,732	$ 92,538,729	$ 20,816,392	$ 821,805	$ 365,018,516

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

Net change in fund balance - governmental funds	$	(100,904,629)
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.		78,774,655
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. Includes $5,781,723 premium amortization		37,132,132
Payment to defease debt - Payments to defease School District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these principal amounts as reductions against the long-term liability.		135,400,000
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.		2,160,250
The costs to issue debt are reported as expenditures 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; this amount represents the unamortized issuance costs related to the 2012A GOB refunding.		760,824
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.		205,751
Decrease in interest payable related to long-term liabilities.		155,729
Less:		
The costs to issue debt are reported as expenditures 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; this amount is the current year amortization and amounts written off related to refunded debt.		(1,421,547)
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.		(1,377,237)
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.		(9,153,846)
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 (total $39,534,045 less internal service fund $1,560).		(39,532,485)
Loss on disposal of capital assets.		(4,540)
Issuance of debt - The issuance of debt is recorded in the governmental fund statements as revenue. It is recorded as increased liabilities in the government-wide statement of activities: proceeds, $129,870,000; premium, $16,171,251.		(146,041,251)
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.		(1,575,095)
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net loss of the internal service funds is included in the government-wide statement of activities.		(5,899,986)
Change in net position of governmental activities	$	(51,321,275)

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Fund Food Services	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,014,643	$ 4,188,394
Receivables:		
Intergovernmental	6,439,929	-
Other	61,202	7,008
Due from other funds	-	223,325
Inventory	1,947,558	299,988
Held by fiscal agent	-	1,795,710
Total current assets	9,463,332	6,514,425
Capital assets:		
Equipment	2,506,350	363,193
Less accumulated depreciation	(1,999,892)	(363,193)
Total capital assets	506,458	-
Total assets	9,969,790	6,514,425
LIABILITIES		
Current liabilities:		
Accounts payable	576,811	128,774
Accrued payroll	507,630	3,209
Accrued claims	-	5,503,563
Due to other funds	6,631,123	574,847
Total liabilities	7,715,564	6,210,393
NET POSITION		
Net investment in capital assets	506,458	-
Unrestricted	1,747,768	304,032
Total net position	$ 2,254,226	$ 304,032

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 FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Enterprise Fund Food Services	Internal Service Funds
OPERATING REVENUES		
Food sales	$ 3,715,616	$ -
Billings to funds	-	6,505,042
Other	-	212,684
Total operating revenues	3,715,616	6,717,726
OPERATING EXPENSES		
Cost of goods:		
Purchased	14,730,319	1,462,888
Donated	98,237	-
Salaries and employee benefits	15,915,297	1,275,531
Purchased professional and techical services	-	347,725
Purchased property services	-	5,916
Other purchased services	-	286,258
Utilities	260,028	-
Supplies	2,457,169	256,691
Repairs and maintenance	398,414	-
Rent	49,461	-
Depreciation	98,356	1,560
Administrative services	325,807	-
Other	289,603	3,836
Insurance	-	2,295,158
Claims	-	6,682,150
Total operating expenses	34,622,691	12,617,713
Operating loss	(30,907,075)	(5,899,987)
NON-OPERATING REVENUES		
Reimbursements from government-sponsored programs	26,486,332	-
Donated commodities from federal government	1,786,776	-
Other local services	29,589	-
Total non-operating revenues	28,302,697	-
Change in net position	(2,604,378)	(5,899,987)
Total net position - beginning	4,858,604	6,204,019
Total net position - ending	$ 2,254,226	$ 304,032

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
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Enterprise Fund Food Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 3,801,849	$ 6,688,740
Payments to suppliers	(17,898,803)	(2,254,119)
Payments to employees	(15,920,892)	(1,275,695)
Payments from other funds	3,162,656	321,182
Claims and insurance	-	(7,283,625)
Other receipts	1,526,762	208,848
Net cash used by operating activities	(25,328,428)	(3,594,669)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grants/claims received	25,728,607	-
Net cash provided by non-capital financing activities	25,728,607	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment	(159,952)	-
Net cash used by capital and related financing activities	(159,952)	-
Net increase (decrease) in cash and cash equivalents	240,227	(3,594,669)
Cash and cash equivalents - beginning	774,416	9,578,773
Cash and cash equivalents - ending	$ 1,014,643	$ 5,984,104
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (30,907,075)	$ (5,899,987)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	98,356	1,560
Donated commodities from federal government	1,786,776	-
Other local service revenue	29,589	-
Changes in assets and liabilities:		
Accounts receivable	86,233	183,698
Due from other funds	-	(219,968)
Inventory	358,867	12,816
Accounts payable	61,765	92,543
Accrued payroll	(5,595)	(164)
Accrued claims	-	1,693,683
Due to other funds	3,162,656	541,150
Net cash used by operating activities	$ (25,328,428)	$ (3,594,669)
Noncash investing, capital and financing activities		
Donated commodities from the federal government	$ 1,786,776	

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, 2012

	Private Purpose Trust Fund	Retiree Health Benefit Trust	Retiree Life Insurance Trust	Agency Fund
ASSETS				
Cash and investments	$ 958,007	$ 61,876	$ 6,352,302	$ 1,976,274
Total assets	958,007	61,876	6,352,302	1,976,274
LIABILITIES				
Accounts payable	2,500	2,088	-	-
Due to other funds	1,205	-	-	-
Due to student groups	-	-	-	1,976,274
Total liabilities	3,705	2,088	-	1,976,274
Net position held in trust for other post employment benefits and other purposes	$ 954,302	$ 59,788	$ 6,352,302	$ -

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 CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Fund	Retiree Health Benefit Trust	Retiree Life Insurance Trust
ADDITIONS			
Contributions:			
Employer	$ -	$ -	$ 2,040,000
Interest income	1,327	-	5,371
Total additions	1,327	-	2,045,371
DEDUCTIONS			
Account fees	-	-	24,621
Medical and life insurance for retirees	-	28,134	1,948,939
Student scholarships	26,000	-	-
Total deductions	26,000	28,134	1,973,560
CHANGE IN NET ASSETS HELD FOR:			
Retiree insurance	-	(28,134)	71,811
Scholarships	(25,906)	-	-
Employee education reimbursement	1,234	-	-
Change in net position	(24,673)	(28,134)	71,811
Net position - beginning	978,975	87,922	6,280,491
Net position - ending	$ 954,302	$ 59,788	$ 6,352,302

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 CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Cash	$ 2,007,504	$ 4,903,869	$ 4,935,099	$ 1,976,274
LIABILITIES				
Due to student groups	$ 2,007,504	$ 4,903,869	$ 4,935,099	$ 1,976,274

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

NOTES TO THE FINANCIAL STATEMENTS

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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 16 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 the 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 to a significant extent 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, special revenue fund, ProComp special revenue fund, bond redemption fund, building fund and capital reserve fund) and the enterprise fund 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 (excluding the Agency 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 and business-type 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 and business-type 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.

Special revenue fund – The special revenue 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.

ProComp special revenue fund – This special revenue fund is used to account for the proceeds of voter-approved taxes from the 2005 mill levy override. Its 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 – The building fund (capital projects fund) is used to account for and report 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 capital reserve fund (capital projects fund) is used to accumulate resources, primarily general fund support, for the acquisition, renovation and maintenance of capital assets as required by state statute.

The other governmental funds of the District account for resources for which use is restricted to a particular purpose and include the pupil activity fund and the permanent government fund.

Pupil activity fund – The pupil activity special revenue fund accounts for the revenue and expenditures of sponsoring athletic events at District middle and high schools.

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.

The District reports its food service fund as its only enterprise fund.

Food services fund – The food services fund accounts for the revenue and expenses related to providing breakfasts and lunches to District students and employees.

Additionally, the District reports the following other fund categories:

Internal service funds – the internal service funds, which include the risk management fund, the DoTS service bureau fund, and the warehouse fund, are 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, an Other Post Employment Benefit (OPEB) trust and an agency fund. The private-purpose trust funds of the District account for student and employee scholarships. The Retiree Life Insurance Trust accounts for the District's OPEB. The District's postemployment health benefits were transferred to PERACare on January 1, 2010. The District retained $59,788 of net position at June 30, 2012 which will be used to pay premium subsidies billed to the District by PERA. The agency fund of the District represents the bank accounts maintained at each school to account for monies derived from school-sponsored student activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District elected not to follow subsequent private-sector guidance.

Proprietary (enterprise and internal service) funds distinguish *operating* revenues and expenses from *non-operating* items. 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 enterprise fund and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

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

1. Late in May or 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) except that encumbrances are recorded as expenditures and certain other accruals, such as changes in accrued payroll are excluded for budgetary purposes in the General Fund, Building Fund, and Capital Reserve Fund. In addition, revenues are on the modified accrual basis except for forward delivery agreement proceeds, interest income, and the General Fund state transportation payment. Budgetary comparisons in this report for the General Fund, Building Fund and Capital Reserve Fund are presented on the non-GAAP budget basis.

8. Total appropriations are as amended.

9. At the end of a year, unencumbered appropriations lapse into the beginning fund balance for the ensuing year. Encumbered appropriations are carried forward to the subsequent year's budget automatically.

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. Money market instruments that have a remaining maturity at the time of purchase of one year or less are carried at cost or amortized cost.

Inventories

Inventories are valued at weighted average cost. 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.

General fund inventory consists of transportation and building maintenance parts and fuel. Internal service fund - warehouse fund inventory consists primarily of expendable supplies and equipment held at the central warehouse for issuance to schools or other District locations. Enterprise fund - food services fund 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.

The cost of inventory items is recorded as expenditures or expenses when consumed. Donated government commodities are recorded as inventory at the estimated fair market value at the time of donation.

Expendable supplies issued to schools or other locations are not included in inventory.

Capital Assets

Capital assets are real, personal, and intangible property that have a cost equal to or greater than an established capitalization threshold 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, 2012, 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 revenue, expenditures and changes in fund balance. Certain payroll taxes 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 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. The total compensated absence liability has decreased from a balance of $15.5 million as of June 30, 2011, to a balance of $13.4 million as of June 30, 2012. 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.

Encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balances in the fund financial statements since they do not constitute expenditures or liabilities.

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, business-type activities, or proprietary fund type statement of net position. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method. The appropriate payables are reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, 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. Issuance costs, whether or not

withheld from the actual debt proceeds received, are reported as issuance costs of bonds or certificates of participation.
In accordance with Section 22-45-103, CRS, the District's bond redemption fund custodian for fiscal year 2011-2012 was Wells Fargo Bank, N.A., third party. The amount held by the custodian at June 30, 2012, was $54,384,162.

Net Position

In the government-wide statements, net position consists of net investment in capital assets, restricted and unrestricted net positions. The restricted net positions are restricted by state statute for capital outlay, debt service, and emergency reserve.

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 64.56% as of June 30, 2012. The related outstanding debt is then calculated as follows:

Depreciated capital assets	$ 742,891,860
Outstanding bonds payable	$1,018,114,693
Less building fund balance	(92,538,729)
Adjusted bonds payable	925,575,964
Percent of capitalized assets	64.56%
Bonds payable related to capital assets	$ 597,551,842
Related Debt:	
Bonds payable	$ 597,551,842
Capital lease obligations	298,454
Total related debt	$ 597,850,296
Net investment in capital assets	$ 145,041,564

Fund Balance

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 has delegated the authority to assign amounts to be used for specific purposes to the Superintendent.

Unassigned fund balance represents residual fund balance that has not been restricted, committed or assigned.

It is the District's policy to use restricted amounts first, then committed, then assigned, and then unassigned, as they are needed.

2. CASH AND INVESTMENTS

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

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

Investments Authorized by Debt Agreements
The District has entered into a forward delivery agreement with US Bank with a maturity date of December 2023 and a forward delivery agreement with JP Morgan Chase Bank with a maturity date of December 2018. The provisions of the contracts and not the District's investment policy govern the forward delivery investments. Under the terms of the contracts, the District recorded interest received in advance as deferred revenue in the general fund.

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:

Type of Security	Fair Value	Maturity 12 Months or Fewer
U.S. Agency Obligations	$ 20,102,490	$20,102,490
U.S. Treasury Notes	800,594	800,594
External Investment Pools	237,387,526	237,387,525
Hedge Fund of Funds – Limited Partnership	3,817,941	3,817,941
Hedge Equity – Limited Partnership	4,245,543	4,245,543
Domestic Common Stock – Mutual Funds	15,682,522	15,652,522
International Common Stock - Mutual Funds	6,534,384	6,534,384
U.S. Agency Mutual Funds	11,386,407	11,386,407
Commodities – Mutual Funds	2,821,595	2,821,595
Corporate Bonds-Mutual Funds	7,965,970	7,965,970
Money Market Funds	74,311,641	74,311,641
Stocks	3,982	3,982
Repurchase Agreements	23,317,613	23,317,613
U. S. Agency Obligations (forward delivery agreements)	11,427,830	11,427,830
Total	$419,806,038	$419,806,038

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	$ 24,707,534
Investments	419,806,038
	$444,513,572
Cash and investments per government-wide statement of net position:	
Cash and cash equivalents	$322, 914,617
Investments	53,258,937
Held by fiscal agent	2,328,338
Restricted investments	56,663,221
Cash per the fiduciary statements of net position:	
Private purpose trust	958,007
Retiree health benefit trust	61,876
Retiree life insurance trust	6,352,302
Agency	1,976,274
	$444,513,572

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

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably 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.

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 $34,192,898 and related carrying amount of $24,707,534.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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.

Foreign Currency Rate Risk
Foreign currency rate risk is the risk that changes in monetary exchange rates will adversely affect the fair value of an investment or a deposit in terms of U. S. dollars. The District has no formal policy relating to foreign currency risk, nor are any deposits or investments exposed to foreign currency risk. The ProComp Trust's international stock investments are in the form of international mutual funds and therefore the amount by currency denomination cannot be determined; the hedge equity investments are limited partnerships with minimal foreign investments.

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

be rated at the time of purchase at least AA or the equivalent by two or more NRSROs, and revenue obligations at least AAA or the equivalent at the time of purchase. Commercial paper must have a rating of at least A-1 or the equivalent at the time of purchase by at least two NRSROs.

As of June 30, 2012, the money market funds that the District participated in were rated as follows by Standard and Poors:

Financial Institution	Fund	Rating on June 30, 2012
Wells Fargo	Prime Investment Money Market Fund	AAAm
Wells Fargo	Heritage Money Market Fund	AAA
Morgan Stanley Smith Barney	Western Asset Institutional Liquid Reserves	AAA
UBS Paine Webber	UBS Select Prime Money Market Institutional Fund Shares	AAA
UMB	Federated Prime Obligations Fund	AAA
MetLife	Liquidity Account	Not rated

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

Concentration of Credit Risk

The District places limits on the amount it may invest in any one issuer of repurchase agreements, corporate and municipal bonds, commercial paper, and certificates of deposit. The repurchase agreements, comprising 5.6% of total investments, consist of $6,695,000 as a "sweep" repurchase agreement with UMB Bank Colorado for the overnight investment of all available funds in the payroll account, for which collateral is delivered in the District's name to the Federal Reserve Bank, the third-party custodial bank; $2,885,000 in a bond sinking fund for the redemption of the General Obligation Bonds Qualified School Construction Bonds 2009B with Citigroup Global Markets Inc., for which collateral is posted with The Bank of New York as third-party custodian; $1,110,000 in a bond sinking fund for the redemption of the General Obligation Bonds Qualified School Construction Bonds 2010A with Deutsche Bank Securities Inc., for which collateral is posted with The Bank of New York as third-party custodian; $12,627,614 of General Obligations Bonds Qualified School Construction Series 2010A proceeds with Bayerische Landesbank, for which collateral is deposited with Wells Fargo Bank, National Association as third-party custodian.

3. 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 $349,959,428 in 2012. Included in this figure are taxes of (1) amounts derived from the mills levied pursuant to the Public School Finance Act, and (2) $17,000,000, $20,000,000, and $25,000,000 (the $25,000,000 to be increased by the rate of inflation each year, annually recalculated), which were approved by voters in 1998, 2003, and 2005, respectively, and for which the mill levies are adjusted as the assessed valuation changes. General fund deferred revenues included $7,246,797 of property taxes at June 30, 2012. In addition, property taxes levied for the bond redemption fund totaled $81,178,101 in 2012 and accounted for the entire bond redemption fund deferred revenue balance of $1,610,461 at June 30, 2012. 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 $6,586,981 in the governmental activities, $5,403,988 in the general fund and $1,182,993 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.

4. INTERFUND BALANCES AND TRANSFERS

Balances of interfund receivables, payables and transfers at June 30, 2012 are as follows:

Fund	Due From	Due To	Transfers In	Transfers Out
General fund	$ 41,585,205	$ 122,089	$ 1,567,163	$ 28,240,127
Special revenue fund	5,060,809	31,708,622	4,926,925	1,324,053
ProComp special revenue fund	-	6,168,888	-	-
Bond redemption fund	-	-	-	243,110
Building fund	3,836,643	6,303,635	-	-
Capital reserve fund	1,291,145	482,831	21,346,725	-
Non-major funds:				
Pupil activity fund	-	3,320	1,966,477	-
Permanent fund	-	567	-	-
Enterprise - food services fund	-	6,631,123	-	-
Internal service funds	223,325	574,847	-	-
Fiduciary fund	-	1,205	-	-
Total	$ 51,997,127	$ 51,997,127	$ 29,807,290	$ 29,807,290

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

5. CAPITAL ASSETS

Capital assets resulting from expenditures in the governmental funds are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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 their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. 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. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Description	Governmental Activities Estimated Lives	Business-type Activities Estimated Lives
Buildings and improvements	5-39 years	N/A
Furniture and equipment	7 years	7 years
Computer equipment	3-5 years	3-5 years
Buses	7 years	N/A
Other vehicles	5 years	5 years

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

Instruction	
Regular	$32,352,437
Special education	12,382
Vocational	35,450
Supporting services	
Pupil support	390,923
Instructional support	10,011
General administration	900
School administration	138,651
Business services	13,869
Operation & maintenance	2,273,115
Pupil transportation	1,672,473
Central services	2,633,832
Total depreciation	$39,534,043

A summary of changes in governmental and business-type capital assets is as follows:

Governmental assets:	Land	Buildings and Improvements	Equipment	Construction In-Progress	Capital Leases	Total
Balance July 1, 2011	$67,491,567	$883,278,311	$141,964,734	$ 56,520,639	$1,164,059	$1,150,419,310
Additions	350,000	-	1,098,151	77,326,504	-	78,774,655
Transfers	-	106,190,324	(26,382)	(106,163,942)	-	-
Less – Retirements	-	-	(556,757)	-	-	(556,757)
Balance June 30, 2012	67,841,567	989,468,635	142,479,746	27,683,201	1,164,059	1,228,637,208
Less - Accumulated Depreciation	-	386,279,891	98,553,816	-	911,641	485,745,348
Balance July 1, 2012	$67,841,567	$603,188,744	$ 43,925,930	$ 27,683,201	$ 252,418	$ 742,891,860
Accumulated depreciation – July 1, 2011		$355,170,978	$ 91,100,721		$ 491,823	$ 446,763,522
Increases		31,108,913	8,005,312		419,818	39,534,043
Decreases		-	(552,217)		-	(552,217)
Accumulated depreciation – June 30, 2012		$386,279,891	$ 98,553,816		$ 911,641	$ 485,745,348

Business-type assets:	Equipment
Balance July 1, 2011	$2,359,573
Additions	159,953
Less – Retirements	13,176
Balance June 30, 2012	2,506,350
Less – Accumulated depreciation	1,999,892
Ending net assets	$506,458
Accumulated depreciation – July 1, 2011	$1,914,712
Increases	98,356
Decreases	13,176
Accumulated depreciation – June 30, 2012	$1,999,892

6. LONG-TERM LIABILITIES

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

	Balance June 30, 2011	Additions	Accretion of Capital Interest	Refunded/ Reductions	Balance June 30, 2012	Due Within One Year
Bonds Payable	$ 1,032,125,175	$ 129,870,000	$ -	$ (159,600,000)	$ 1,002,395,175	$ 22,470,000
Amounts deferred on refunding	(28,030,318)	(10,320,411)	-	3,106,374	(35,244,355)	-
Unamortized premiums	40,574,345	16,171,251	-	(5,781,723)	50,963,873	-
Total bonds payable	1,044,669,202	135,720,840	-	(162,275,349)	1,018,114,693	22,470,000
Certificates of participation	836,598,532		1,575,095	(6,060,000)	832,113,627	5,495,000
Amounts deferred on refunding	(118,564,967)	-	-	7,008,285	(111,556,682)	-
Total certificates of participation	718,033,565	-	1,575,095	948,285	720,556,945	5,495,000
Other long-term liabilities:						
Interest rate swap	15,829,763	102,870,798	-	-	118,700,561	-
Loan payable	41,246,458		-	(858,018)	40,388,440	893,548
Compensated absences	15,543,605	8,183,147	-	(10,343,397)	13,383,355	2,041,600
Net OPEB obligation	1,355,232	1,377,237	-	-	2,732,469	-
Capital lease obligations	530,845	-	-	(232,391)	298,454	240,013
Total other long-term liabilities	74,505,903	112,431,182	-	(11,433,806)	175,503,279	3,175,161
Total long-term liabilities	$ 1,837,208,670	$ 248,152,022	$ 1,575,095	$ (172,760,870)	$ 1,914,174,917	$ 31,140,161

Long-term liabilities at June 30, 2012 are comprised of the following:

Bonds:

2001 GO Qualified Zone Academy Bonds, interest rates of .75% to 1.10% payable semiannually through 2015, principal due in balloon of $7,998,175 in 2015.	$	7,998,175
2004 GO Bonds, varying interest rates of 3.00% to 5.00% payablesemmiannually through 2028, principal due in annual installments of $190,000 to $16,875,000 through December 2028.		25,665,000
2004B GO Refunding Bonds, interest rate of 5.00% payable semiannually through 2012, $19,000,000 principal due in December 2012.		19,000,000
2004C GO Refunding Bonds, varying interest rates of 3.125% to 5.00% payable semiannually through 2018, principal due in annual installments of $50,000 to $18,440,000 through December 2018.		83,570,000
2005A GO Refunding Bonds, varying interest rates of 5.00% to 5.50% payable semiannually through 2023, principal due in annual installments of $13,895,000 to $26,735,000 December 2018 through December 2023.		129,510,000
2009A GO Bonds, varying interest rates of 4.50% to 5.50% payable semiannually through 2029, principal due in annual installments of $18,200,000 to $24,690,000 December 2023 through December 2029.		149,170,000
2009B GO Qualified School Construction Bonds, interest rate of 1.39% payable semiannually through 2024, principal due in annual installments of $1,495,000 to $1,762,000 and transferred to a sinking fund for principal at maturity in December 2024.		24,022,000
2009C GO Taxable Build America New Money bonds, interest rate of 5.664% payable semiannually through 2033, principal due in annual installments of $6,000,000 to $50,275,000 December 2024 through December 2033.		250,000,000
2009F GO Tax-Exempt Refunding Bonds, varying interest rates of 2.00% to 5.00% payable semiannually through 2023, principal due in annual installments of $50,000 to $3,090,000 through December 2023.		24,650,000
2009G GO Tax-Exempt Refunding bonds, interest rates of 2.00% to 5.00% payable semiannually through 2018, principal due in annual installments of $250,000 to $16,750,000 through December 2018.		42,745,000
2010A GO Qualified School Construction Bonds, interest rate of 4.73% payable semiannually through September 2027, principal due in annual installments of $1,170,000 to $2,400,000 and transferred to a sinking fund for principal at maturity in September 2027.		29,260,000
2010B GO Taxable Build America New Money Bonds, interest rate of 4.93% payable semiannually through 2028, principal due December 2028.		1,545,000
2010C GO Tax-Exempt Refunding Bonds, varying interest rates of 2.50% to 5.00% payable semiannually through 2023, principal due in annual installments of $16,850,000 to $17,350,000 December 2019 to December 2023.		85,390,000
2012A GO Refunding Bonds, varying interest rates of 2.00% to 5.00% payable semiannually through 2028, principal due in installments of $40,000 to $20,390,000 between December 2012 and December 2028.		129,870,000
Unamortized premium		50,963,873
Unamortized deferred loss on refunding		(35,244,355)
Total bonds payable		1,018,114,693

Certificates of participation:	
1997 taxable, varying interest rates of 6.94% to 7.32% payable semiannually through 2017, principal due in annual installments of $917,470 to $5,495,000 through December 2017.	16,207,160
2011A-1 taxable, weekly reset variable interest rates payable monthly through 2037, principal due in annual installments of $1,100,000 to $8,755,000 December 2017 through December 2037.	96,045,000
2011A-2 taxable, weekly reset variable interest rates payable monthly through 2037, principal due in annual installments of $1,150,000 to $9,130,000 December 2017 through December 2037.	100,000,000
2011A-3 taxable, weekly reset variable interest rates payable monthly through 2037, principal due in annual installments of $1,185,000 to $9,130,000 December 2017 through December 2037.	100,000,000
2011A-4 taxable, weekly reset variable interest rates payable monthly through 2037, principal due in annual installments of $1,175,000 to $9,150,000 December 2017 through December 2037.	100,000,000
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
Cumulative accretion of interest on capital appreciation certificates	23,626,467
Unamortized deferred loss on refunding	(111,556,682)
Total certificates of participation	720,556,945
Other long-term liabilities:	
Interest rate swap agreement	118,700,561
Loan payable:	
GASBS 53 other borrowing for implied up-front payment for off-market terms on interest rate swap agreements related to the 2011A taxable certificates of participation, principal and interest due in annual installments of $2,566,033 through December 2037.	40,388,440
Compensated absences payable	13,383,355
Net OPEB obligation	2,732,469
Capital lease obligations:	
Equipment lease-purchase, 14 month term, interest rate of 3.26 percent	298,454
Total other long-term liabilities	175,503,279
Total long-term liabilities	$ 1,914,174,917

The 1997 and 2008 (refunded by the 2011) certificates of participation were issued to pay the pension plan Unfunded Accrued Actuarial Liability (UAAL).

On November 3, 1998, November 4, 2003, and on November 4, 2008 the registered voters of Denver authorized the District to issue $305 million, $310.8 million and $454 million, respectively, of general obligation bonds. As of June 30, 2004, substantially all authorized 1998 bonds and all authorized 2003 bonds had been issued. As of June 30, 2012, substantially all authorized 2008 bonds had been issued.

Annual debt service requirements to maturity are as follows (amounts in 000s):

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Participation Principal	Certificates of Participation Interest
2013	$ 22,470	$ 48,073	$ 5,495	$ 27,853
2014	32,055	46,866	6,488	27,662
2015	32,800	45,509	7,388	27,662
2016	34,908	44,264	8,236	27,662
2017	36,070	42,804	9,064	27,662
2018-2022	197,425	187,734	82,688	132,981
2023-2027	271,537	130,132	133,875	116,326
2028-2032	276,250	59,601	203,300	88,299
2033-2037	98,880	5,648	300,730	43,179
2038	-	-	74,850	1,389
Total	$1,002,395	$610,631	$832,114	$520,675

The annual requirements relating to capital leases as of June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest
2013	$240,013	$6,946
2014	58,441	487
Total	$298,454	$7,433

The 1997 and 2011 taxable certificates of participation are to be paid from the general fund. The capital lease obligations will be paid from the capital reserve fund. The bond obligations will be paid from the bond redemption fund.

The capital projects building fund balance of $92,538,729 is from the issuance of Series 2009A, 2009B, 2009C, 2010A, and 2010B general obligation bonds and related interest earnings. At June 30, 2012, the District had capital expenditure purchase commitments outstanding of $37,156,941.

Capital Lease Obligations

The capital lease agreement is for equipment. There are no contingent rental payments, escalation clauses or other restrictions. In accordance with generally accepted accounting principles, the lease has been capitalized at the present value of future lease payments, and the equipment is reflected in the government-wide financial statements. The current lease is an obligation of the capital reserve fund. The gross amount of the capital lease assets is $1,164,059.

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 debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2012, $57,850,360 of outstanding certificates of participation are considered defeased.

Defeasance of General Obligation Bonds
On February 9, 2012, the District advance refunded a portion of the District's Series 2004A general obligation bonds with an average interest rate of 4.5% with the proceeds from the issuance of Series 2012A general obligation bonds dated February 9, 2012, with an average interest rate of 4.2291%. The defeased bonds are not considered a liability of the District since sufficient funds of $146,742,715 (bond proceeds of $145,261,471 plus District proceeds of $1,481,244) were deposited with an escrow agent and invested in government securities for the purpose of paying the principal and interest when due. Total debt service on the 2012A refunding bonds will be $197,291,489 through December 2028 for a decrease of $13,291,136 from the debt service on the 2004A bonds of $210,582,625 through December 2028; however, the District will experience an economic gain (difference between the present values of the debt service payments on the old and new debt) of $9,121,546. In the prior year the District defeased a portion of the 2004A general obligation bonds in the same way. At June 30, 2012, $266,235,000 of refunded 2004A bonds are considered defeased.

Demand Bonds
On April 14, 2011, the Board of Education of the District approved the issuance by the DSFLC of $396,045,000 of Series 2011A taxable variable rate certificates of participation (the "2011A Certificates"), and $396,235,000 of Series 2011B taxable fixed rate certificates of participation (the 2011B Certificates). The 2011A and 2011B Certificate proceeds were used to refund the 2008A and 2008B taxable variable rate certificates of participation. The 2011A Certificates and 2011B Certificates evidence undivided interests in the right to receive lease revenues payable by the District, as lessee, to the DSFLC, as lessor, under a Lease Agreement dated as of April 14, 2011 (the "2011A Lease" and the "2011B Lease"). The District's payment of lease payments under the 2011A Lease and 2011B Lease is subject to annual appropriation by the Board of Education of the District.

Owners of the 2011A Certificates (consisting of Series 2011A-1, Series 2011A-2, Series 2011A-3, and Series 2011A-4) have the option to tender the 2011A Certificates for purchase on any business day at 100% of the principal amount plus accrued interest, if any, to the purchase date. Owners must give notice to the Tender Agent and related Remarketing Agent(s) no fewer than seven days before the 2011A Certificate Purchase Date. The 2011A Certificates are supported by Letters of Credit issued by JPMorgan Chase Bank, N.A. (Series 2011A-1 and Series 2011A-2), Wells Fargo Bank, N.A. (Series 2011A-3), and Royal Bank of Canada (Series 2011A-4). Under the terms of the Letters of Credit, the Trustee is authorized to draw an amount sufficient to pay the principal portion and accrued interest portion of the purchase price of the Certificates in the event of a tender. The District is required to pay an annual Letter of Credit fee to each Letter of Credit issuer equal to 125 basis points of the total of the outstanding Certificate principal plus interest calculated based upon 52 days of interest at 15% per annum on a year of 360 days. The Letters of Credit will expire on April 14, 2014, unless extended.

The District has four remarketing agents, J.P. Morgan Securities LLC for the 2011A-1 Certificates, Goldman, Sachs & Co. for the 2011A-2 Certificates, Wells Fargo Securities, LLC for the 2011A-3 Certificates, and RBC Capital Markets, LLC for the 2011A-4 Certificates. The District is required to pay an annual remarketing fee equal to 10 basis points of the principal amount of the 2011A Certificates outstanding.

Hedging Derivative Instruments
The District is a party to contracts for various hedging derivative instruments, as discussed below and in Note 7.

At June 30, 2012, aggregate debt service requirements of the District's debt and net payments (receipts) on related hedging derivative instruments are as follows (in thousands):

Year ended June, 30	Principal	Interest	Hedging Derivatives, net	Net cash flows
2013	$ -	$ 683	$ 18,524	$ 19,207
2014	-	683	18,524	19,207
2015	-	683	18,524	19,207
2016	-	683	18,524	19,207
2017	-	683	18,524	19,207
2018-2022	41,140	3,263	88,439	132,842
2023-2027	68,755	2,785	75,501	147,041
2028-2032	102,495	2,053	55,660	160,208
2033-2037	147,490	984	26,669	175,143
2038	36,165	31	846	37,042
Total	$ 396,045	$ 12,531	$ 339,735	$ 748,311

The above amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As rates vary, interest payments on variable-rate bonds and net receipts or payments on the hedging derivative instruments will vary. Note 7 contains detailed information on the District's derivative instruments.

Forward Delivery Agreements
In November 2002, the District entered into a forward delivery agreement whereby it received $700,000 for the general fund in exchange for the future earnings from the investment of future bond redemption fund property tax collections levied to meet the debt service requirements for the 2001C general obligation bond issue. The $700,000 deferred revenue was amortized over the remaining life of the 2001C bonds maturing December 1, 2011. As of June 30, 2012, the entire $700,000 has been recognized as revenue.

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, $5,824,688 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 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 2013 is $2,041,600 based on recent history. The majority of these expenditures are paid by the general fund.

7. DERIVATIVE INSTRUMENTS

As discussed in Note 6, the District is a party to various hedging derivative instruments.

The following table displays the objective and terms of the District's hedging derivative instruments outstanding at June 30, 2012, along with the credit rating of the associated counterparty.

Counterparty	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating Moody's	S&P
Wells Fargo Bank, N.A	Hedge of changes in cash flows on the 2011A-1 certificates of participation	$96,045,000	April 14, 2011	December 15, 2037	Receive LIBOR; Pay 4.959%	Aa3	AA-
Bank of America, N.A.	Hedge of changes in cash flows on the 2011A-2, 2011A-3 certificates of participation	$200,000,000	April 22, 2008, as amended and restated as of April 14, 2011	December 15, 2037	Receive LIBOR; Pay 4.909%	A3	A
Royal Bank of Canada	Hedge of changes in cash flows on the 2011A-4 certificates of participation	$100,000,000	April 22, 2008, as amended and restated as of April 14, 2011	December 15, 2037	Receive LIBOR; Pay 4.909%	Aa3	AA-

On April 22, 2008, the Denver Facilities Leasing Corporation (DSFLC), on behalf of the District, entered into variable-to-fixed interest rate swap agreements ("swaps") with three counterparties: JP Morgan Chase Bank, N.A., for a notional amount of $450,000,000; with Bank of America, N.A., for a notional amount of $200,000,000; and with Royal Bank of Canada, for a notional amount of $100,000,000. The swap agreements related to the 2008A and 2008B taxable variable rate certificates of participation (the "2008 Certificates"), issued on behalf of the District by the DSFLC on April 24, 2008. Under the terms of the swap agreements, DSFLC received from each swap counterparty one-month London Interbank Offered Rate ("LIBOR") on the 9th day of each calendar month and paid to each counterparty a fixed rate of 4.859% on the respective notional amount each June and December 15th. The intention of entering into the Swaps was to effectively change the variable interest rate on the variable rate 2008 Certificates to a synthetic fixed interest rate, thus hedging changes in cash flows associated with the variable interest rates. The District issued the Series 2011A and 2011B Certificates to refund the 2008 Certificates, terminated $353,955,000 notional amount of the JP Morgan Chase Bank, N.A. swap, and novated the remaining $96,045,000 notional amount to Wells Fargo Bank, N.A., effective April 14, 2011. The 2008 swap agreements with Bank of America, N.A., with a notional amount of $200,000,000 described in the preceding paragraph were amended and transferred to the 2011A-2 and 2011A-3 Certificates; the 2008 swap agreements with Royal Bank of Canada with a notional amount of $100,000,000 were amended and transferred to the 2011A-4 Certificates. The DSFLC paid a swap termination fee of $36,021,962.

The refinancing of the 2008 Certificates of Participation is considered a termination event of the hedging relationship in accordance with GASB Statement 53, Accounting and Financial Reporting for derivative instruments. In accordance with GASB Statement 53, the amended and restated swap agreements are considered hybrid instruments consisting of an at-the-market swap and an other borrowing for the estimated fair value of the difference between the at-the-market swap rate and the actual swap rate. The District estimated the other borrowing at $41,423,685, which is amortized over the life of the swap and is reflected as a long-term liability in the statement of net position.

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2012, and the changes in fair value for the year ended as reported in the 2012 financial statements are as follows:

Governmental Activities		Changes in Fair Value		Fair Value at June 30, 2012	
Counterparty	Notional	Classification	Amount	Classification	Amount
Wells Fargo Bank, N.A	$ 96,045,000	Deferred outflow	($26,283,126)	Debt	($30,053,094)
Bank of America, N.A.	$200,000,000	Deferred outflow	($50,996,897)	Debt	($59,062,918)
Royal Bank of Canada	$100,000,000	Deferred outflow	($25,590,775)	Debt	($29,584,549)

Fair value - Because of the manner in which interest rates have changed since execution of the 2011A swap agreements, the swaps had a negative fair value as of June 30, 2012. Because the interest rates on the 2011A certificates adjust to changing interest rates, the 2011A certificates do not have a corresponding fair value change. The fair value was determined by market prices quoted by the swap counterparty.

Counterparty credit risk - As of June 30, 2012, the DSFLC was not exposed to credit risk in the amount of the fair value of the 2011A swap agreements with respect to the swap counterparties because the swaps had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the DSFLC would be exposed to credit risk – the risk that a counterparty will not fulfill its obligations. To mitigate the potential for credit risk, if the swap counterparty's credit rating from either Moody's Investors Service and Standard & Poor's falls to "A3"/"A-", respectively or lower, and the fair value of the Swap reaches certain threshold amounts, the fair value of the Swap is required to be collateralized by the swap counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

Basis risk - The 2011A swap agreements expose the DSFLC to basis risk (the risk that the variable rate paid at any point in time by the swap counterparty under the 2011A swap agreements will be less than the variable rate payable by the DSFLC at such point in time on the 2011A Certificates). From July 1, 2011 through June 30, 2012, the variable rate paid to investors was 10 basis points (.10%) below LIBOR, the rate received from the swap providers. A portion of the proceeds from the issuance of the 2008 Certificates included $3,000,000 for a Rate Stabilization Fund to fund any such basis rate exposure on the 2008 Certificates. Upon the issuance of the 2011A Certificates the District transferred the funds to a new Rate Stabilization Fund to cover the differences in the variable rate paid and the swap rate on the 2011A Certificates.

Termination risk - The DSFLC may optionally terminate the 2011A swap agreements with the prior consent of the certificate insurer for the 2011A Certificates if the DSFLC has sufficient funds to pay any settlement amount due to the swap counterparty if at the time of the termination the 2011A swap agreement has a negative fair value. The 2011A swap agreements may also terminate if both: (a) an event of default by the DSFLC under the 2011A swap agreements or a termination event under the 2011A swap agreements caused by the DSFLC occurs; and (b) the certificate insurer for the 2011A Certificates fails to pay amounts due to the swap counterparty from the DSFLC or such insurer enters into liquidation or similar proceedings, is downgraded to below A3/A- or is merged into another entity which does not assume the insurance obligations of such insurer with respect to the 2011A swap agreements, or the insurance policy providing for such obligations is declared invalid by a court of competent jurisdiction. If the 2011A swap agreements are terminated, the Series 2011A Certificates would no longer carry a synthetic fixed interest rate, and would be subject to the interest rate risk associated with variable rate certificates.

The District used the synthetic instrument method to evaluate the hedge effectiveness for the at-the-market portion of the swaps. This method evaluates effectiveness by combining the hedgeable item (the 2011A Certificates) and the potential hedging instrument (the swaps) to simulate a third synthetic instrument and calculating an interest rate for the synthetic instrument based on the actual experience following the start of the hedge. If the synthetic rate is within a range of 90 percent to 111 percent of the swap fixed rate as of the date of the financial statements, then the cash flows of the potential hedging derivative instrument substantially offset those of the item being hedged, and the potential hedging derivative instrument is considered effective for financial reporting purposes and is treated as a hedging derivative instrument. As of June 30, 2012 the 2011A swap synthetic rates were within the specified range, and the 2011A swaps were deemed effective hedging derivative instruments.

8. SHORT-TERM DEBT

It was necessary for the District to participate in the State of Colorado Interest-Free Loan Program by borrowing $81,874,574 throughout the fiscal year in order to meet operating expenditures since property tax receipt of significant amounts are not received until March, April, May and June. The loan was repaid during the month of March.

July 1, 2011 Balance	Borrowed	Repayment	July 1, 2012 Balance
$0	$81,874,574	$81,874,574	$0

9. PENSION PLAN

Plan Description

The District contributes to the Denver Public Schools Division of the PERA Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan (the Plan), to provide retirement and disability, post-retirement annual increases and death benefits for members or their beneficiaries. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the Plan. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

DPS Retirement System Merger into Colorado PERA

On May 21, 2009, Senate Bill 09-282 mandated the merger and transfer of the assets, liabilities, and obligations of the Denver Public Schools Retirement System (System) into the Colorado Public Employees' Retirement Association (PERA) as of January 1, 2010. The statute established two separate DPS divisions within PERA, one for retirement benefits and one for health benefits. It incorporates certain provisions of the Plan into statute and requires the PERA Board to administer the provisions of the Plan for System members. The statute appoints a non-voting ex officio Board member from the DPS Division to serve on the PERA Board. In addition, it creates a separate health care trust fund for the District and allows retirees to participate in PERACare, the PERA health care program for retirees and benefit recipients. The statute allows for the portability of benefits between the DPS Division and other divisions with PERA.

Funding Policy

The Colorado Legislature determined the employer and employee contribution rates following the plan merger. The statutory employer contribution rate for the DPS Division is 13.75 percent through 2018 and the employee contribution is 8 percent. DPS Division employers are also subject to the Amortization Equalization Disbursement (AED 3.0%) and the Supplemental Amortization Equalization Disbursement (SAED 2.5%), as outlined in the statute. A portion of the District's contribution (1.02 percent of covered salary) is allocated to the health care trust fund. In addition, the DPS Division contributions are reduced by an amount equal to the District's obligations related to the PCOPs issued in 1997 and the taxable variable rate certificates of participation issued in 2008, at an assumed interest rate of 8.5%. As a result, the District contributed 3.63% of gross covered salary from July 2011 through December 2011 and 3.88% from January 2012 through June 30, 2012. The District's contributions for the fiscal years ended June 30, 2012, 2011, and 2010 were $17,594,394, $13,574,646, and $6,231,573 respectively, representing 100% of the required contribution.

The GASB issued Statement No. 68 Accounting and Financial Reporting for Pensions (Statement No. 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 requires cost-sharing employers participating in the PERA program, such as the District, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. The requirement of Statement No. 68 to record a portion of PERA's unfunded liability may negatively impact the District's future unrestricted net position. Statement No. 68 is effective for fiscal year 2015. At this time, management is unable to estimate the magnitude of this impact. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to pension benefits, 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. A separate, audited GAAP-basis OPEB plan report is not available for the plan. The District's postemployment health benefits were transferred to PERACare on January 1, 2010. The District retained a residual amount of cash to pay premium subsidies billed to the District by PERA. As of June 30, 2012, the amount was $61,876.

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. Plan participants consisted of the following at July 1, 2010, the date of the latest actuarial valuation:

Number retired	4,244
Number disabled	188
Total	4,432

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. A fund to pre-fund future life insurance for retired employees was established in 1978 and was held by the insurance carrier to be used only for the purpose of providing life insurance benefits. This was transferred to the control of DPSRLIT during the year ended June 30, 2008, in the amount of $6,080,233. In June 2007, the District approved the establishment of DPSRLIT.

Contributions-The District's Board of Education determines the annual contribution through the budgeting process. The Annual Required Contribution (ARC) was $3,493,000 for fiscal year ended June 30, 2012 based on the most recent actual valuation report dated July 1, 2010. The District contributed the projected pay-as-you-go amount of $2,040,000 for the fiscal year ended June 30, 2012. Plan participants do not make contributions to the plan.

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:

Normal Cost	$ -
Interest on Normal Cost	-
Amortization of Unfunded Acturarial Accrued Liability	3,391,319
Interest on Amortization	101,740
Annual Required Contribution	3,493,059
Interest on net OPEB obligation	40,657
Adjustment to ARC	(116,479)
Annual OPEB cost	3,417,237
Contributions made	(2,040,000)
Increase in net OPEB obligation	1,377,237
Net OPEB obligation - June 30, 2011	1,355,232
Net OPEB obligation - June 30, 2012	$ 2,732,469

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation or asset for 2012, 2011 and 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2012	$ 3,417,237	59.70%	$ 2,732,469
6/30/2011	3,497,000	59.22%	1,355,232
6/30/2010	2,022,000	82.69%	(71,000)

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)
7/1/2010	$6,216,000	$45,674,000	$39,458,000	13.61%

The ARC was determined using the "Projected Unit Credit" attribution method and was calculated on a level dollar basis assuming the average remaining lifetime of qualified retirees (14 years) for the life insurance benefit. The significant actuarial assumptions used in the valuation were: (a) life expectancy of participants obtained from the RP 2000 Annuitant Mortality Table projected to 2015 by Scale AA (healthy mortality), applied on a gender-specific basis; (b) life expectancy participants obtained from the RP 2000 Disabled Retiree Mortality Table projected to 2015 by Scale AA (disabled mortality), applied on a gender-specific basis; (c) a discount rate of 3% assuming the employer will consistently contribute an amount equal to or greater than the ARC. The Fiscal 2009 ARC assumed a discount rate of 8%. 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.

11. 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 claims 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 84,000 students, employs approximately 12,000 people to accomplish these functions, and provides these services in over 150 facilities located throughout the City and County of Denver. Exposures to loss include 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 to its members for accidental losses as well as services to help reduce losses and costs incurred in handling claims. In return for these services the District pays premiums and assists the Pool in settling losses. Furthermore, the District's responsibilities include working toward reducing the exposures that cause losses. Property loss claims are handled primarily through District resources and claims that allege injury to the public or students are forwarded to the Pool for claims management.

The District retains a certain level of all liability losses. For the year ended June 30, 2012, 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 for the plan year ended June 30, 2012, was a self-financed program with the State of Colorado. This program provided that the District pay the first $550,000 of each loss. Insurance Fund money for the workers' compensation program was used to pay expenses and claims costs. The District uses a third party claims administrator to process claims.

Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated ultimate cost of settling claims (including any effects of inflation and other societal and economic factors) using past experience adjusted for current trends and any other factors that would modify past experiences. Expenses and liabilities are estimated through a claim by claim review. The workers compensation outstanding liability is undiscounted. Each claim under workers' compensation is independently reviewed and compared to similar claims ultimate values.

The schedule below represents the claims activity for the fiscal year and the liability for accrued claims (incurred but not reported) at year end. The goal is to retain the highest level of each loss that makes economic sense. The liability for all claims is $5,503,563 at June 30, 2012.

	Beginning Liability	Current Year Claims and Change In Estimate	Claims Payment	Ending Liability
June 30, 2011	$2,660,000	$6,405,913	$5,256,033	$3,809,880
June 30, 2012	$3,809,880	$6,682,150	$4,988,467	$5,503,563

12. 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 $2,415,775 for fiscal year 2012. RMSEL purchased special education services from the District for $175,750 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.

13. COMMITMENTS AND CONTINGENCIES

The District is a party to numerous pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. After consulting with counsel, the District's management has concluded that no significant adverse effect on the June 30, 2012, 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.

The District has several computer and copier lease agreements which contain a provision whereby the leases shall terminate if the Board of Education does not appropriate funds for lease payments in any succeeding year. There are no contingent rental payments, escalation clauses or other restrictions. The computer leases contain a provision whereby the title of the property will transfer at the end of the lease if the lease is not terminated, however the value of the computers is below the District's capitalization threshold. The copiers are an operating lease and title will not be transferred to the District. The current leases are primarily obligations of the general fund; however several other funds pay for copiers that they are using.

As of June 30, 2012, encumbrances for governmental funds were:

	Encumbrances
General	$ 5,870,393
Special revenue	3,508,940
ProComp special revenue	-
Bond redemption	-
Building	37,156,941
Capital reserve	806,470
Nonmajor funds	6,783
Total	$47,349,527

The District incurred expenses in excess of appropriations for the year ended June 30, 2012 in the food services and risk management internal service funds, which may be in violation of the state budget law.

14. 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 2012, fiscal year spending was $723,384,875, and the 3% emergency reserve was $24,101,312. 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 $18,038,993 equal to 3% of budgeted general fund revenues.

15. SUBSEQUENT EVENTS

Ballot initiatives

The District had two questions on the November 2012 ballot. The first question was a general obligation bond for $466 million. The primary areas of investment will be to address critical maintenance needs in existing facilities, building new facilities to address enrollment growth, and expanding technology devices and software throughout the District. In addition to a general obligation bond, the second ballot question related to a mill levy override for $49 million to help offset the substantial state per pupil funding cuts over the past three years. The primary areas of investment for the mill levy override will focus on enrichment programs, instructional support, expanded early childhood education, and investment in technology and curricular materials. The voters approved both of these District initiatives, with each receiving more than 64% approval.

16. COMPONENT UNITS

The District has 28 component units consisting of one blended component unit and 27 discretely presented component units.

Blended Component Unit

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

Discretely Presented Component Units

Denver Public Schools Foundation
In 1984 the Denver Public Schools Foundation (the "Foundation") was incorporated as a widely based not-for-profit charitable organization whose educational purposes are to support the mission, goals and objectives of the District. Separately issued financial statements are available from the Foundation at 900 Grant Street, Room 503, Denver, CO 80203. Certain note disclosures for the Foundation have been excerpted from the Foundations' financial statements:

Cash & Investments
The Foundation held $12,067,911 in cash & cash equivalents and $500,000 in a certificate of deposit at June 30, 2012. The certificate bears an interest rate of 0.40% and matures in September 2012.

Permanently Restricted Net Assets
The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Accordingly, the Foundation follows *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.*

The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation's permanently restricted net assets consist of two donor restricted endowment funds, "Jerry's Fund" and the "Endowment Fund."

Jerry's Fund was established during the year ended June 30, 2005 in honor of former Superintendent Dr. Jerry Wartgow. The principal amount cannot be spent by the Foundation for any purpose. Earnings on Jerry's Fund are restricted to support the A to Z Fund.

The Endowment Fund was established in 1999 through an agreement with Denver Public Schools under which the Foundation received $1,000,000. The principal cannot be spent by the Foundation for any purpose. Earnings on the Endowment Fund are available for use in accordance with the purpose of the Foundation.

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 26 charter schools are available from the individual charter schools at the addresses noted below:

Academy of Urban Learning, 2417 W. 29th Ave. Denver, CO 80211
Cesar Chavez Academy Denver, 3752 Tennyson St., Denver, CO 80212
Colorado High School, 1175 Osage Street, Suite #100, Denver, CO 80204
Community Challenge School, 948 Santa Fe Drive, Denver, CO 80204
Denver Language School, 451 Newport St., Denver, CO 80220
Denver Justice High School, 4760 Shoshone, Denver, CO 80211
Denver School of Science and Technology (DSST):
  DSST – Stapleton, 2000 Valentina Street, Denver, CO. 80238
  DSST – Green Valley Ranch, 4800 Telluride St, Denver, CO. 80249
  DSST – Cole, 3240 Humboldt St, Denver, CO. 80205
Girls Athletic Leadership Schools, 200 S. University Blvd., Denver, CO 80209
Highline Academy, 2170 S. Dahlia St., Denver, CO 80222
KIPP Colorado Schools, 375 South Tejon Street, Denver, CO 80223
Life Skills Center of Denver, 1000 Cherokee Street, Denver, CO 80204
Manny Martinez Middle School, 951 Elati, Denver, CO 80204
Northeast Academy, 4895 Peoria Street, Denver, CO 80239
Odyssey School, 6550 E. 21st Ave., Denver, CO 80207
Omar D. Blair Charter School, 4905 Cathay Street, Denver, CO 80249
Pioneer Charter School, 3230 E. 38th Avenue, Denver, CO 80205
Ridge View Academy, 28101 East Quincy Avenue, Watkins, CO 80137
SOAR @ Green Valley Ranch, 4800 Telluride St., Denver, CO 80249
SOAR @ Oakland, 4580 Dearborn St., Denver, CO 80239
Southwest Early College, 3001 South Federal Boulevard, Box 114, Denver, CO 80236
University Prep Charter School, 2409 Arapahoe St., Denver, CO 80205
Venture Prep Charter School, 2540 Holly St., Denver, CO 80207
West Denver Preparatory, 1825 S. Federal Boulevard, Denver, CO 80219
Wyatt Edison, 3620 Franklin Street, Denver, CO 80205

Certain note disclosures for the charter schools are as follows (from their separately–issued audited financial statements):

Significant Accounting Policies

The charter schools' financial information included with the District's financial statements represents the government-wide financial statements for the charter schools. The government-wide financial statements for each of the charter schools are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Other accounting policies are similar to the District.

Cash and Investments

Deposits held at June 30, 2012 were as follows:

	Carrying Balance	Bank Balance Covered by FDIC Insurance or Collateralized
Academy of Urban Learning	$ 80,469	$ 114,090
Cesar Chavez Academy	155,129	155,129
Colorado High School	32,411	41,717
Community Challenge School	758,387	758,387
Denver Language School	97,826	235,257
Denver Justice High School	55,337	74,935
DSST - Stapleton	-	-
DSST - Green Valley Ranch	-	-
DSST - Cole	-	-
Girls Athletic Leadership school	87,961	167,925
Highline Academy	1,044,245	1,165,649
KIPP Colorado Schools	1,709,201	496,667
Life Skills Center of Denver	141,558	102,558
Manny Martinez Middle School	160,731	160,731
Northeast Academy	286,289	347,778
Odyssey School	424,231	436,799
Omar D. Blair	174,179	94,638
Pioneer Charter School	1,192,082	1,192,082
Ridge View Academy	757,415	757,415
SOAR @ Green Valley Ranch	368,067	358,003
SOAR @ Oakland	279,178	279,178
Southwest Early College	46,861	46,841
University Prep charter School	99,257	108,580
Venture Prep Charter School	916,849	941,609
West Denver Preparatory	1,030,167	1,030,167
Wyatt-Edison	1,482,736	1,806,514

Charter schools are required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

At June 30, 2012, Academy of Urban Learning had invested $37,355 in the Colorado Government Liquid Asset Trust (COLOTRUST) which has a credit rating of AAA by Standard and Poor's. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00.

At June 30, 2012, Colorado High School had $198,164 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST).

At June 30, 2012 DSST – Stapleton had cash deposits pools with the Denver Foundation cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2012, the School's balance in equity in pooled cash of the Denver Foundation totaled $568,635.

At June 30, 2012 Highline Academy had $838,527 invested in a money market fund. The fund invests only in U.S. Treasury obligations and is rated Aaa by Moody's.

At June 30, 2012 Highline Academy had invested $37,682 in the Colorado Government Liquid Asset Trust (COLOTRUST).

At June 30, 2012 Northeast Academy had invested $35,735 in the Colorado Government Liquid Asset Trust (COLOTRUST and CSAFE). The School has invested $373,288 in two Federal Agency Securities, $172,970 which matures January 2031 and $200,318 which matures in December 2025. Both securities are rated AA+ by Standard and Poors'.

At June 30, 2012, West Denver Preparatory had $1,813 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST).

Capital Assets
Changes in capital assets for the year ended June 30, 2012, are summarized as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Denver Public Schools Foundation				
Equipment	$ 39,147	$ -	$ (4,426)	$ 34,721
Accumulated depreciation	(32,256)	(4,238)	4,426	(32,068)
Capital assets, net	$ 6,891	$ (4,238)	$ -	$ 2,653
Academy of Urban Learning				
Buildings	$ -	$ 18,489	$ -	$ 18,489
Accumulated depreciation	-	(1,695)	-	(1,695)
Capital assets, net	$ -	$ 16,794	$ -	$ 16,794
Cesar Chavez Academy Denver				
Equipment	$ 210,339	$ -	$ -	$ 210,339
Accumulated depreciation	(36,038)	(47,618)	-	(83,656)
Capital assets, net	$ 174,301	$ (47,618)	$ -	$ 126,683
Colorado High School				
Building improvements	$ 150,633	$ -	$ -	$ 150,633
Equipment	30,198	-	-	30,198
Accumulated depreciation	(134,562)	(15,063)	-	(149,625)
Capital assets, net	$ 46,269	$ (15,063)	$ -	$ 31,206
Community Challenge School				
Building and improvements	$ 150,361	$ -	$ -	$ 150,361
Machinery and equipment	45,324	-	-	45,324
Accumulated depreciation	(195,685)	-	-	(195,685)
Capital assets, net	$ -	$ -	$ -	$ -
Denver Justice High School				
Buildings	$ 25,100	$ -	$ -	$ 25,100
Improvements	24,427	-	-	24,427
Equipment	11,832	-	-	11,832
Accumulated depreciation	(8,501)	(5,668)	-	(14,169)
Capital assets, net	$ 52,858	$ (5,668)	$ -	$ 47,190
DSST - Stapleton				
Land	$ 980,000	$ -	$ -	$ 980,000
Buildings	10,252,687	-	-	10,252,687
Vehicles	74,977	-	-	74,977
Equipment	138,150	-	-	138,150
Software	91,327	58,500	-	149,827
Accumulated depreciation	(914,458)	(231,730)	-	(1,146,188)
Capital assets, net	$ 10,622,683	$ (173,230)	$ -	$ 10,449,453

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
DSST - Green Valley Ranch				
Equipment	$ 206,440	$ 16,500	$ -	$ 222,940
Accumulated depreciation	(41,288)	(44,588)	-	(85,876)
Capital assets, net	$ 165,152	$ (28,088)	$ -	$ 137,064
DSST - Cole				
Construction in progress	$ -	$ 83,909	$ -	$ 83,909
Buildings and improvements	-	54,644	-	54,644
Equipment	148,460	-	-	148,460
Accumulated depreciation	-	(40,621)	-	(40,621)
Capital assets, net	$ 148,460	$ 97,932	$ -	$ 246,392
Highline Academy				
Land	$ -	$ 2,300,000	$ -	$ 2,300,000
Construction in progress	6,026,438	-	(6,026,438)	-
Building and improvements	-	4,738,873	-	4,738,873
Leasehold improvements	811,204	93,734	(811,204)	93,734
Accumulated depreciation	798,013	(157,962)	(798,013)	(157,962)
Capital assets, net	$ 7,635,655	$ 6,974,645	$ (7,635,655)	$ 6,974,645
KIPP Colorado Schools				
Equipment	$ 61,795	$ -	$ -	$ 61,795
Building	819,767	-	-	819,767
Accumulated depreciation	(258,541)	(32,789)	-	(291,330)
Capital assets, net	$ 623,021	$ (32,789)	$ -	$ 590,232
Life Skills Center of Denver				
Equipment	$ 27,130	$ 29,159	$ -	$ 56,289
Accumulated depreciation	(4,522)	(15,523)	-	(20,045)
Capital assets, net	$ 22,608	$ 13,636	$ -	$ 36,244
Manny Martinez Middle School				
Computer equipment	$ 157,366	$ -	$ (157,366)	$ -
Computer software	14,374	-	(14,374)	-
Curriculum	403,262	-	(403,262)	-
Furniture and fixtures	45,541	-	(45,541)	-
Other equipment	35,054	-	(35,054)	-
Accumulated depreciation	(243,322)	(138,622)	381,944	-
Capital assets, net	$ 412,275	$ (138,622)	$ (273,653)	$ -
Northeast Academy				
Land	$ 1,080,000	$ -	$ -	$ 1,080,000
Vehicles and equipment	191,692	-	-	191,692
Buildings	3,536,772	-	-	3,536,772
Accumulated depreciation	(448,658)	(109,815)	-	(558,473)
Capital assets, net	$ 4,359,806	$ (109,815)	$ -	$ 4,249,991

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Odyssey School				
Equipment	$ 177,111	$ 44,588	$ (38,032)	$ 183,667
Accumulated depreciation	(96,080)	(23,366)	38,032	(81,414)
Capital assets, net	$ 81,031	$ 21,222	$ -	$ 102,253
Omar D. Blair				
Computer equipment	$ 147,772	$ -	$ -	$ 147,772
Curriculum	252,169	19,723	-	271,892
Furniture and fixtures	11,701	-	-	11,701
Signage	23,774	-	-	23,774
Other equipment	80,525	-	-	80,525
Accumulated depreciation	(289,153)	(92,903)	-	(382,056)
Capital assets, net	$ 226,788	$ (73,180)	$ -	$ 153,608
Pioneer Charter School				
Leasehold improvements	$ 67,562	$ -	$ -	$ 67,562
Equipment	-	6,490	-	6,490
Accumulated depreciation	(33,780)	(13,512)	-	(47,292)
Capital assets, net	$ 33,782	$ (7,022)	$ -	$ 26,760
Ridge View Academy				
Equipment	$ 862,264	$ -	$ -	$ 862,264
Building improvements	623,715	-	-	623,715
Accumulated depreciation	(1,401,976)	(24,323)	-	(1,426,299)
Capital assets, net	$ 84,003	$ (24,323)	$ -	$ 59,680
Southwest Early College				
Leasehold improvements	$ 85,043	$ -	$ -	$ 85,043
Equipment	48,082	-	-	48,082
Accumulated depreciation	(113,430)	(6,565)	-	(119,995)
Capital assets, net	$ 19,695	$ (6,565)	$ -	$ 13,130
West Denver Preparatory				
Building improvements	$ 4,340,400	$ -	$ -	$ 4,340,400
Accumulated depreciation	(898,248)	(217,020)	-	(1,115,268)
Capital assets, net	$ 3,442,152	$ (217,020)	$ -	$ 3,225,132
Wyatt-Edison				
Computer equipment	$ 398,490	$ -	$ -	$ 398,490
Other equipment	137,418	-	-	137,418
Furniture and fixtures	264,110	3,639	-	267,749
Facilities improvements	360,893	-	-	360,893
Books & materials	899,417	4,083	-	903,500
Building/leasehold improvements	2,000,000	-	-	2,000,000
Accumulated depreciation	(2,452,118)	(123,936)	-	(2,576,054)
Capital assets, net	$ 1,608,210	$ (116,214)	$ -	$ 1,491,996
Total capital assets, net	$ 29,684,609	$ 6,103,552	$ (7,909,308)	$ 27,981,106

Long-term Liabilities and Operating Leases

Academy of Urban Learning
The Academy entered into a facilities use agreement with the District for their building. This agreement commenced on July 27, 2011 and ended on June 30, 2012.

On June 7, 2012 the Academy entered into an amended facilities use agreement with the District. The new agreement's expiration date is concurrent with the Academy's charter agreement.

Under the terms of the original agreement, the Academy paid $90,625 to the District for the year ended June 30, 2012.

Cesar Chavez Academy Denver
On July 1, 2009, the school entered into a lease agreement to utilize school facilities, which has been extended through June, 2013. Monthly payments of $31,186 are required by the agreement. These payments may escalate depending on the school's student enrollment each year. For the year ended June 30, 2012, the School paid $374,481 under the lease agreement. Minimum lease payments for the year ended June 30, 2013, are $374,232.

Colorado High School
The school entered into an operating lease for their building with a company partially owned by related parties. Monthly lease payments of $10,600 to $10,700 are due monthly through August 31, 2013.

Future minimum lease payments are as follows:

Years ending June 30,	
2013	128,200
2014	21,400
Total	$149,600

Denver Language School
The school has a facility use agreement with the District for use of a District building. For the year ended June 30, 2012, the District charged the school $676 per pupil to cover these costs. The cost per student will be recalculated by the District each year. Total rent expense for the year ended June 30, 2012 for this agreement was $206,453.

Denver Justice High School
Denver Justice has no longer term-debt, but does have a lease on its building.

Future minimum lease payments are as follows:

Year ending June 30,	
2013	$51,471

DSST - Stapleton

The following is a summary of the school's long-term debt transactions for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Payments	Balance June 30,2012	Due within one year
Bonds Payable	$805,000	$ -	$255,000	$550,000	$ 270,000
Note Payable	663,953	-	663,953	-	-
Total	$1,468,953	$ -	$918,953	$550,000	$ 270,000

In October, 2004, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $1,500,000 Charter School Revenue Bonds, Series 2004. Proceeds from the bonds were loaned to the Building Corporation under a lease agreement to construct a student union, landscaping, and athletic fields at the school site. The school is obligated to make monthly lease payments to the Building Corporation for use of the building and fields. The Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrued at 5%. The lease matures in December 2013.

In September, 2008, the Building Corporation entered into a $700,000 promissory note with Raza Development Fund ("Raza") to finance a portion of the new building. Principle and interest at 6.25% are due monthly on the note. The Note matures in September 2015.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	270,000	19,625	289,625
2014	280,000	5,833	285,833
Total	$550,000	$ 25,458	$575,458

DSST – Green Valley Ranch

DSST - Green Valley Ranch has no long term debt and rents its facility from the District so its net capital assets are primarily leasehold improvements to the facility.

DSST – Cole

Net investment in capital assets are primarily renovation on a 100 year old school building in Denver. Current year additions include all costs for construction, electrical and plumbing upgrades of the 6th grade classrooms and related spaces and construction in progress on the common areas of the building.

Cole rents its facility from the District so its net capital assets are mostly furniture, fixtures and improvements to the leased facility. Restricted assets are primarily related to a grant from Colorado Health Foundation to promote healthy living. Unrestricted assets are negative due to differences in timing between when revenue is recognized and when cash is received.

Girls Athletic Leadership Schools

Prior to the end of the year, the school renewed an operating lease agreement for school facilities with a local church. Monthly payments of $8,000 in June and July and $9,500 for all other months are required by the agreement beginning July 1, 2012, through June, 2013. For the year ended June 30, 2012, the School paid $107,000 under the lease agreement. Future minimum payments under the lease agreement are as follows.

Year ending June 30,	
2013	$111,000

Highline Academy

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2012:

	Balance 6/30/11	Additions	Payments	Balances 6/30/12	Due Within One year
2011A Revenue Bonds	$8,260,000	$ -	$ -	$8,260,000	$ -
2011B Revenue Bonds	115,000	-	-	115,000	90,000
Total	$8,375,000	$ -	$ -	$8,375,000	$ 90,000

Series 2011A Charter School Revenue Bonds

In January 2011, the Public Finance Authority issued $8,260,000 Charter School Revenue Bonds, Series 2011A. Proceeds from the bonds were used to purchase the Academy's building and provide funding for improvements. The Academy is required to make equal lease payments to the building corporation for the use of the building. The building corporation is required to make equal lease payments to the trustee, for payment of the bonds. Interest accrues at rates ranging from 6.25% to 7.375% per year. The bond matures in December, 2040.

Series 2011B Charter School Revenue Bonds

In January 2011, the Public Finance Authority issued $115,000 Charter School Revenue Bonds, Series 2011B. Proceeds from the bonds were used to purchase the Academy's building and provide funding for improvements. The Academy is required to make equal lease payments to the building corporation for the use of the building. The building corporation is required to make equal lease payments to the trustee, for payment of the bonds. Interest accrues at 7.00% per year. The bond matures in December, 2013.

Future debt service requirements for the loans are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	90,000	600,906	690,906
2014	95,000	594,606	689,606
2015	105,000	588,481	693,481
2016	110,000	581,916	691,916
2017	115,000	575,044	690,044
2018-2022	705,000	2,756,782	3,461,782
2023-2027	970,000	2,492,457	3,462,457
2028-2032	1,375,000	2,092,657	3,467,657
2033-2037	1,960,000	1,505,238	3,465,238
2038-2041	2,850,000	616,920	3,466,920
Totals	$8,375,000	$12,405,007	$20,780,007

Operating Lease
The Building Corporation entered into a non-cancellable operating lease for their building. Monthly lease payments ranging from $28,500 to $39,004 are due through July 31, 2011. Total rent expense for the year ended June 30, 2012 for this lease was $39,004.

KIPP Colorado Schools
Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2012:

	Balance 6/30/11	Additions	Payments	Balance 6/30/12	Due Within One Year
Modular Loan	$258,869	$ -	$52,856	$206,013	$ 56,704

In May 2005, the school entered into a loan agreement in the amount of $500,000 to finance a portion of the construction of a modular building to be used for an education facility. The loan accrues interest at the rate of 6.875% per annum and is due in monthly payments of $5,773, through July, 2015.

Future payments for the modular loan are as follows:

Year ended June 30,	Principal	Interest	Total
2013	56,704	12,572	69,276
2014	60,785	8,491	69,276
2015	65,160	4,116	69,276
2016	23,364	347	23,711
Total	$206,013	$ 25,526	$231,539

Life Skills Academy
The school's charter to operate was in effect until June 30th 2012. The Life Skills of Denver charter was not renewed by the Denver Public School Board as such the School has ceased operations as of June 30, 2012.

Manny Martinez Middle School
The school's operations are housed in a school facility owned by the District and leased to the School's charter board. The lease began in June 2009 and was terminated as of June 2012, due to the termination of the charter contract. According to the memorandum of understanding dated May 5, 2011, the District waived all facility use charges for the year ended June 30, 2012.

Northeast Academy
Following is a summary of long-term debt transactions for the year ended June 30, 2012.

	Balances 6/30/11	Additions	Payments	Balances 6/30/12	Due Within One year
Building Loan	$4,925,000	$ -	$ 85,000	$4,840,000	$ 90,000

In July 2007, the Colorado Educational and Cultural Facilities Authority issued $5,510,000 Charter School Revenue Bonds. Proceeds of the bonds were loaned to the Corporation to purchase the educational facilities currently used by the school. The school is obligated under a lease agreement to make monthly lease payments to the corporation for the use of educational facilities. The corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at 5.75% per annum. Interest payments are due semi-annually on November 15 and May 15. Principal payments are due annually on May 15, through 2037.

Future debt service requirements for the bonds are as follows:

Year ended June 30,	Principal	Interest	Total
2013	90,000	278,300	368,300
2014	95,000	273,125	368,125
2015	100,000	267,662	367,662
2016	110,000	261,913	371,913
2017	115,000	255,588	370,588
2018-2022	680,000	1,170,988	1,850,988
2023-2027	900,000	951,625	1,851,625
2028-2032	1,185,000	662,112	1,847,112
2033-2037	1,565,000	280,026	1,845,026
Total	$4,840,000	$4,401,339	$9,241,339

Odyssey School

The School entered into a lease agreement to purchase computer equipment. Annual payments of $12,804 are due under the lease agreement, including interest accruing at 9.57% per annum. This lease matured in July 2010.

The Academy entered into an operating lease agreement with the District for their building. Monthly lease payments of $10,532, are due through June 30, 2015. The rate can be adjusted annually provided the District gives the school seven months' notice.

Future minimum lease payments are as follows:

Year Ended June 30	
2013	126,381
2014	126,381
2015	126,381
Total	$379,143

Omar D. Blair Charter School

The School's operations are housed in a school facility owned by the District and leased to the School's charter board. The lease began in July 2004, and expires on June 30, 2013, unless sooner terminated per the provisions of the lease agreement. Rent is due to the District annually on January 15 of each year. If the charter contract should terminate for any reason, then the lease agreement shall also immediately terminate. Lease expense for the year ended June 30, 2012 totaled $503,890.

Future lease payments are equal to the greater of (1) $185 multiplied by the number of full time equivalent (FTE) pupils enrolled in the School as determined by the District or (2) the amount of Amendment 23 Charter School Capital Construction funding awarded to the lessee in any year as calculated under Colorado Revised Statutes.

Pioneer Charter School
The School has approved a facility use agreement with the District to utilize educational facilities owned by the District, through June 30, 2014. For the year ended June 30, 2012, the School paid facility use fees of $231,054. Facility use fees in future years will be determined based on the School's student population.

Ridge View Academy
Following is a summary of long-term debt transactions for the year ended June 30, 2012:

	Balance 6/30/11	Additions	Deletions	Balance 6/30/12	Due Within One Year
Compensated Absences	$17,102	$29,368	$31,878	$14,592	$14,592

SOAR @ Green Valley Ranch
The School entered into a Facilities Use Agreement with the District for their building. The School and the District amended the Facilities Use Agreement beginning July 1, 2011. The amended agreement calculates the annual Facilities Use Fee based on number of enrolled students at a rate of $676 per student. For fiscal year 2013, 25% of the annual fee will be payable in July and October of 2012, and the balance will be due in January of 2012. The estimated Facilities Use Fee for fiscal year 2013 is $250,693. Total rent expense for the year ended June 30, 2012 for this lease was $184,226.

SOAR @ Oakland
In June of 2011 the School entered into a Facilities Use Agreement with the District for their building. This agreement will be effective July 1, 2011 through June 30, 2014. The agreement calculates the annual Facilities Use Fee based on an estimated number of enrolled students at a rate of $676 per student. For fiscal year 2013, 25% of the annual fee will be payable in July and October of 2012, and the balance will be due in January of 2013. The estimated Facilities Use Fee for fiscal year 2013 is $278,964. Total rent expense for the year ended June 30, 2012 for this lease was $133,557.

Southwest Early College
In November, 2003, the School entered into an operating lease agreement for school facilities, which was extended through July, 2013. The agreement requires minimum monthly lease payments of $36,067. The monthly payments may escalate depending on the student enrollment of the School on October 1 of each year, to a maximum of $45,083. During the year ended June 30, 2012, the School paid $432,800 under this lease agreement.

Future minimum payments under the lease agreement are as follows.

Year Ended June 30	
2013	432,800
2014	36,067
Total	$468,867

Venture Prep Charter School
In June 2011, the School renewed its facility use agreement with the District. Under the terms of the new agreement, the School is required to pay an annual use fee of $243,601, payable in monthly installments. The agreement expired on June 30, 2012. In August 2012, The School renewed its facility use agreement with the District. Under the terms of the new agreement, the School is required to pay an annual use fee of $263,190, payable in monthly installments. The agreement expires on June 30, 2013.

Future minimum lease payments are as follows:

Year Ended June 30	
2013	263,190

West Denver Preparatory
Changes in long-term debt for the year ended June 30, 2012, were as follows:

	Balance 6/30/11	Additions	Payments	Balance 6/30/12	Due Within One Year
Loans Payable	2,261,807	-	94,917	2,166,890	117,608

On March 31, 2006, the School obtained two loans from Raza Development Fund, Inc., in the total amount of $2,094,000, to purchase and remodel an educational facility. Loan principal of $1,888,000 accrues interest at 7.07% per annum, and loan principal of $206,000 accrues interest at 6.5% per annum. Principal and interest payments of $14,717 and $1,536, respectively, are due monthly, beginning November 1, 2006, with balloon payments of $1,496,633 and $161,470, respectively, due in 2014. On August 6, 2007, the School obtained a loan from Raza Development Fund, Inc., in the amount of $300,000, to expand and remodel the existing educational facility. Interest accrues on the loan at 7.35% per annum. Principal and interest payments of $2,756 are due monthly beginning September 1, 2007, with a balloon payment of $231,279 due in 2014. On April 28, 2008, the School obtained a loan from Raza Development Fund, Inc., in the amount of $411,272, to continue the expansion and remodeling of the existing educational facility. Interest accrues on the loan balance at the rate of 6% per annum. Principal and interest payments of $1,603 are due monthly, with a balloon payment of $159,900 due in November, 2014.

Loan payments to maturity are as follows:

Year ended June 30,	Principal	Interest	Total
2013	$ 117,608	$129,736	$ 247,344
2014	2,049,282	41,690	2,090,972
Total	$2,166,890	$171,426	$ 2,338,316

Annually, the School approves facility use agreements with the District to utilize educational facilities owned by the District. The facility use fees for the year ended June 30, 2012, were $676 for each student enrolled at the School, which totaled $528,196. The agreements require facility use fees of $673 per student for the year ended June 30, 2013, which is estimated at $884,481.

Wyatt-Edison
The School entered into a loan agreement with Edison Learning, Inc. in August 2008 for $1,409,947 to re-finance prior debt. The note is secured by a perfected first lien leasehold deed of trust for the land and improvements located at 1620 East 36th Avenue, Denver, CO. The interest rate is 9% with yearly payments of $172,213 and a balloon payment due on July 31, 2012. This loan was paid off on June 26, 2012 and refinanced with a new loan agreement. The School entered into a loan agreement with Piton on Jun 2012 for $1,076,866 to refinance prior debt. The note is unsecured and bears interest at a rate of 4.5%. Payments of principal and interest in the amount of $33,508 are due on the first day of October 2012, January 2013 and April 2013, with a balloon payment of all unpaid principal and interest due on July 1, 2013. Total interest expense in fiscal 2012 was $88,967.

Changes in long-term debt are as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Current
Note Payable	$1,100,509	$1,076,866	$(1,100,509)	$1,076,866	$ 64,302

Future principal and interest payments are due as follows:

Year ended June 30,	Principal	Interest	Total
2013	$ 64,302	$36,439	$ 100,741
2014	1,012,564	11,434	1,023,998
Total	$ 1,076,866	$47,873	$1,124,739

The School's operations are housed in a renovated school facility owned by the Phillips Family Trust and is leased to Edison under a sublease agreement. Edison has in turn subleased the facility to the School for a period of 30 years, coinciding with the sublease held by Edison. This lease began in September 1998 and will continue through 2028, with the option of a 10-year extension. The School is required to make annual lease payments of $1.

Pension plan
Charter school employees participate in the Denver Public Schools Retirement System Division of the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries.

The employees at the DSST Stapleton, Green Valley Ranch, and Cole do not participate in the Denver Public Schools pension plan. As part of DSST's charter agreement, DSST agreed to pay fees to the District. The payment is calculated based upon a percentage of covered salary.

Restatements
DSST – Stapleton
A prior period adjustment was made to record promises to give made in prior years, but not previously recorded as required by generally accepted accounting principles. Accordingly, in the government-wide statements, the opening balances of promises to give and restricted net assets at July 1, 2011, were increased by $78,500, respectively.

DSST – Green Valley Ranch
A prior period adjustment was made to record promises to give made in prior years, but not previously recorded as required by generally accepted accounting principles. Accordingly, in the government-wide statements, the opening balances of promises to give and restricted net assets at July 1, 2011, were increased by $314,800, respectively.

In addition, a prior period adjustment was made to record the school's liability for PCOPS assessment pursuant to the terms of its agreement with the District. Accordingly, in both the government-wide and governmental fund financial statements, the opening balances of liability for PCOPS assessment, and unrestricted nets assets, were increased and decreased by $75,687, respectively.

Beginning Net Position
Beginning net position for all discretely presented component units in the aggregate differs with ending net position of the prior report due to differences in beginning net position of some separately-issued financial statements relative to the ending net position of the separately-issued statements used for the prior year, addition and/or removal of component units from this report, and immaterial prior period adjustments of some component units reported as a change of the current period.

Legal Compliance
Southwest Early College
For the year ended June 30, 2012, the budget approved by the Board of Directors allowed for expenditures in excess of the resources available. This may be a violation of State statutes.

Management Agreement
Ridge View Academy
On July 1, 2009, the Academy renewed its agreement with Rite of Passage, Inc. (R.O.P.), to provide educational and administrative services through June 30, 2014. R.O.P. will provide the teachers and staff necessary to operate the Academy. The teachers and staff are employees of R.O.P. The Academy has no employees. The Academy will pay to R.O.P. an annual fee for services performed. In addition, the Academy will reimburse R.O.P. for each breakfast and lunch served to enrolled students based on the rates set by the National School Lunch Program. The administrative fee and food reimbursement paid to R.O.P. for the year ended June 30, 2012, were $249,846 and $201,078, respectively. These expenditures have been reported in functional categories in the financial statements for better reporting purposes.

Environmental Remediation Loss Contingency
Wyatt-Edison Charter School
The school contains asbestos in the building and is a potentially responsible party regarding environmental impacts. Although a loss is probable, it is not possible to reasonably estimate the amount of any obligation for remediation that would be material to the school's financial statements at June 30, 2012.

Going Concern
Life Skills
The School's charter was not renewed by the District's board and school management has no plans to seek additional financing to fund operations; therefore as of June 30, 2012 the school will close. Under the terms of the school's charter, any assets remaining or otherwise held by the school, after paying the school's debts and obligations, become property of the District.

Manny Martinez
At June 30, 2012 the school recognized a negative net asset balance of $824,361 and an amount payable to Edison of $1,055,918. The school currently contracts with Edison to provide management services to the school. At the end of the term (June 30, 2012) of its current contract, Edison did not renew the management agreement with the school.

The school entered into a memorandum of understanding with the District which established various funding changes for the 2011-2012 school year and clarified the District's intent to establish a new, non-charter public school at the current school site for students currently attending the school to attend the following school year.

Southwest Early College:
The school has suffered ongoing losses from operations and has a deficit fund balance that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are as follows.

The school has made significant progress in reducing the deficit fund balance over the last year. In order to accomplish this significant improvement, the articulation agreement with the Community College of Denver (CCD) was renegotiated to significantly reduce the overall early college tuition costs by offering a number of the developmental education courses on the school's campus as opposed to the CCD campus, resulting in a tuition reimbursement of 105%. Additionally, the school made changes to its administrative structure resulting in the elimination of one position and a savings of about $80,000 in salaries and benefits. The school outsourced all financial services to an independent firm that specializes in school finance. Finally, the school is evaluating alternative facilities to further reduce the operating expenses. The school plans to eliminate the deficit fund balance by January of 2013.

Component Unit Net Asset Information	Denver Public Schools Foundation	Academy of Urban Learning	Cesar Chavez Academy	Colorado High School	Community Challenge School	Denver Language School
ASSETS						
Assets:						
Cash and investments	$ 12,567,911	$ 117,864	$ 155,129	$ 230,575	$ 758,387	$ 97,826
Deposit held by Denver Public Schools	-	24,012	83,637	23,362	39,920	50,262
Restricted cash	-	-	-	-	14,821	-
Receivables:						
Accounts	-	60,800	530	52,029	141,329	247,976
Intergovernmental	-	-	-	-	-	-
Grants	-	-	2,648	-	-	-
Other	1,525,650	-	-	-	-	-
Due from CMO	-	-	-	-	-	-
Promise to give	-	-	-	-	-	-
Prepaid expenses	-	25,299	24,093	-	-	-
Restricted investments	1,736,033	-	-	-	-	-
Bond issuance costs, net	-	-	-	-	-	-
Inventory	-	-	-	-	-	530
Deposits	-	-	-	500	-	-
Capital assets, net:	2,653	16,794	126,683	31,206	-	-
Total assets	15,832,247	244,769	392,720	337,672	954,457	396,594
LIABILITIES						
Liabilities:						
Accounts payable	25,351	36,300	6,875	27,475	-	9,395
Due to CMO	-	-	-	-	-	-
Grants payable	8,879,401	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Accrued payroll	-	42,704	-	90,162	1,039	111,915
Compensated absences	-	39,697	-	-	-	-
Accrued liabilities	-	-	20,674	-	4,620	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	5,000	-	-	-	27,056
Noncurrent liabilities:						
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-
Total liabilities	8,904,752	123,701	27,549	117,637	5,659	148,366
NET POSITION						
Net investment in capital assets	-	-	126,683	-	-	-
Restricted for:						
Capital outlay	-	-	-	-	-	-
Emergencies	-	32,000	83,637	31,800	125,815	79,000
Donor-designated purposes	5,538,394	-	-	-	-	-
Unrestricted (deficit)	1,389,101	89,068	154,851	188,235	822,983	169,228
Total net position	$ 6,927,495	$ 121,068	$ 365,171	$ 220,035	$ 948,798	$ 248,228

	Denver School of Science and Technology							
Denver Justice High School	Green Valley Ranch	Stapleton	Cole	Girls Athletic Leadership School	Highline Academy Charter School	KIPP Colorado Schools	Life Skills Center of Denver	Subtotal
$ 55,337	$ 92,883	$ 883,693	$ 300	$ 87,961	$ 1,081,927	$ 1,709,201	$ 102,558	$ 17,941,552
20,678	67,954	171,746	22,896	31,452	94,813	145,417	-	776,149
-	25,000	31,552	-	-	838,527	-	39,000	948,900
64,091	23,534	20,087	115,624	141,049	13,050	-	86,828	966,927
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	264,965	-	267,613
-	-	-	-	-	-	-	-	1,525,650
-	391,855	264,232	588,963	-	-	-	-	1,245,050
-	140,600	-	118,243	-	-	-	-	258,843
6,098	-	159,802	-	168	1,372	36,364	-	253,196
-	-	-	-	-	-	-	-	1,736,033
-	-	19,149	-	-	256,548	-	-	275,697
-	-	-	-	104	-	-	-	634
5,000	-	-	-	-	-	-	-	5,500
47,190	137,064	10,449,453	246,392	-	6,974,645	590,232	36,244	18,658,556
198,394	878,890	11,999,714	1,092,418	260,734	9,260,882	2,746,179	264,630	44,860,300
51,544	52,345	209,927	121,503	9,189	3,136	218,169	161,907	933,116
-	78,601	932,191	470,047	-	-	-	-	1,480,839
-	-	-	-	-	-	-	-	8,879,401
-	-	-	-	-	-	-	-	-
64,366	-	-	-	-	-	300,039	-	610,225
-	-	-	-	-	-	-	-	39,697
-	-	-	-	-	2,783	-	-	28,077
-	-	-	-	-	-	-	-	-
-	-	-	-	30,000	365	13,045	-	75,466
-	-	270,000	-	-	90,000	56,704	-	416,704
-	324,770	280,000	99,730	-	8,285,000	149,309	-	9,138,809
115,910	455,716	1,692,118	691,280	39,189	8,381,284	737,266	161,907	21,602,334
-	137,064	9,899,453	246,392	-	(305,280)	384,219	36,244	10,524,775
-	-	-	-	-	-	-	-	-
22,000	92,954	203,298	32,896	47,000	117,000	193,390	39,000	1,099,790
-	185,600	6,552	118,243	-	-	-	-	5,848,789
60,484	7,556	198,293	3,607	174,545	1,067,878	1,431,304	27,479	5,784,612
$ 82,484	$ 423,174	$ 10,307,596	$ 401,138	$ 221,545	$ 879,598	$ 2,008,913	$ 102,723	$ 23,257,966

Component Unit Net Asset Information	Manny Martinez Middle School	Northeast Academy	Odyssey School	Omar D Blair Charter School	Pioneer Charter School
ASSETS					
Assets:					
Cash and investments	$ 137,463	$ 311,335	$ 424,231	$ 40,924	$ 1,548,200
Deposit held by Denver Public Schools	23,268	72,657	40,213	133,255	61,008
Restricted cash	-	546,076	-	-	-
Receivables:					
Accounts	-	100,033	4,246	46,319	1,406
Intergovernmental	70,826	-	-	-	-
Grants	-	-	-	-	40,485
Other	-	-	-	-	-
Due from CMO	-	-	-	-	-
Promise to give	-	-	-	-	-
Prepaid expenses	-	13,441	10,429	82,631	-
Restricted investments	-	-	-	-	-
Bond issuance costs, net	-	130,147	-	-	-
Inventory	-	-	-	-	-
Deposits	-	-	-	-	-
Capital assets, net:	-	4,249,991	102,253	153,608	26,760
Total assets	231,557	5,423,680	581,372	456,737	1,677,859
LIABILITIES					
Liabilities:					
Accounts payable	-	26,045	8,142	-	42,889
Due to CMO	1,055,918	-	-	45,498	-
Grants payable	-	-	-	-	-
Accrued interest	-	34,788	-	-	-
Accrued payroll	-	105,470	-	-	125,104
Compenstated absences	-	-	-	-	-
Accrued liabilities	-	-	640	-	442
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	-	90,000	-	-	-
Due in more than one year	-	4,750,000	-	-	-
Total liabilities	1,055,918	5,006,303	8,782	45,498	168,435
NET POSITION					
Net investment in capital assets	-	(43,933)	102,253	153,608	26,760
Restricted for:					
Capital outlay	-	-	-	-	202,854
Emergencies	-	87,000	59,000	175,000	87,000
Donor-designated purposes	-	-	-	-	-
Unrestricted (deficit)	(824,361)	374,310	411,337	82,631	1,192,810
Total net position	$ (824,361)	$ 417,377	$ 572,590	$ 411,239	$ 1,509,424

Ridge View Academy	SOAR @ Oakland	SOAR @ Green Valley Ranch	Southwest Early College	University Prep Charter School	Venture Prep Charter School	West Denver Prepatory	Wyatt-Edison	Total
$ 767,718	$ 280,916	$ 368,217	$ 46,861	$ 99,457	$ 916,849	$ 1,030,167	$ 1,354,374	$ 25,268,264
53,733	38,624	48,845	50,590	17,563	74,877	200,755	122,911	1,714,448
-	-	-	-	-	-	-	5,451	1,500,427
16,796	1,227	12,024	88	-	14,569	5,064	-	1,168,699
-	-	-	-	-	-	-	4,965	75,791
190,902	-	-	2,964	83,571	-	256,963	-	842,498
-	-	-	-	-	-	-	-	1,525,650
-	-	-	-	-	-	-	-	1,245,050
-	-	-	-	-	-	-	-	258,843
3,711	11,452	27,380	-	1,820	20,755	54,200	-	479,015
-	-	-	-	-	-	-	-	1,736,033
-	-	-	-	-	-	-	-	405,844
-	-	-	-	-	2,962	31,485	-	35,081
-	-	-	-	-	-	-	-	5,500
59,680	-	-	13,130	-	-	3,225,132	1,491,996	27,981,106
1,092,540	332,219	456,466	113,633	202,411	1,030,012	4,803,766	2,979,697	64,242,249
176,628	20,289	15,506	43,825	17,316	4,988	212,657	-	1,501,401
-	-	-	-	-	-	-	-	2,582,255
-	-	-	-	-	-	-	-	8,879,401
-	-	-	-	-	-	-	-	34,788
-	35,777	47,207	69,132	-	39,609	-	-	1,032,524
-	-	-	-	-	-	-	-	39,697
-	-	-	15,609	-	-	-	5,451	50,219
-	-	-	-	-	-	-	240,724	240,724
-	11,428	38,606	-	69,655	-	529,014	-	724,169
14,592	-	-	150,000	-	-	117,608	64,302	853,206
-	-	-	-	-	-	2,049,282	1,012,564	16,950,655
191,220	67,494	101,319	278,566	86,971	44,597	2,908,561	1,323,041	32,889,039
59,680	-	-	13,130	-	-	1,058,242	415,130	12,309,645
-	-	-	-	-	-	-	-	202,854
53,733	71,700	70,100	50,590	32,000	95,000	327,000	188,000	2,395,913
-	-	-	-	-	-	-	-	5,848,789
787,907	193,025	285,047	(228,653)	83,440	890,415	509,963	1,053,526	10,596,009
$ 901,320	$ 264,725	$ 355,147	$ (164,933)	$ 115,440	$ 985,415	$ 1,895,205	$ 1,656,656	$ 31,353,210

Component Unit Activities Information	Denver Public Schools Foundation	Academy of Urban Learning	Cesar Chavez Academy	Colorado High School	Community Challenge School	Denver Language School
Expenses:						
Instruction	$ -	$ 634,602	$ 1,877,289	$ 780,339	$ 1,155,839	$ 1,764,895
Supporting services	-	725,244	1,657,371	701,965	939,754	1,213,387
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Program services	12,467,236	-	-	-	-	-
Facilities	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Fundraising	577,509	-	-	-	-	-
Pupil activities	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Maintenance and operations	-	-	-	-	-	-
Management and general	458,204	-	-	-	-	-
Total expenses	13,502,949	1,359,846	3,534,660	1,482,304	2,095,593	2,978,282
Program revenues:						
Charges for services	-	17,365	106,055	11,829	-	445,165
Operating/capital grants and contributions	13,811,197	228,568	325,196	157,137	656,966	591,198
Total program revenues	13,811,197	245,933	431,251	168,966	656,966	1,036,363
Net program expense	308,248	(1,113,913)	(3,103,409)	(1,313,338)	(1,438,627)	(1,941,919)
General revenues:						
Per pupil revenue	-	914,182	2,891,455	1,017,622	1,463,898	1,902,311
Capital construction funding	-	-	33,004	-	16,822	-
Property tax mill levy override	-	12,555	199,554	18,677	20,960	194,753
Investment earnings	-	316	270	-	6,686	-
Interest Income	-	-	-	802	-	560
Insurance proceeds	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	-	-	-	-
Donations	-	-	-	-	-	72,523
Other	-	-	7,734	-	21,571	-
Total general revenues	-	927,053	3,132,017	1,037,101	1,529,937	2,170,147
Change in net position	308,248	(186,860)	28,608	(276,237)	91,310	228,228
Net position - beginning	6,619,247	307,928	336,563	496,272	857,488	20,000
Net position - ending	$ 6,927,495	$ 121,068	$ 365,171	$ 220,035	$ 948,798	$ 248,228

	Denver School of Science and Technology							
Denver Justice High School	Green Valley Ranch	Stapleton	Cole	Girls Athletic Leadership School	Highline Academy Charter School	KIPP Colorado Schools	Life Skills Center of Denver	Subtotal
$ 508,230	$ 3,627,998	$ 6,903,353	$ 1,549,522	$ 902,826	$ 2,281,785	$ 4,732,255	$ 927,085	$ 27,646,018
672,622	352,327	721,462	273,394	788,149	1,249,211	3,244,934	-	12,539,820
-	-	-	-	-	-	-	-	-
-	-	67,201	-	-	601,086	16,423	-	684,710
-	-	-	-	-	-	-	-	12,467,236
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	577,509
-	-	-	-	-	-	-	48,378	48,378
-	-	-	-	-	-	-	347,118	347,118
-	-	-	-	-	-	-	333,495	333,495
-	-	-	-	-	-	-	42,784	500,988
1,180,852	3,980,325	7,692,016	1,822,916	1,690,975	4,132,082	7,993,612	1,698,860	55,145,272
-	135,074	344,802	38,914	8,457	195,016	82,648	-	1,385,325
403,800	924,998	1,498,769	1,069,307	587,948	316,465	1,210,472	276,251	22,058,272
403,800	1,060,072	1,843,571	1,108,221	596,405	511,481	1,293,120	276,251	23,443,597
(777,052)	(2,920,253)	(5,848,445)	(714,695)	(1,094,570)	(3,620,601)	(6,700,492)	(1,422,609)	(31,701,675)
722,092	2,851,885	6,247,339	954,531	1,154,119	3,289,853	5,559,988	1,396,978	30,366,253
-	-	-	-	-	-	46,319	-	96,145
10,688	43,060	90,894	14,526	19,714	194,699	77,516	24,072	921,668
-	-	-	-	-	-	3,806	168	11,246
69	2,693	20,287	2,462	233	1,703	-	-	28,809
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,604,983	-	1,604,983
-	-	-	-	68,540	-	-	-	141,063
-	8,957	1,522	4,968		178,762	8,693	-	232,207
732,849	2,906,595	6,360,042	976,487	1,242,606	3,665,017	7,301,305	1,421,218	33,402,374
(44,203)	(13,658)	511,597	261,792	148,036	44,416	600,813	(1,391)	1,700,699
126,687	436,832	9,795,999	139,346	73,509	835,182	1,408,100	104,114	21,557,267
$ 82,484	$ 423,174	$ 10,307,596	$ 401,138	$ 221,545	$ 879,598	$ 2,008,913	$ 102,723	$ 23,257,966

Component Unit Activities Information	Manny Martinez Middle School	Northeast Academy	Odyssey School	Omar D Blair Charter School	Pioneer Charter School	Ridge View Academy
Expenses:						
Instruction	$ 776,186	$ 1,780,568	$ 1,241,335	$ 3,243,129	$ 2,045,231	$ 2,164,705
Supporting services	-	1,346,079	750,527		1,185,331	1,160,643
Depreciation	-	-	-	92,903	-	-
Interest	-	282,577	-	-	-	-
Program services	-	-	-	-	-	-
Facilities	180,031	-	-	638,453	-	-
Technology	109,615	-	-	304,420	-	-
Fundraising	-	-	-	-	-	-
Pupil activities	-	-	-	-	-	-
School administration	610,454	-	-	1,588,552	-	-
Maintenance and operations	-	-	-	-	-	-
Management and general	-	-	-	-	-	-
Total expenses	1,676,286	3,409,224	1,991,862	5,867,457	3,230,562	3,325,348
Program revenues:						
Charges for services	-	6,064	72,857	-	17,700	-
Operating/capital grants and contributions	378,147	449,483	106,082	192,603	462,000	1,096,510
Total program revenues	378,147	455,547	178,939	192,603	479,700	1,096,510
Net program expense	(1,298,139)	(2,953,677)	(1,812,923)	(5,674,854)	(2,750,862)	(2,228,838)
General revenues:						
Per pupil revenue	851,018	2,504,021	1,474,207	5,120,619	2,431,035	1,965,641
Capital construction funding	-	-	-	-	14,022	-
Property tax mill levy override	-	181,729	125,468	350,320	188,323	32,477
Investment earnings	-	10,300	-	-	4,600	1,900
Interest Income	-	-	4,912	-	-	-
Insurance proceeds	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	-	-	7,609	90,607
Donations	-	-	-	-	-	-
Other	31,233	68,518	180,841	223,181	39,968	2,301
Total general revenues	882,251	2,764,568	1,785,428	5,694,120	2,685,557	2,092,926
Change in net position	(415,888)	(189,109)	(27,495)	19,266	(65,305)	(135,912)
Net position - beginning	(408,473)	606,486	600,085	391,973	1,574,729	1,037,232
Net position - ending	$ (824,361)	$ 417,377	$ 572,590	$ 411,239	$ 1,509,424	$ 901,320

SOAR @ Oakland	SOAR @ Green Valley Ranch	Southwest Early College	University Prep Charter School	Venture Prep Charter School	West Denver Prepatory	Wyatt-Edison	Total
$ 1,428,681	$ 1,509,397	$ 1,076,118	$ 875,804	$ 1,925,043	$ 6,876,989	$ 2,919,524	$ 55,508,728
910,877	1,152,891	1,016,071	429,781	1,744,041	5,139,741	-	27,375,802
-	-	-	-	-	-	123,936	216,839
-	-	2,124	-	-	152,414	-	1,121,825
-	-	-	-	-	-	-	12,467,236
-	-	-	-	-	-	377,057	1,195,541
-	-	-	-	-	-	300,560	714,595
-	-	-	-	-	-	-	577,509
-	-	-	-	-	-	-	48,378
-	-	-	-	-	-	1,551,432	4,097,556
-	-	-	-	-	-	-	333,495
-	-	-	-	-	-	-	500,988
2,339,558	2,662,288	2,094,313	1,305,585	3,669,084	12,169,144	5,272,509	104,158,492
5,490	53,090	19,076	-	22,351	-	-	1,581,953
1,015,023	657,687	234,412	688,038	425,226	726,780	601,034	29,091,297
1,020,513	710,777	253,488	688,038	447,577	726,780	601,034	30,673,250
(1,319,045)	(1,951,511)	(1,840,825)	(617,547)	(3,221,507)	(11,442,364)	(4,671,475)	(73,485,242)
1,391,509	1,815,992	1,967,417	610,029	2,916,671	7,852,129	4,233,469	65,500,010
-	-	22,942	-	-	57,021	-	190,130
183,015	211,364	31,854	103,296	50,843	105,213	318,607	2,804,177
-	-	489	241	-	2,277	-	31,053
-	-	-	-	1,620	-	-	35,341
-	-	-	-	-	45,180	-	45,180
-	-	-	-	-	3,436,063	-	5,139,262
-	-	-	-	-	-	-	141,063
7,166	49,036	3,870	14,408	175,651	-	91,251	1,119,631
1,581,690	2,076,392	2,026,572	727,974	3,144,785	11,497,883	4,643,327	75,005,847
262,645	124,881	185,747	110,427	(76,722)	55,519	(28,148)	1,520,605
2,080	230,266	(350,680)	5,013	1,062,137	1,839,686	1,684,804	29,832,605
$ 264,725	$ 355,147	$ (164,933)	$ 115,440	$ 985,415	$ 1,895,205	$ 1,656,656	$ 31,353,210

DENVER
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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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balance - beginning	$ 134,768,458	$ 156,334,573	$ 156,332,535	$ (2,038)
REVENUES				
Taxes:				
Property taxes	321,737,533	293,669,916	318,541,996	24,872,080
Interest on delinquent taxes	2,574,894	2,574,894	(2,504,248)	(5,079,142)
Specific ownership taxes	26,172,343	26,172,343	27,021,138	848,795
State support:				
State equalization	245,370,373	245,370,373	234,783,298	(10,587,075)
Special education	13,296,604	13,296,604	13,485,096	188,492
Transportation	4,381,184	4,381,184	4,474,628	93,444
Vocational education	772,690	772,690	1,751,387	978,697
Other state	2,257,078	2,257,078	1,966,153	(290,925)
Federal sources	7,381,578	7,381,578	7,863,578	482,000
Charge for services - tuition	103,116	4,797,221	5,125,508	328,287
Investment income	43,654	44,154	59,573	15,419
Other local sources	5,054,319	10,313,363	21,692,364	11,379,001
Total Revenues	$ 629,145,366	$ 611,031,398	$ 634,260,471	$ 23,229,073

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
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
Instruction:				
Regular	$ 262,891,098	$ 283,418,823	$ 270,300,263	$ 13,118,560
Special education	47,382,536	47,560,322	47,964,725	(404,403)
Vocational education	3,319,062	3,633,352	4,060,665	(427,313)
Other	6,461,405	5,925,090	4,155,191	1,769,899
Support services:				
Pupil support	23,455,404	23,970,546	23,862,690	107,856
Instructional support	33,620,133	40,274,803	37,646,407	2,628,396
General administration	4,488,775	4,742,462	6,193,927	(1,451,465)
School administration	47,139,042	51,225,225	50,037,492	1,187,733
Business services	4,242,316	5,933,475	5,263,605	669,870
Operations and maintenance	50,900,337	51,330,739	50,783,756	546,983
Pupil transportation	18,470,089	18,470,089	18,966,970	(496,881)
Central services	29,092,957	36,512,114	37,204,489	(692,375)
Other services	834,763	834,763	757,315	77,448
Community services	2,124,740	7,845,279	5,638,728	2,206,551
Compensation increase reserve	600,000	600,000	-	600,000
Education for adults	-	1,027,450	623,859	403,591
Capital outlay	153,155	3,738,798	2,792,957	945,841
Debt service:				
Principal retirements	3,985,000	3,985,000	3,985,000	-
Interest and fiscal charges	54,985,284	54,985,284	52,408,320	2,576,964
Appropriated reserves	72,752,543	50,847,380	-	50,847,380
Total expenditures	666,898,639	696,860,994	622,646,359	74,214,635
Excess (deficiency) of revenues over expenditures	(37,753,273)	(85,829,596)	11,614,112	97,443,708
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	9,611,417	9,703,016	91,599
Transfers out	(56,925,200)	(36,454,262)	(36,375,979)	78,283
Total other financing sources (uses)	(56,805,200)	(26,842,845)	(26,672,963)	169,882
Net change in fund balance	(94,558,473)	(112,672,441)	(15,058,851)	97,613,590
Fund balance - ending	$ 40,209,985	$ 43,662,132	$ 141,273,684	$ 97,611,552

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
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balance - beginning	$ 10,533,357	$ 14,144,091	$ 14,143,658	$ (433)
REVENUES				
Intergovernmental:				
State sources	11,664,592	14,347,967	14,170,869	(177,098)
Federal sources	108,731,090	113,130,661	106,349,467	(6,781,194)
Charges for services	19,647,172	16,489,636	16,843,131	353,495
Investment income	500	-	862	862
Other local sources	18,324,653	26,679,344	27,960,444	1,281,100
Total revenues	158,368,007	170,647,608	165,324,773	(5,322,835)
EXPENDITURES				
Instruction:				
Regular	55,243,808	55,245,217	56,627,640	(1,382,423)
Special education	13,121,677	13,759,387	12,587,479	1,171,908
Vocational	1,140,503	803,148	791,753	11,395
Other	10,462,068	11,575,020	8,678,063	2,896,957
Support services:				
Pupil support	4,456,904	7,171,241	5,292,787	1,878,454
Instructional support	43,172,191	45,789,794	40,167,868	5,621,926
General administration	-	429,315	563,935	(134,620)
School administration	2,981,342	1,382,621	1,909,548	(526,927)
Business services	1,954,512	460,710	408,692	52,018
Operations & maintenance	613,387	488,927	85,762	403,165
Pupil transportation	139,101	211,821	69,617	142,204
Central services	13,518,491	15,471,546	11,820,639	3,650,907
Other support services	-	1,000	11,723	(10,723)
Community services	6,208,967	3,639,008	3,394,032	244,976
Appropriated reserves	5,290,927	14,022,188	5,691,080	8,331,108
Education for adults	17,967,716	17,764,648	15,808,874	1,955,774
Capital outlay	137,500	225,751	456,555	(230,804)
Total expenditures	176,409,094	188,441,342	164,366,047	24,075,295
Excess (deficiency) of revenues over expenditures	(18,041,087)	(17,793,734)	958,726	(16,835,008)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,416,738	5,025,218	4,926,925	(98,293)
Transfers out	(590,000)	(1,375,575)	(1,324,053)	51,522
Total other financing sources	10,826,738	3,649,643	3,602,872	(46,771)
Net change in fund balance	(7,214,349)	(14,144,091)	4,561,598	(9,582,493)
Fund balance - ending	$ 3,319,008	$ -	$ 18,705,256	$ 18,705,256

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
PROCOMP SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balance - beginning	$ 65,496,258	$ 67,287,770	$ 67,287,770	$
REVENUES				
Property taxes	-	28,067,617	28,771,492	703,875
Investment income	4,247,947	4,247,947	836,282	(3,411,665)
Total revenues	4,247,947	32,315,564	29,607,774	(2,707,790)
EXPENDITURES				
Regular instruction	33,447,790	37,897,386	37,534,652	362,734
General administration	75,800	75,800	53,418	22,382
Central services	1,317,509	1,948,440	925,440	1,023,000
Total expenditures	34,841,099	39,921,626	38,513,510	1,408,116
Deficiency of revenues under expenditures	(30,593,152)	(7,606,062)	(8,905,736)	(4,115,906)
OTHER FINANCING SOURCES (USES)				
Transfers in	27,997,448	-	-	-
Total other financing sources and uses	27,997,448	-	-	-
Net change in fund balance	(2,595,704)	(7,606,062)	(8,905,736)	(4,115,906)
Fund balance - ending	$ 62,900,554	$ 59,681,708	$ 58,382,034	$ (4,115,906)

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

SCHEDULE OF OPEB FUNDING PROGRESS
YEAR ENDED JUNE 30, 2012

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)
7/1/2010	$ 6,216,000	$ 45,674,000	$ 39,458,000	13.61%
7/1/2008	5,914,000	21,596,000	15,682,000	27.38%
7/1/2007	5,618,000	13,380,000	7,762,000	41.99%

Note: Covered payroll is not presented since the plan now covers only a closed group of District retirees.

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

SCHEDULE OF OPEB EMPLOYER CONTRIBUTIONS
YEAR ENDED JUNE 30, 2012

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2012	$ 3,493,059	59.70%
6/30/2011	3,493,059	59.22%
6/30/2010	2,022,000	82.69%

1. BUDGET BASIS OF ACCOUNTING

General Fund

The budgetary comparison schedule for the general fund was prepared on the prescribed budget basis of accounting for the District. For the general fund, this basis differs from generally accepted accounting principles (GAAP) mainly because of the inclusion of encumbrances and commitments with reported expenditures and the exclusion of salaries earned but unpaid and related indirect cost receivable. In addition, the budget basis makes use of the cash basis of accounting for the general fund state transportation revenue and forward delivery agreement revenues.

A reconciliation of fund balance reported in accordance with GAAP and fund balance reported on the budgetary basis for the general fund is as follows:

	General Fund
GAAP basis fund balance	$101,669,568
Add:	
Accrued payroll, exclusive of taxes payable	44,294,132
Deferred revenue	3,985,312
Less:	
Encumbrances, net of inventory	5,870,393
Interest receivable	635
Investment market value adjustment	169
Transportation receivable	2,804,131
Budget basis fund balance	$141,273,684

The special revenue and ProComp special revenue funds are budgeted on a GAAP basis; therefore, the fund balances are the same.

Colorado statutes require that fixed budgets be legally adopted for all funds. For budgeting and appropriation purposes, transfers are reported as revenue and expenditures. Budgets for all funds have been prepared on the budget basis of accounting. The most significant budgeted fund is the general fund.

Refer to the general fund budgetary highlights section of the management's discussion and analysis on page 27 for information regarding significant variances between original and final budget.

2. OPEB

The funded status of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
7/1/2010	$ 6,216,000	$ 45,674,000	$ 39,458,000	13.61%
7/1/2008	5,914,000	21,596,000	15,682,000	27.38%
7/1/2007	5,618,000	13,380,000	7,762,000	41.99%

The ARC was determined, using the "Projected Unit Credit" attribution method as of July 1, 2010 and was calculated on a level dollar basis assuming the average remaining lifetime of qualified retirees (14 years) for the life insurance benefit. The significant actuarial assumptions used in the valuation as of July 1, 2010 were: (a) life expectancy of participants obtained from the RP 2000 Annuitant Mortality Table projected to 2015 by Scale AA (healthy mortality), applied on a gender-specific basis; (b) life expectancy participants obtained from the RP 2000 Disabled Retiree Mortality Table projected to 2015 by Scale AA (disabled mortality), applied on a gender-specific basis; (c) a discount rate of 3% assuming the employer will consistently contribute an amount equal to or greater than the ARC. The Fiscal 2009 ARC assumed a discount rate of 8%. 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.

DENVER
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COMBINING FUND STATEMENTS - NONMAJOR FUNDS

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Pupil Activty Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 723,318	$ 122,792	$ 846,110
Total assets	$ 723,318	$ 122,792	$ 846,110
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 13,078	$ -	$ 13,078
Accrued payroll	7,340	-	7,340
Due to other funds	3,320	567	3,887
Total liabilities	23,738	567	24,305
Fund balances:			
Nonspendable			
Permanent Fund	-	122,225	122,225
Restricted for			
Special Revenue Fund	699,580	-	699,580
Total fund balances	699,580	122,225	821,805
Total liabilities and fund balances	$ 723,318	$ 122,792	$ 846,110

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Pupil Activity Fund	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	$ 297,062	$ -	$ 297,062
Investment income	-	2,555	2,555
Other local sources	237,654	-	237,654
Total revenues	534,716	2,555	537,271
EXPENDITURES			
Instruction:			
Regular	-	1,552	1,552
Other	2,461,256	-	2,461,256
Total expenditures	2,461,256	1,552	2,462,808
Excess (deficiency) of revenues over (under) expenditures	(1,926,540)	1,003	(1,925,537)
OTHER FINANCING SOURCES			
Transfers-in	1,966,477	-	1,966,477
Total other financing sources	1,966,477	-	1,966,477
Net change in fund balances	39,937	1,003	40,940
Fund balances - beginning	659,643	121,222	780,865
Fund balances - ending	$ 699,580	$ 122,225	$ 821,805

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	Risk Management	DoTS Service Bureau	Warehouse	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,881,665	$ 306,729	$ -	$ 4,188,394
Receivables	6,850	158	-	7,008
Due from other funds	223,210	-	115	223,325
Inventory	-	-	299,988	299,988
Held by fiscal agent	1,795,710	-	-	1,795,710
Total current assets	5,907,435	306,887	300,103	6,514,425
Capital assets:				
Equipment	-	324,786	38,407	363,193
Less accumulated depreciation	-	(324,786)	(38,407)	(363,193)
Total capital assets	-	-	-	-
Total assets	5,907,435	306,887	300,103	6,514,425
LIABILITIES				
Current liabilities:				
Accounts payable	101,449	540	26,785	128,774
Accrued payroll	3,209	-	-	3,209
Accrued claims	5,503,563	-	-	5,503,563
Due to other funds	-	207	574,640	574,847
Total current liabilities	5,608,221	747	601,425	6,210,393
NET POSITION				
Unrestricted	299,214	306,140	(301,322)	304,032
Total net position	$ 299,214	$ 306,140	$ (301,322)	$ 304,032

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

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Risk Management	DoTS Service Bureau	Warehouse	Total
OPERATING REVENUES				
Billings to funds	$ 4,792,412	$ 20,921	$ 1,691,709	$ 6,505,042
Other	60,499	-	152,185	212,684
Total operating revenues	4,852,911	20,921	1,843,894	6,717,726
OPERATING EXPENSES				
Cost of goods sold	-	-	1,462,888	1,462,888
Salaries and employee benefits	694,622	-	580,909	1,275,531
Purchased professional & technical services	346,533	-	1,192	347,725
Purchased property services	-	-	5,916	5,916
Other purchased services	52,900	-	233,358	286,258
Supplies	73,915	36,797	145,979	256,691
Depreciation	-	1,560	-	1,560
Other	3,836	-	-	3,836
Insurance	2,295,158	-	-	2,295,158
Claims	6,682,150	-	-	6,682,150
Total operating expenses	10,149,114	38,357	2,430,242	12,617,713
Operating loss	(5,296,203)	(17,436)	(586,348)	(5,899,987)
Total net position - beginning	5,595,417	323,576	285,026	6,204,019
Total net position - ending	$ 299,214	$ 306,140	$ (301,322)	$ 304,032

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Risk Management	DoTS Service Bureau	Warehouse	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 4,935,300	$ 60,893	$ 1,692,547	$ 6,688,740
Payments to suppliers	(389,691)	(36,257)	(1,828,171)	(2,254,119)
Payments to employees	(694,786)	-	(580,909)	(1,275,695)
Payments (to) from other funds	(226,448)	(3,793)	551,423	321,182
Claims and insurance	(7,283,625)	-	-	(7,283,625)
Other receipts	56,663	-	152,185	208,848
Net cash provided (used) by operating activities	(3,602,587)	20,843	(12,925)	(3,594,669)
Net increase (decrease) in cash and cash equivalents	(3,602,587)	20,843	(12,925)	(3,594,669)
Cash and cash equivalents - beginning	9,279,962	285,886	12,925	9,578,773
Cash and cash equivalents - ending	$ 5,677,375	$ 306,729	$ -	$ 5,984,104
Reconciliation of operating loss to net cash provided (used) by operating activities				
Operating loss	$ (5,296,203)	$ (17,436)	$ (586,348)	$ (5,899,987)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	-	1,560	-	1,560
Changes in assets and liabilities:				
Accounts receivable	142,888	39,972	838	183,698
Due from other funds	(223,210)	-	3,242	(219,968)
Inventory	-	-	12,816	12,816
Accounts payable	83,657	540	8,346	92,543
Accrued payroll	(164)	-	-	(164)
Accrued claims	1,693,683	-	-	1,693,683
Due to other funds	(3,238)	(3,793)	548,181	541,150
Net cash provided (used) by operating activities	$ (3,602,587)	$ 20,843	$ (12,925)	$ (3,594,669)

OTHER SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE
BOND REDEMPTION FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balance - beginning	$ 60,000,000	$ 66,657,069	$ 66,657,069	$ -
REVENUES				
Taxes	67,000,000	67,000,000	79,813,185	12,813,185
Investment income	100,000	100,000	179,003	79,003
Total revenues	67,100,000	67,100,000	79,992,188	12,892,188
EXPENDITURES				
Contingency Reserve	52,554,081	-	-	-
Debt service:				
Principal on bonds	24,380,000	24,200,000	24,200,000	-
Interest & fiscal charges	50,035,919	49,702,417	49,778,289	(75,872)
Issuance costs of debt	10,000	1,289,780	760,824	528,956
Total expenditures	126,980,000	75,192,197	74,739,113	453,084
Excess (deficiency) of revenues over expenditures	(59,880,000)	(8,092,197)	5,253,075	12,439,104
OTHER FINANCING USES				
Transfers out	(120,000)	(120,000)	(243,110)	(123,110)
Proceeds from refunding bonds	-	129,870,000	129,870,000	-
Premium on refunding bonds	-	16,171,251	16,171,251	-
Payments to bond escrow agent	-	(145,623,553)	(145,623,553)	-
Total other financing sources (uses)	(120,000)	297,698	174,588	123,110
Net change in fund balance	(60,000,000)	(7,794,499)	5,427,663	(13,222,162)
Fund balance - ending	$ -	$ 58,862,570	$ 72,084,732	$ (13,222,162)

The notes to other 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
BUILDING FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balance - beginning	$ 214,539,395	$ 143,662,954	$ 143,662,954	$ -
REVENUES				
Investment income	62,000	562,000	560,331	(1,669)
Total revenues	62,000	562,000	560,331	(1,669)
EXPENDITURES				
Special education	100,427	100,427	11,545	88,882
Support services:				
Pupil support services	21,826	21,826	-	21,826
Instructional support	257,526	786,847	755,741	31,106
School administration	29,253	79,253	92,373	(13,120)
Operations & maintenance	5,703,699	8,105,984	10,770,491	(2,664,507)
Central services	458,280	5,618,646	3,089,950	2,528,696
Capital outlay	208,030,384	88,124,330	74,351,641	13,772,689
Interest and fiscal charges	-	-	1,200	(1,200)
Total expenditures	214,601,395	102,837,313	89,072,941	13,764,372
Net change in fund balance	(214,539,395)	(102,275,313)	(88,512,610)	13,762,703
Fund balance - ending	$ -	$ 41,387,641	$ 55,150,344	$ 13,762,703

The notes to other 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
CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balance - beginning	$ 11,259,134	$ 10,459,652	$ 10,459,652	$ -
REVENUES				
Investment income	-	-	555	555
Other local sources	2,550,000	3,892,500	6,037,556	2,145,056
Total revenues	2,550,000	3,892,500	6,038,111	2,145,611
EXPENDITURES				
Instructional	-	40,000	(27,831)	67,831
Business services	50,000	50,000	15,810	34,190
Operations & maintenance	11,445,929	11,883,843	11,406,209	477,634
Pupil transportation	300,711	300,711	308,606	(7,895)
Central services	1,560,000	1,884,045	2,795,696	(911,651)
Capital outlay	871,000	1,073,641	1,546,056	(472,415)
Debt service:				
Principal retirements	2,300,000	2,300,000	1,735,956	564,044
Interest and fiscal charges	82,138	82,138	54,064	28,074
Appropriated reserves	-	10,000,000	-	10,000,000
Total expenditures	16,609,778	27,614,378	17,834,566	9,779,812
Deficiency of revenues under expenditures	(14,059,778)	(23,721,878)	(11,796,455)	(7,634,201)
OTHER FINANCING SOURCES				
Transfers in	11,142,125	21,346,725	21,346,725	-
Total other financing sources	11,142,125	21,346,725	21,346,725	-
Net change in fund balance	(2,917,653)	(2,375,153)	9,550,270	11,925,423
Fund balance - ending	$ 8,341,481	$ 8,084,499	$ 20,009,922	$ 11,925,423

The notes to other 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 SERVICE FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	$ 8,017,264	$ 4,858,604	$ 4,858,604	$ -
REVENUES				
Food sales	2,999,222	2,999,222	3,715,616	716,394
Total operating revenues	2,999,222	2,999,222	3,715,616	716,394
EXPENDITURES				
Cost of goods:				
Purchased	11,399,734	14,399,734	14,730,319	(330,585)
Donated	120,000	120,000	98,237	21,763
Salaries and employee benefits	15,480,909	15,480,909	15,915,297	(434,388)
Utilities	229,090	229,090	260,028	(30,938)
Supplies	2,265,850	2,265,850	2,457,169	(191,319)
Repairs and maintenance	336,000	336,000	398,414	(62,414)
Rent	5,000	5,000	49,461	(44,461)
Depreciation	110,000	110,000	98,356	11,644
Administrative services	353,500	353,500	325,807	27,693
Other	411,000	411,000	289,603	121,397
Total operating expenses	30,711,083	33,711,083	34,622,691	(911,608)
Operating loss	(27,711,861)	(30,711,861)	(30,907,075)	(195,214)
NON-OPERATING REVENUES				
Reimbursements from government sponsored programs	22,580,160	25,580,160	26,486,332	906,172
Donated commodities from federal government	1,378,708	1,378,708	1,786,776	408,068
Investment income	5,000	5,000	-	(5,000)
Other local services	55,000	55,000	29,589	(25,411)
Total non-operating revenues	24,018,868	27,018,868	28,302,697	1,283,829
Change in net position	(3,692,993)	(3,692,993)	(2,604,378)	1,088,615
Net position - ending	$ 4,324,271	$ 1,165,611	$ 2,254,226	$ 1,088,615

The notes to other 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
PRIVATE PURPOSE TRUST FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	$ 946,763	$ 978,975	$ 978,975	$ -
REVENUES				
Investment income	2,550	2,550	1,327	(1,223)
Total revenues	2,550	2,550	1,327	(1,223)
EXPENDITURES				
Scholarships	45,841	45,841	26,000	19,841
Educational reimbursements	293,404	293,404	-	293,404
Total expenditures	339,245	339,245	26,000	313,245
Net change in fund balance	(336,695)	(336,695)	(24,673)	312,022
Net position - ending	$ 610,068	$ 642,280	$ 954,302	$ 312,022

The notes to other 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
RETIREE HEALTH BENEFIT TRUST
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	$ 87,538	$ 87,922	$ 87,922	$ -
EXPENDITURES				
Retiree medical and life insurance	87,538	87,538	28,134	59,404
Total expenditures	87,538	87,538	28,134	59,404
Net change in fund balance	(87,538)	(87,538)	(28,134)	59,404
Net position - ending	$ -	$ 384	$ 59,788	$ 59,404

The notes to other 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
RETIREE LIFE INSURANCE TRUST
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	$ 6,186,675	$ 6,280,491	$ 6,280,491	$ -
REVENUES				
Contributions	1,672,000	1,672,000	2,040,000	368,000
Investment income	399,045	399,045	5,371	(393,674)
Total revenues	2,071,045	2,071,045	2,045,371	(25,674)
EXPENDITURES				
Retiree medical and life insurance	2,117,835	2,117,835	1,948,939	168,896
Account fees	-	-	24,621	(24,621)
Total expenditures	2,117,835	2,117,835	1,973,560	144,275
Net change in fund balance	(46,790)	(46,790)	71,811	118,601
Net position - ending	$ 6,139,885	$ 6,233,701	$ 6,352,302	$ 118,601

The notes to other 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
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balances - beginning	$ 100,000	$ 659,643	$ 659,643	$ -
REVENUES				
Other local sources	470,000	470,000	534,716	64,716
Total revenues	470,000	470,000	534,716	64,716
EXPENDITURES				
Instruction	2,526,477	2,526,477	2,461,256	65,221
Capital outlay	10,000	10,000	-	10,000
Total expenditures	2,536,477	2,536,477	2,461,256	75,221
Deficiency of revenues under expenditures	(2,066,477)	(2,066,477)	(1,926,540)	139,937
OTHER FINANCING SOURCES				
Transfers in	1,966,477	1,966,477	1,966,477	-
Total other financing sources	1,966,477	1,966,477	1,966,477	-
Net change in fund balance	-	559,643	699,580	139,937
Fund balance - ending	$ -	$ 559,643	$ 699,580	$ 139,937

The notes to other 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
PERMANENT FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund balance - beginning	$ 121,283	$ 121,222	$ 121,222	$
REVENUES				
Investment income	2,110	2,110	2,555	445
Total revenues	2,110	2,110	2,555	445
EXPENDITURES				
Regular instruction	25,258	25,258	1,552	23,706
Pupil services	16,642	16,642	-	16,642
Total expenditures	41,900	41,900	1,552	40,348
Net change in fund balance	(39,790)	(39,790)	1,003	40,793
Fund balance - ending	$ 81,493	$ 81,432	$ 122,225	$ 40,793

The notes to other 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
RISK MANAGEMENT FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	$ 5,764,336	$ 5,595,417	$ 5,595,417	$ -
REVENUES				
Billings to funds	-	4,792,412	4,792,412	-
Other	-	-	60,499	60,499
Total operating revenues	-	4,792,412	4,852,911	60,499
EXPENSES				
Salaries and employee benefits	651,174	651,174	694,622	(43,448)
Purchased professional services	550,000	550,000	346,533	203,467
Other purchased services	55,000	55,000	52,900	2,100
Supplies	271,500	271,500	73,915	197,585
Other	3,500	3,500	3,836	(336)
Insurance	1,135,000	1,135,000	2,295,158	(1,160,158)
Claims	4,565,000	6,215,000	6,682,150	(467,150)
Total operating expenses	7,231,174	8,881,174	10,149,114	(1,267,940)
Operating loss	(7,231,174)	(4,088,762)	(5,296,203)	1,328,439
NON-OPERATING REVENUES				
Transfers in	4,792,412	-	-	-
Total non-operating revenues	4,792,412	-	-	-
Change in net position	(2,438,762)	1,506,655	299,214	1,328,439
Net position - ending	$ 3,325,574	$ 1,506,655	$ 299,214	$ 1,207,441

The notes to other 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
DOTS SERVICE BUREAU FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	$ 142,766	$ 323,576	$ 323,576	$ -
REVENUES				
Billings to funds	75,000	75,000	20,921	(54,079)
Total operating revenues	75,000	75,000	20,921	(54,079)
EXPENDITURES				
Supplies	217,766	217,766	36,797	180,969
Depreciation	-	-	1,560	(1,560)
Total operating expenses	217,766	217,766	38,357	179,409
Operating loss	(142,766)	(142,766)	(17,436)	(125,330)
Net position - ending	$ -	$ 180,810	$ 306,140	$ (125,330)

The notes to other 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
WAREHOUSE FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Net position - beginning	$ -	$ 285,026	$ 285,026	$ -
REVENUES				
Billings to funds	2,000,000	2,300,000	1,691,709	(608,291)
Other	410,000	410,000	152,185	(257,815)
Total operating revenues	2,410,000	2,710,000	1,843,894	(866,106)
EXPENDITURES				
Cost of goods sold	983,245	983,245	1,462,888	(479,643)
Salaries and employee benefits	643,735	643,735	580,909	62,826
Purchased professional & technical services	19,800	19,800	1,192	18,608
Purchased property services	2,800	40,000	5,916	34,084
Other purchased services	164,400	229,400	233,358	(3,958)
Supplies	589,020	786,820	145,979	640,841
Depreciation	7,000	7,000	-	7,000
Total operating expenses	2,410,000	2,710,000	2,430,242	279,758
Operating loss	-	-	(586,348)	(1,145,864)
Net position - ending	$ -	$ 285,026	$ (301,322)	$ 1,145,864

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

Building and Capital Reserve Funds

The budgetary comparison schedules for the building fund and capital reserve funds were prepared on the prescribed budgetary basis of accounting for the District. This basis differs from generally accepted accounting principles (GAAP) because of the inclusion of interest income and investment market value adjustment, and encumbrances and commitments with reported expenditures.

A reconciliation of fund balances reported on the basis of GAAP and fund balances reported on the budget basis is as follows:

	Building Fund	Capital Reserve Fund
GAAP basis	$92,538,729	$20,816,392
Less:		
Interest receivable	198,285	
Investment market value adjustment	33,159	
Encumbrances, net	37,156,941	806,470
Budget basis	$55,150,344	$20,009,922

Fund balances for the pupil activity fund, bond redemption fund, private purpose trust fund, permanent fund, and proprietary funds are the same on a GAAP and budget basis.

Colorado statutes require that fixed budgets be legally adopted for all funds. For budgeting and appropriation purposes, transfers are reported as revenue and expenditures. The original budget for each of these funds was equal to the prior year final budget. As better information became available, the budgets were adjusted.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the District is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information not presented herein may be available concerning the area in which the District is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the District of its officers, employees, or advisors*.

Population

The following table sets forth population statistics for the City and County of Denver ("Denver"), the Denver metropolitan statistical area (comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties) (the "DMA") and the State of Colorado ("Colorado").

Population

Year	Denver	Percent Change	DMA	Percent Change	Colorado	Percent Change
1970	514,678	-	1,238,273	--	2,207,259	--
1980	492,365	(4.3)%	1,618,461	30.7%	2,889,964	30.9%
1990	467,610	(5.0)	1,848,319	14.2	3,294,394	14.0
2000	554,636	18.6	2,400,570	29.9	4,301,261	30.6
2010	600,158	8.2	2,784,228	16.0	5,029,196	16.9
2011 [1]	620,917	3.5	2,847,212	2.3	5,118,526	1.8

[1] Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census, and Colorado Division of Local Government, Demography Section.

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Income

The following tables set forth historical median household effective buying income ("EBI"), the percentage of households by classification of EBI and per capita personal income for Denver, Colorado and the United States.

Median Household Effective Buying Income

	2008	2009	2010	2011	2012
Denver	$37,611	$37,998	$37,993	$35,342	$35,319
Colorado	44,711	45,490	45,453	43,625	43,515
United States	41,792	42,513	43,252	41,368	41,253

Source: Survey of Buying Power," Sales & Marketing Management, 2008, The Nielsen Company, *Site Reports, 2009-2012.*

Percent of Households by Effective Buying Income—2012 [1]

	Less Than $25,000	$25,000-$49,999	$50,000-$99,999	$100,000-$149,999	$150,000 or more
Denver	29.53%	36.55%	25.36%	5.11%	3.46%
Colorado	22.37	35.22	31.90	6.70	3.81
United States	27.87	33.10	29.79	5.65	3.59

[1] May not total 100% due to rounding.
Source: The Nielsen Company, *Site Reports, 2012.*

Per Capita Personal Income

	2007	2008	2009	2010	2011
Denver	$53,219	$55,060	$49,582	$52,365	$54,537
Colorado	42,724	44,180	41,154	42,107	44,053
United States	39,506	40,947	38,637	39,791	41,560

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

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Building Activity

The following table sets forth building permit activity for the City and County of Denver.

Building Permit Activity in the City and County of Denver

	Single-Family		Multi-Family		Commercial/Industrial	
Year	**Permits**	**Value**	**Permits**	**Value**	**Permits**	**Value**
2008	801	$181,687,730	219	$315,856,331	52	$231,419,749
2009	483	93,408,164	91	48,055,912	18	28,636,910
2010	627	135,032,847	147	76,065,354	18	39,028,517
2011	693	156,500,345	180	179,452,515	97	47,395,162
2012	1,014	215,601,341	264	301,704,355	25	106,553,797
2013 [1]	208	46,877,603	89	169,360,963	11	7,424,664

[1] Building permits through March 31, 2013.
Source: City and County of Denver Community Planning and Development.

Foreclosure Activity

The following tables set forth foreclosure activity in the City and County of Denver over the past five years.

Recent History of Foreclosures in Denver

Year	Foreclosures Filed	Percent Change
2008	6,145	–
2009	6,141	(0.1)%
2010	5,053	(17.7)
2011	3,434	(32.0)
2012	3,064	(10.8)
2013[1]	480	–

[1] Foreclosures filed through March 31, 2013.
Source: City and County of Denver Public Trustee's Office.

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Retail Sales

The retail trade sector employs a large portion of the county's work force and is important to the area's economy. The following table sets forth recent retail sales figures for Denver, the DMA and Colorado.

Retail Sales

Year	Denver	Percent Change	DMA	Percent Change	Colorado	Percent Change
2007	$25,198,028,799	–	$88,021,301,251	–	$148,673,215,731	–
2008	26,656,898,661	5.8%	90,133,478,553	2.4%	152,747,684,188	2.7%
2009	22,946,879,929	(13.9)	79,516,325,413	(11.8)	134,058,592,796	(12.2)
2010	24,455,659,539	6.6	85,467,052,982	7.5	143,670,319,384	7.2
2011	24,207,409,840	(1.0)	92,064,129,419	7.7	154,697,942,972	7.7
2012 [1]	17,745,306,676	–	71,341,916,198	–	117,901,265,078	–

[1] Retail sales through September 2012.
Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2007-2012.

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Employment

The following tables set forth recent employment statistics by industry for the Denver and historical labor force estimates for Denver and the State.

Total Business Establishments and Employment—Denver

Industry [1]	Third Quarter 2011 Units	Third Quarter 2011 Average Employment	Third Quarter 2012 Units	Third Quarter 2012 Average Employment	Quarterly Change Units	Quarterly Change Average Employment
Agriculture, Forestry, Fishing and Hunting	16	137	18	211	2	74
Mining	312	7,039	319	7,901	7	862
Utilities	33	1,799	34	1,747	1	(52)
Construction	1,467	14,140	1,440	14,575	(27)	435
Manufacturing	774	19,002	787	19,260	13	258
Wholesale Trade	2,376	24,638	2,430	25,251	54	613
Retail Trade	2,114	26,412	2,180	27,419	66	1,007
Transportation and Warehousing	465	20,801	489	21,768	24	967
Information	545	12,345	582	11,840	37	(505)
Finance and Insurance	1,701	23,724	1,718	23,807	17	83
Real Estate, Rental and Leasing	1,405	10,001	1,448	10,092	43	91
Professional and Technical Services	5,304	38,631	5,596	40,676	292	2,045
Management of Companies and Enterprises	336	9,625	359	10,701	23	1,076
Administrative and Waste Services	1,452	32,280	1,510	35,151	58	2,871
Educational Services	402	9,793	437	10,558	35	765
Health Care and Social Assistance	2,067	43,846	2,127	42,165	60	(1,681)
Arts, Entertainment and Recreation	316	8,000	332	8,498	16	498
Accommodation and Food Services	1,827	42,372	1,885	43,542	58	1,170
Other Services	2,423	14,506	2,589	15,179	166	673
Non-classifiable	26	18	30	51	4	33
Government	258	65,854	257	66,823	(1)	969
Total	25,619	424,962	26,567	437,214	948	12,252

[1] Information provided herein reflects only those employers who are subject to State unemployment insurance law.
Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW) Colorado.

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Labor Force Estimates

	Denver		Colorado	
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2008	325,172	4.3%	2,732,133	4.8%
2009	326,271	9.0	2,736,565	8.1
2010	323,088	9.9	2,725,202	8.9
2011	322,078	9.1	2,723,027	8.3
2012	323,594	8.5	2,730,174	8.0
2013 [1]	329,023	8.1	2,740,913	7.6

[1] Labor force estimates through January 31, 2013.
Source: State of Colorado, Division of Employment and Training, Labor Market Information, *Colorado Labor Force Review*.

Selected major employers in the DMA 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.

Selected Major Employers in the Denver Metropolitan Area [1]

Firm	Product or Service	Estimated Number of Employees
Federal Government	Federal Government	40,296
State of Colorado	State Government	29,510
Wal-Mart Stores Inc.	Retail Discount Variety and Grocery	25,238
University of Colorado System	Health Care Services	16,861
The District	Education	13,087
City & County of Denver	City Government	10,813
King Soopers, Inc.	Retail Grocery	9,617
Safeway, Inc.	Retail Grocery	9,137
HCA-HealthOne LLC	Health Care	9,000
SCL HealthOne LLC	Health Care	8,000

[1] As of May 2012.
Source: *Denver Business Journal*, May 11-17, 2012.

APPENDIX C

FORMS OF THE 2013C INDENTURE AND 2013C LEASE

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INDENTURE OF TRUST

by

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

authorizing
Certificates of Participation, Series 2013C
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 as of May 1, 2013

Dated as of May 1, 2013

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ARTICLE VI
CONCERNING THE TRUSTEE

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ARTICLE VIII
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ARTICLE IX
MISCELLANEOUS

THIS INDENTURE OF TRUST (this "Indenture") is dated as of May 1, 2013, and is entered into by **WELLS FARGO BANK, NATIONAL ASSOCIATION,** as trustee (the "Trustee") for the benefit of the Certificate Owners (defined herein) of the Certificates (defined herein).

RECITALS

WHEREAS, the Trustee (a) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America; (b) is duly qualified to do business in the state of Colorado (the "State"); (c) in its capacity as Trustee under this Indenture, is or will become the owner of the Leased Property (defined herein), and (d) is authorized, under its articles of association and applicable law, to own the Leased Property (defined herein), to lease the Leased Property to School District No. 1, in the City and County of Denver and State of Colorado (the "District"), to hold in trust the Trust Estate (defined herein) and to execute, deliver and perform its obligations under this Indenture; and

WHEREAS, the District has conveyed title to the Leased Property to the Trustee, in its capacity as Trustee hereunder; and

WHEREAS, the Trustee, as lessor, and the District, as lessee, have entered into a Lease Purchase Agreement dated as of the date hereof (the "Lease"), pursuant to which the Trustee has leased the Leased Property to the District and the District has agreed to pay Base Rent and Additional Rent (as defined in the Lease), subject, in each case, to the terms of the Lease; and

WHEREAS, in order to finance the Leased Property Project (defined herein), the Trustee will execute and deliver the Certificates (defined herein) pursuant to this Indenture; and

WHEREAS, the Certificates shall evidence proportionate undivided interests in the right to receive Lease Revenues (defined herein), shall be payable solely from the Trust Estate, and no provision of the Certificates, this Indenture or the Lease shall be construed or interpreted (a) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the District; (d) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (e) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution; and

WHEREAS, the execution and performance of this Indenture by the Trustee has been duly authorized by the Trustee and, upon the execution of this Indenture by the Trustee, this Indenture will be enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America; and

WHEREAS, the Trustee has entered into this Indenture for and on behalf of the Certificate Owners, and will, except as otherwise specifically provided herein, hold its rights hereunder, including its rights with respect to the Trust Estate, for the equal and proportionate benefit of the Certificate Owners, and will disburse moneys received by it in accordance with this Indenture; and

WHEREAS, all things necessary to make the Certificates, when executed and delivered by the Trustee as provided in this Indenture, legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with terms thereof, and to constitute this Indenture a legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with their terms, have been done and performed.

NOW, THEREFORE, the Trustee declares for the benefit of the Certificate Owners as follows:

DESCRIPTION OF TRUST ESTATE

That the Trustee shall hold in trust, upon the terms herein set forth for the equal and proportionate benefit, security and protection of the Certificate Owners and, to the limited extent provided in Section 7.12 hereof, the District and the Trustee, all and singular the following described property, franchises and income, including any title therein acquired after these presents (the "Trust Estate"):

(a) the Leased Property and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining, subject to the terms of the Lease, including, but not limited to, the terms of the Lease permitting the existence of Permitted Encumbrances (defined herein);

(b) all rights, title and interest of the Trustee in, to and under the Lease (other than the Trustee's rights to payment of its fees and expenses under the Lease and the rights of third parties to Additional Rent payable to them under the Lease), including, without limitation, Lease Revenues as well as the right to cause any Net Proceeds payable to the District to be deposited by the District into a special trust fund held by the Trustee and used in accordance with Sections 5.11 and 8.06 of the Lease;

(c) all Base Rent;

(d) all Additional Rent that is payable to the Trustee for the benefit of the Certificate Owners;

(e) the Purchase Option Price, if paid; and

(f) all right, title and interest of the Trustee in, to and under all Leased Property Project Contracts, which, immediately upon execution and delivery shall automatically be included in the Trust Estate; and

(g) all money and securities from time to time held by the Trustee under this Indenture in the Certificate Fund and the Leased Property Project Account;

PROVIDED, HOWEVER, that if the principal of the Certificates, the premium thereon, if any, and the interest due or to become due thereon and all amounts payable to the District and the Trustee pursuant to Section 7.12 hereof, shall be paid at the times and in the manner provided in Section 9.01 hereof in accordance with the terms and provisions hereof, then, upon such final payments, this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture is to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that the Certificates executed, delivered and secured hereunder are to be executed and delivered and all said property, rights, interests, revenues and receipts hereby pledged, assigned and mortgaged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Trustee has agreed and covenanted, and does hereby agree and covenant, for the benefit of the Certificate Owners, as follows:

ARTICLE I

DEFINITIONS

The following capitalized terms shall have the following meanings in this Indenture:

"*Additional Rent*" is defined in the Lease.

"*Base Rent*" is defined in the Lease.

"*Board*" is defined in the Lease.

"*Bond Counsel*" means (a) as of the date of execution and delivery of the Certificates, Kutak Rock LLP, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the District with nationally recognized expertise in the issuance of municipal securities, the interest on which is excluded from gross income for federal income tax purposes.

"*Business Day*" is defined in the Lease.

"*Certificates*" means the Certificates of Participation authorized by Section 2.01 hereof.

"*Certificate Fund*" means the special fund created by Section 3.01 hereof.

"*Certificate Owner*" of a Certificate means the registered owner of such Certificate as shown in the registration records of the Trustee.

"*Code*" means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

"*Completion Date*" is defined in the Lease.

"*Construction Fund*" means the special fund created by Section 3.02 hereof.

"*Costs of the Leased Property Project*" means all costs and expenses to be incurred, and the reimbursement to the District for all costs and expenses heretofore incurred by the District prior to the Completion Date for:

(a) costs incurred or assumed for labor, materials and furniture, fixtures and equipment for or in connection with the Leased Property Project;

(b) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title and liability insurance) that may be necessary or appropriate in connection with the Leased Property Project;

(c) the costs of engineering, architectural and other professional and technical services, including obligations incurred or assumed for preliminary design and development work, test borings, surveys, estimates, plans and specifications in connection with the Leased Property Project;

(d) administrative costs related to the Leased Property Project incurred prior to the Completion Date, including supervision of the construction, acquisition, renovation and installation as well as the performance of all of the other duties required by or consequent upon the Leased Property Project, including, without limitation, costs of preparing and securing all Leased Property Project Documents, architectural, engineering and other professional and technical fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees and advertising expenses in connection with the Leased Property Project;

(e) all costs which shall be required to be paid under the terms of any Leased Property Project Contract;

(f) all costs which are considered to be a part of the costs of the Leased Property Project in accordance with generally accepted accounting principles;

(g) the actual costs incurred by the Trustee in acquiring any property or making any improvements for which moneys are transferred to the Trustee pursuant to Section 3.02(b) hereof; and

(h) any and all other costs necessary to effect the Leased Property Project or to acquire, improve, furnish or equip the Leased Property or the Leased Property Project to the extent the same are permitted by the laws of the State and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates.

"*Costs of Issuance*" means administrative costs of execution and delivery of the Certificates, including, but not limited to, any fees and expenses of the Trustee incurred in connection with the execution and delivery of the Certificates, any fees and expenses of any financial advisor providing services in connection with the execution and delivery of the Certificates, any fees or expenses of the Trustee prior to the Completion Date, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, costs of immediately available funds, costs of publication, printing and engraving, accountants' fees and recording and filing fees.

"*Costs of Issuance Account*" means the account of the Construction Fund created by and designated as such in Section 3.02(a) hereof.

"*Defeasance Securities*" means Permitted Investments which are:

(a) cash;

(b) U.S. Treasury Certificates, Notes and Bonds, including State and Local Government Series("SLGs");

(c) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, including CATS, TIGRS and similar securities;

(d) Resolution Funding Corp. (REFCORP): only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided that if the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipal bonds;

(f) the following obligations issued by the following agencies for which the full faith and credit of the United States are pledged for the payment of principal and interest:

(i) U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership;

(ii) Farmers Home Administration (FmHA) certificates of beneficial ownership;

(iii) Federal Financing Bank;

(iv) General Services Administration participation certificates;

(v) U.S. Maritime Administration Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD):

(A) Project Notes;

(B) Local Authority Bonds;

(C) New Communities Debentures—U.S. government guaranteed debentures; and

(D) U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds.

"*District*" means School District No. 1, in the City and County of Denver and State of Colorado, and any successor thereto.

"*District Representative*" is defined in the Lease.

"*Event of Default*" means an event described in Section 12.01 of the Lease.

"*Event of Nonappropriation*" means an event described in Section 6.04 of the Lease.

"*Fiscal Year*" is defined in the Lease.

"*Indenture*" means this Indenture of Trust and any amendment or supplement hereto.

"*Initial Purchasers*" means, collectively, Piper Jaffray & Co. Inc. and Stifel, Nicolaus & Company, Incorporated.

"*Interest Payment Date*" means June 15 and December 15 of each year, beginning on December 15, 2013.

"*Lease*" means the Lease Purchase Agreement dated as of the date hereof between the Trustee, as lessor, and the District, as lessee, and any amendment or supplement thereto.

"*Lease Revenues*" means (a) the Base Rent; (b) the Purchase Option Price, if paid; (c) any Net Proceeds; (d) any portion of the proceeds of the Certificates deposited with or by the Trustee in the Certificate Fund to pay accrued or capitalized interest on the Certificates; (e) any earnings on moneys on deposit in the Certificate Fund; (f) all other revenues derived from the Lease, excluding Additional Rent that is not payable to the Trustee for the benefit of the Certificate Owners; and (g) any other moneys to which the Trustee may be entitled for the benefit of the Certificate Owners.

"*Lease Term*" is defined in the Lease.

"*Leased Property*" is defined in the Lease.

"*Leased Property Project*" is defined in the Lease.

"*Leased Property Project Account*" means the account of the Construction Fund created by and designated as such in Section 3.02(a) hereof.

"*Leased Property Project Contract*" is defined in the Lease.

"*Net Proceeds*" is defined in the Lease.

"*Operations Center*" means the operations center of the Trustee in Minneapolis, Minnesota, or at such other location as the Trustee may designate from time-to-time by written notice to the District.

"*Opinion of Counsel*" means a written opinion of legal counsel, who may be counsel to the Trustee.

"*Outstanding*" means all Certificates which have been executed and delivered, except:

(a) Certificates canceled or which shall have been surrendered to the Trustee for cancellation;

(b) Certificates in lieu of which other Certificates have been executed under Section 2.05 or 2.06 hereof;

(c) Certificates which have been redeemed as provided in Article IV hereof (including Certificates redeemed on payment of an amount less than the outstanding principal thereof and accrued interest thereon to the redemption date as provided in Section 4.01 hereof);

(d) Certificates which are due and for which the Trustee holds funds for the benefit of the Certificate Owners thereof pursuant to Section 3.05 hereof;

(e) Certificates which are otherwise deemed discharged pursuant to Section 9.01 hereof; and

(f) Certificates held by the District.

"*Permitted Encumbrances*" is defined in the Lease.

"*Permitted Investments*" means any investment which (a) is a lawful investment permitted for the investment of funds of the District by the laws of the State and (b) is permitted by the resolution of the Board authorizing the execution and delivery of the Lease.

"*Person*" is defined in the Lease.

"*Purchase Option Price*" is defined in the Lease.

"*Rebate Fund*" means the special fund created by Section 3.03 hereof.

"*Record Date*" means, with respect to each Interest Payment Date, the first day of the month (whether or not a Business Day) in which the Interest Payment Date occurs.

"*Redemption Date*" means the date fixed for the redemption prior to their respective maturities of any Certificates in any notice of prior redemption or otherwise fixed and designated by the District.

"*Redemption Price*" means the amount payable upon the redemption of a Certificate prior to the stated maturity date of such Certificate on a Redemption Date, as calculated pursuant to Section 4.01, Section 4.02, Section 4.03 or Section 4.04 hereof, as applicable.

"*Requirement of Law*" is defined in the Lease.

"*Special Record Date*" means a special date fixed to determine the name and address of Certificate Owners for purposes of paying defaulted interest in accordance with Section 2.01 hereof.

"*Specifications*" is defined in the Lease.

"*State*" means the State of Colorado.

"*Supplemental Indenture*" means any indenture supplementing or amending this Indenture that is adopted pursuant to Article VIII hereof.

"*Trust Bank*" means a commercial bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

"*Trust Estate*" means the property held in trust by the Trustee pursuant to the Description of Trust Estate in the preambles to this Indenture. The Trust Estate does not include the Rebate Fund or any escrow accounts established pursuant to Section 9.01 hereof.

"*Trustee*" means Wells Fargo Bank, National Association, acting in the capacity as trustee pursuant hereto, and any successor thereto appointed hereunder.

"*Trustee Breach*" is defined in Section 6.13 hereof.

"*Trustee Representative*" is defined in the Lease.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01. Execution and Delivery of Certificates and Certificate Details.

(a) The Trustee shall execute and deliver the "Certificates of Participation, Series 2013C, evidencing 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 as of May 1, 2013" (the "Certificates") in the aggregate principal amount of $58,740,000 for the purpose of paying the Costs of the Leased Property Project and the Costs of Issuance of the Certificates. The Certificates shall be dated May 1, 2013, shall mature on the dates and in the amounts set forth below, and shall bear interest from their original dated date to maturity at the rates per annum set forth below, payable on each Interest Payment Date; except that Certificates which are reissued upon transfer, exchange or other replacement shall bear interest at the rates per annum set forth below from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the original dated date of the Certificates:

Maturity (December 15)	**Amounts Maturing**	**Interest Rate (Per Annum)**
2016	$ 950,000	4.00%
2017	1,000,000	4.00
2018	1,010,000	4.00
2019	2,500,000	4.00
2020	2,770,000	4.00
2021	2,885,000	5.00
2022	3,030,000	5.00
2023	3,180,000	5.00
2024	3,340,000	5.00
2025	3,505,000	5.00
2026	3,680,000	5.00
2027	3,865,000	5.00
2028	4,055,000	3.25
2029	4,190,000	5.00
2030	4,400,000	5.00
2031	1,000,000	5.00
2032	8,415,000	3.50
2033	4,965,000	5.00

(b) The Certificates shall be issuable only as fully registered certificates in the denominations of $5,000 and any integral multiple thereof (provided that no Certificate may be in a denomination which exceeds the principal coming due on any maturity date and no individual Certificate may be executed and delivered for more than one maturity). The Certificates shall be numbered in such manner as shall be determined by the Trustee.

(c) Subject to the provisions of subsection (e) of this Section, the principal of and premium, if any, on any Certificate shall be payable to the Certificate Owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption thereof and upon presentation and surrender at the Operations Center of the Trustee, and payment of interest on the Certificates shall be made by check or draft of the Trustee mailed, on or before each principal payment date or Interest Payment Date, as applicable, to each Certificate Owner at his address as it last appears on the registration records of the Trustee at the close of business on the Record Date. Any such principal or interest not so timely paid shall cease to be payable to the Person who is the Certificate Owner at the close of business on the Record Date and shall be payable to the person who is the Certificate Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Trustee to the Certificate Owners, not less than 10 days prior to the Special Record Date, by first-class mail to each such Certificate Owner as shown on the Trustee's registration records on a date selected by the Trustee, stating the date of the

Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed to in writing between the Certificate Owner of any Certificate and the Trustee.

(d) The Certificates shall be in substantially the form set forth in Appendix A hereto, with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the District. All covenants, statements, representations and agreements contained in the Certificates are hereby approved and adopted as the covenants, statements, representations and agreements of the District or the Trustee, as applicable. Although attached as an appendix for the convenience of the reader, Appendix A is an integral part of this Indenture and is incorporated herein as if set forth in full in the body of this Indenture.

(e) Notwithstanding any other provision hereof, the Certificates shall be delivered only in book entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, acting as securities depository of the Certificates and principal of, premium, if any and interest on the Certificates shall be paid by wire transfer to DTC; provided, however, if at any time the District determines that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Certificates, the District may, at its discretion, either (i) designate a substitute securities depository for DTC, whereupon the Trustee shall reregister the Certificates as directed by such substitute securities depository or (ii) terminate the book-entry registration system, whereupon the Trustee shall reregister the Certificates in the names of the beneficial owners thereof provided to it by DTC. The Trustee shall have no liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Certificates are reregistered at the direction of any substitute securities depository, any beneficial owner of the Certificates or any other Person for (A) any determination made by the District or the Trustee pursuant to the proviso at the end of the immediately preceding sentence or (B) any action taken to implement such determination and the procedures related thereto that is taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Certificates are reregistered.

Section 2.02. Limited Obligations. The Certificates shall represent proportionate undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate in accordance with, and subject to, the terms of this Indenture. No provision of the Certificates, this Indenture or the Lease shall be construed or interpreted (a) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the District; (d) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (e) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

Section 2.03. Execution and Authentication of Certificates. The manual signature of a duly authorized signatory of the Trustee shall appear on the Certificates. The Certificates shall be deemed to have been executed by a duly authorized signatory of the Trustee if signed by the Trustee. If any signatory of the Trustee whose signature appears on the Certificates shall cease to be such official before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained a duly authorized signatory of the Trustee until delivery.

Section 2.04. Delivery of Certificates. Upon the execution and delivery of this Indenture, the Trustee shall execute and deliver the Certificates to the Initial Purchasers thereof, as follows:

(a) Prior to the delivery by the Trustee of the Certificates, there shall have been filed with the Trustee (i) an originally executed counterpart of this Indenture, and (ii) certified copies of any other instruments to be executed and delivered by the Trustee and the District in connection with the Certificates, which shall include, but not be limited to, the Lease.

(b) Thereupon, the Trustee shall deliver the Certificates to the Initial Purchasers, upon payment to the Trustee of the agreed purchase price, which sum shall be applied as follows: (i) accrued interest and capitalized interest, if any, on the Certificates shall be deposited into the Interest Account of the Certificate Fund; (ii) the amount specified in a certificate of the District Representative shall be deposited into the Costs of Issuance Account; and (iii) the remainder shall be deposited into the Leased Property Project Account.

Section 2.05. Mutilated, Lost, Stolen or Destroyed Certificates. In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed on behalf of the Trustee, of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received such evidence, information or indemnity from the Certificate Owner as the Trustee may reasonably require, and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee. In the event that any such Certificate shall have matured, instead of executing and delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the Certificate Owner with its reasonable fees and expenses in this connection and require payment of such fees and expenses as a condition precedent to the delivery of a new Certificate.

Section 2.06. Registration of Certificates; Persons Treated as Certificate Owners; Transfer and Exchange of Certificates.

(a) Records for the registration and transfer of the Certificates shall be kept by the Trustee which is hereby appointed the registrar for the Certificates. The principal of, interest on, and any prior redemption premium on any Certificate shall be payable only to or upon the order of the Certificate Owner of such Certificate or his duly authorized legal representative (except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest). Upon surrender for transfer of any Certificate at the Operations Center of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Certificate Owner or his attorney duly authorized in writing, the Trustee shall enter such transfer on the registration records and shall execute and deliver in the name of the transferee or transferees one or more new fully registered Certificates of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned.

(b) Any Certificate may be exchanged at the Operations Center of the Trustee for an equal aggregate principal amount of Certificates of the same maturity. The Trustee shall execute and deliver a Certificate which the Certificate Owner making the exchange is entitled to receive, bearing numbers not previously assigned.

(c) The Trustee may require the payment, by the Certificate Owner of any Certificate requesting exchange or transfer, of any reasonable charges as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such exchange or transfer.

(d) The Trustee shall not be required to transfer or exchange (i) all or any portion of any Certificate during the period beginning at the opening of business 15 days before the day of the mailing by the Trustee of notice calling the Certificate for prior redemption and ending at the close of business on the day of such mailing, or (ii) all or any portion of any Certificate after the mailing of notice calling the Certificate or any portion thereof for prior redemption.

(e) Except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest, the Person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or interest on any Certificate shall be made only to or upon the written order of the Certificate Owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

Section 2.07. Cancellation of Certificates. Whenever any Outstanding Certificate shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Section 2.05 or 2.06 hereof, such Certificate shall be promptly cancelled by the Trustee.

Section 2.08. Negotiability. Subject to the registration and transfer provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the Certificate Owners shall possess all rights enjoyed by the holders or owners of negotiable instruments under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between the Trustee and the Initial Purchasers or any subsequent transferee of the Certificates.

ARTICLE III

FUNDS AND ACCOUNTS

Section 3.01. Certificate Fund.

(a) ***Creation of the Certificate Fund***. A special fund is hereby created and established with the Trustee to be designated the School District No. 1, in the City and County of Denver and State of Colorado Series 2013C Certificates of Participation Certificate Fund (the "Certificate Fund"), which shall be used to pay the principal of, premium, if any, and interest on the Certificates. Within the Certificate Fund there are hereby created and established an Interest Account and a Principal Account which shall be used as set forth in subsection (d) of this Section.

(b) ***Payments into the Interest Account of the Certificate Fund***. There shall be deposited into the Interest Account of the Certificate Fund: (i) all accrued interest and capitalized interest, if any, received at the time of the execution and delivery of the Certificates; (ii) that portion of each payment of Base Rent made by the District which is designated and paid as the interest component thereof under Exhibit B to the Lease; (iii) any moneys transferred to the Interest Account of the Certificate Fund from the Leased Property Project Account pursuant to Sections 3.02(d)(v) and 7.01(a) hereof; and (iv) all other moneys received by the Trustee under this Indenture accompanied by directions that such moneys are to be deposited into the Interest Account of the Certificate Fund, provided in such case that the District shall have certified to the Trustee that such deposit will not cause the District to violate its covenant set forth in Section 10.02 of the Lease.

(c) ***Payments into the Principal Account of the Certificate Fund***. There shall be deposited into the Principal Account of the Certificate Fund: (i) that portion of each payment of Base Rent made by the District which is designated and paid as the principal component thereof under Exhibit B to the Lease (ii) any moneys transferred to the Principal Account of the Certificate Fund from the Leased Property Project Account pursuant to Sections 3.02(d)(v) and 7.01(a) hereof; and (iii) all other moneys received by the Trustee under this Indenture accompanied by directions that such moneys are to be deposited into the Principal Account of the Certificate Fund, provided in such case that the District shall have certified to the Trustee that such deposit will not cause the District to violate its covenant set forth in Section 10.02 of the Lease.

(d) ***Use of Moneys in the Certificate Fund***. Moneys in the Interest Account of the Certificate Fund shall be used solely for the payment of interest on the Certificates and moneys in the Principal Account of the Certificate Fund shall be used solely for the payment of the principal of and premium, if any, due on the Certificates; provided that (i) in the event that there are any remaining moneys in the Interest Account upon payment of the interest due on the Certificates, such moneys may be used for the payment of principal of and premium, if any, due on the Certificates; (ii) moneys representing accrued interest and capitalized interest, if any, received at the time of the execution and delivery of the Certificates shall be used solely to pay the first interest due on the Certificates; (iii) the Purchase Option Price and any other moneys transferred to the Certificate Fund with specific instructions that such moneys be used to pay the Redemption Price of the Certificates shall be used solely to pay the redemption price of the Certificates; and (iv) any moneys transferred from the Leased Property Project Account following the Completion Date which are not used to prepay Base Rent and redeem the Certificates pursuant to Section 3.02(d)(v) hereof shall be used to pay the principal of the Certificates; provided, further, that all moneys in the Certificate Fund shall be available to pay the redemption price of the Certificates in connection with a redemption of the Certificates and to pay the principal of, premium, if any, and interest on the Certificates following an Event of Default or Event of Nonappropriation.

Section 3.02. Construction Fund.

(a) ***Creation of the Construction Fund***. A special fund is hereby created and established with the Trustee to be designated the School District No. 1, in the City and County of Denver and State of Colorado Series 2013C Certificates of Participation Construction Fund (the "Construction Fund"), and, within such fund, the Costs of Issuance Account and the Leased Property Project Account. The Trustee may establish such additional accounts within the Construction Fund or such subaccounts within any of the existing or any future accounts of the Construction Fund as may be necessary or desirable.

(b) ***Deposits into the Construction Fund.*** There shall be deposited into the Construction Fund proceeds of the sale of the Certificates in the amount identified by the District in connection with the issuance of the Certificates.

(c) ***Deposits into and Use of Moneys in the Costs of Issuance Account***.

(i) There shall be deposited into the Costs of Issuance Account proceeds of the sale of the Certificates or other legally available moneys in the amounts identified by the District in connection with the issuance of the Certificates.

(ii) Moneys held in the Costs of Issuance Account shall be used to pay Costs of Issuance as directed by the District. Any moneys remaining on deposit in the Costs of

Issuance Account that are not required to pay Costs of Issuance by the date that is 90 days after the date of issuance of the Certificates shall be transferred to the Leased Property Project Account.

(d) ***Deposits into, Use of Moneys in, and Disbursements from the Leased Property Project Account***.

(i) There shall be deposited into the Leased Property Project Account (A) that portion of the proceeds of the sale of the Certificates identified in Section 5.01(c) of the Lease, (B) amounts transferred to the Leased Property Project Account from the Costs of Issuance Account pursuant to Section 3.02(c)(ii) hereof, and (C) all other moneys received by the Trustee under this Indenture accompanied by directions that such moneys are to be deposited into the Leased Property Project Account, provided in such case that the District shall have certified to the Trustee that such deposit will not cause the District to violate its covenant set forth in Section 10.02 of the Lease.

(ii) So long as no Event of Default or Event of Nonappropriation shall have occurred, moneys held in the Leased Property Project Account shall be disbursed to the District by the Trustee within five Business Days of receipt by the Trustee of a written request and certification from the District, delivered to the Trustee in substantially the form attached hereto as Appendix B. The certifications set forth in each such request and certification are hereby incorporated into this Indenture as if set forth in full herein. The District agrees to submit to the Trustee such other documents and certificates as the Trustee may reasonably request to evidence the proper expenditure of the moneys in the Leased Property Project Account for the purposes permitted under this Indenture and the Lease.

(iii) If the District shall exercise its option to purchase the Leased Property pursuant to Article IX of the Lease, the District shall be permitted to apply any amounts still held in the Leased Property Project Account toward the Purchase Option Price by directing the Trustee in writing to redeem the Outstanding Certificates in accordance with this Indenture and to pay the Purchase Option Price to the Certificate Owners.

(iv) Upon receipt of the written certificate from the District evidencing the occurrence of the Completion Date in accordance with Section 5.05(a) of the Lease, any moneys remaining in the Leased Property Project Account shall be transferred to the Certificate Fund and either, at the option of the District, (A) applied as a credit against Base Rent payments in accordance with Section 6.01(a)(iv) of the Lease or (B) applied to the prepayment of Base Rent pursuant to Section 6.01(b) of the Lease. Notwithstanding the foregoing, if an Event of Default or Event of Nonappropriation shall have occurred, the Trustee shall either disburse moneys held in the Leased Property Project Account as provided in the preceding sentence or apply such moneys as provided in Article VII hereof.

Section 3.03. Rebate Fund.

(a) ***Creation of the Rebate Fund***. A special fund is hereby created and established with the Trustee to be designated the School District No. 1, in the City and County of Denver and State of Colorado Series 2013C Certificates of Participation Rebate Fund (the "Rebate Fund").

(b) ***Deposits into the Rebate Fund***. There shall be deposited into the Rebate Fund (i) all amounts paid by the District pursuant to subsection (e) of this Section; and (ii) all other moneys delivered to the Trustee that are accompanied by instructions to deposit the same into the Rebate Fund.

(c) ***Use of Moneys in the Rebate Fund***. Not later than 60 days after December 15, 2017 and every five years thereafter, the Trustee shall, at the direction of the District, pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund as of such payment date. No later than 60 days after the final retirement of the Certificates, the Trustee shall, at the direction of the District, pay to the United States of America 100% of the amount required to be on deposit in the Rebate Fund which shall remain in effect for such period of time as is necessary for such final payment to be made. Each payment required to be paid to the United States of America pursuant to this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of the Internal Revenue Form 8038-T executed by the District and a statement prepared by the District or its agent summarizing the determination of the amount to be paid to the United States of America. The Trustee acknowledges that the District has reserved the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of overpayment of any rebated amounts.

(d) ***Administration of Rebate Fund***. The District shall make or cause to be made all requisite rebate calculations so as to provide the information required to transfer moneys to the Rebate Fund pursuant to subsection (b) of this Section and to make the payments required by subsection (c) of this Section. The Trustee shall make deposits to and disbursements from the Rebate Fund in accordance with the written directions of the District given pursuant to the Investment Instructions (the "Investment Instructions") and the Tax Compliance Certificate (the "Tax Compliance Certificate") executed by the District in connection with the execution and delivery of the Certificates. The Trustee shall, at the written direction of the District, invest the Rebate Fund and shall deposit income from said investments immediately upon receipt thereof in the Rebate Fund, all as set forth in the Investment Instructions. The Investment Instructions may be superseded or amended by new Investment Instructions drafted by, and accompanied by an opinion of, Bond Counsel addressed to the Trustee to the effect that the use of said new Investment Instructions will not cause the interest on the Certificates to be includible in the gross income of the recipients thereof for purposes of federal income taxation. The District may employ, at its expense, a designated agent to calculate the amount of deposits to and disbursements from the Rebate Fund. If a withdrawal from the Rebate Fund is permitted as a result of the computation described in the Investment Instructions, the specified amount shall be withdrawn from the Rebate Fund and deposited in the Certificate Fund at the written direction of the District. Record of the determinations required by this Section and delivered to the Trustee must be retained by the Trustee until six years after the final retirement of the Certificates.

(e) ***Payments by the District***. The District has agreed in the Lease that it will pay to the Trustee as Additional Rent all amounts required to be deposited into the Rebate Fund as required above.

Section 3.04. Nonpresentment of Certificates. In the event the Certificates shall not be presented for payment when due, if funds sufficient to pay the Certificates shall have been made available to the Trustee for the benefit of the Certificate Owners, it shall be the duty of the Trustee to hold such funds without liability for interest thereon, for the benefit of the Certificate Owners, who shall be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on or with respect to the Certificates. Funds so held but unclaimed by the Certificate Owners shall be transferred to the Principal Account of the Certificate Fund and shall be applied to the payment of the principal of the Certificates after the expiration of four years or, if the Certificates are not Outstanding after the expiration of such four-year period, shall be delivered to the District.

Section 3.05. Moneys to be Held in Trust. The Certificate Fund, the Construction Fund and, except for the Rebate Fund and any escrow account established pursuant to Section 9.01 hereof, any other fund or account created hereunder shall be held by the Trustee, for the benefit of the Certificate Owners as specified in this Indenture, subject to the terms of this Indenture and the Lease. The Rebate Fund shall be held by the Trustee for the purpose of making payments to the United States of America pursuant to Section 3.03(c) hereof. Any escrow account established pursuant to Section 9.01 hereof shall be held for the benefit of the Certificate Owners to be paid therefrom as provided in the applicable escrow agreement.

Section 3.06. Repayment to the District from the Trustee. After payment in full of the principal of, premium, if any, and interest on the Certificates, all rebate payments due to the United States of America, the fees and expenses of the Trustee, and all other amounts required to be paid hereunder, any remaining amounts held by the Trustee pursuant hereto shall be paid to the District.

ARTICLE IV

REDEMPTION OF THE CERTIFICATES

Section 4.01. Redemption of the Certificates in Whole Following Exercise of Remedies Upon an Event of Nonappropriation or Event of Default.

(a) The Certificates will be subject to mandatory redemption, in whole, on any date set by the Trustee after all of the following shall have occurred:

(i) the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default;

(ii) the Trustee's determination pursuant to subsection (d) of this Section of whether or not the funds then available to it for such redemption are sufficient to pay the sum of the amounts set forth in clauses (A), (B) and (C) of subsection (b)(i) of this Section; and

(iii) if the Trustee determines that such funds then available to it are insufficient to pay the sum of the amounts set forth in clauses (A), (B) and (C) of subsection (b)(i) of this Section, it shall have exercised the remedies set forth in the Lease and this Indenture.

(b) The Redemption Price for any redemption pursuant to this Section shall be the lesser of:

(i) the sum of (A) the principal amount of the Certificates, plus accrued interest to the Redemption Date (without any premium), (B) the amount of General Obligation Debt Proceeds expended on the Leased Property payable to the District pursuant to Section 7.12 hereof, and (C) any amounts owed to the Trustee pursuant to Section 7.12 hereof; provided that the amount payable to the Certificate Owner of any Certificate shall be limited to the amount set forth in clause (A) of this subsection (b)(i), and the amount set forth in clauses (B) through (C) of this subsection (b)(i) shall be payable to the Persons to whom they are owed; or

(ii) the amount, if any, that is available from: (A) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption (provided, however, that if General Obligation Debt Proceeds have been expended on Leased Property sold, re-let or otherwise liquidated or disposed of by the Trustee, then there shall be deducted from such amount received by the Trustee any portion thereof required by Section 7.12 hereof to be paid, first, to the Trustee and, then, to the District); and (B) the other amounts available in the Trust Estate for payment of the Redemption Price of the Certificates,

which amount shall be allocated in the priority set forth in Section 7.12 hereof.

(c) Notwithstanding any other provision hereof:

(i) the payment of the Redemption Price of any Certificate pursuant to this Section shall be deemed to be the payment in full of such Certificate and no Certificate Owner of any Certificate redeemed pursuant to this Section shall have any right to any payment from the Trustee or the District in excess of such Redemption Price; and

(ii) the payment of any moneys due to any other Person in the amounts provided for in this Section shall be deemed to be the payment in full to such Persons and none of such Persons shall have any right to any payment from the Trustee or the District in excess of such amounts.

(d) In addition to any other notice required to be given under this Article or any other provision hereof, the Trustee shall, as promptly as commercially reasonably possible and as permitted by the Lease and this Indenture, upon its actual knowledge of the occurrence of an Event of Nonappropriation or an Event of Default, notify the Certificate Owners (i) that such event has occurred and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the Redemption Price set forth in clause (i) of subsection (b) of this Section. If the funds then available to the Trustee are sufficient to pay the Redemption Price set forth in clause (i) of subsection (b) of this Section, such Redemption Price shall be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the Redemption Price set forth in clause (i) of subsection (b) of this Section, the Trustee shall (A) as promptly as commercially reasonably possible and as permitted by the Lease and this Indenture, pay the portion of the Redemption Price that can be paid from the funds available, net of: (1) if General Obligation Debt Proceeds have been expended on the Leased Property sold, re-let or otherwise liquidated or disposed of by the Trustee, the portion of any proceeds of such sale, re-letting or other liquidation or disposition required by Section 7.12 hereof to be paid first, to the Trustee in respect of fees and expenses referred to therein and, then, to the District in respect of such General Obligation Debt Proceeds and (2) only after the payment of the amounts set forth in clause (1), any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Lease, and (B) subject to the provisions of Article VII hereof, as promptly as commercially reasonably possible and as permitted by the Lease and this Indenture, begin to exercise and shall diligently pursue all remedies available to it under the Lease in connection with such Event of Nonappropriation or Event of Default. The remainder of the Redemption Price, if any, shall be paid to the Certificate Owners and the other Persons described in subsection (b) of this Section, subject to the priorities described in Section 7.12 hereof, if and when funds become available to the Trustee from the exercise of such remedies.

Section 4.02. Redemption of Certificates in Whole Upon Payment of Purchase Option Price from Moneys Other than Moneys Derived From a Financing. The Certificates shall be called for redemption, in whole, at a Redemption Price equal to the principal amount of the Certificates, plus accrued interest to the Redemption Date (without any premium), on any date in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the District of its option to purchase the Leased Property from any source other than (a) moneys borrowed by the District or (b) moneys made available to the District from a lease-purchase financing or refinancing with respect to the Leased Property.

Section 4.03. Redemption of Certificates in Whole or in Part Upon Payment of Purchase Option Price from Moneys Derived From a Financing. The Certificates shall be called for redemption, 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 randomly within a maturity, at a Redemption Price equal to the principal amount of the Certificates so redeemed, plus accrued interest to the Redemption Date (without any premium), on any date on and after December 15, 2023, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the District of its option to purchase the Leased Property from either (a) moneys borrowed by the District or (b) moneys made available to the District from a lease-purchase financing or refinancing with respect to the Leased Property.

Section 4.04. Mandatory Redemption. The Certificates maturing on December 15, 2032 are subject to mandatory redemption on December 15 of the years and in the principal amounts specified below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date:

Certificates maturing on December 15, 2032

Redemption Date (December 15)	**Principal Amount**
2031	$3,620,000
2032 [1]	4,795,000

[1] Maturity date

At its option, to be exercised on or before the forty-fifth day next preceding each mandatory redemption date, the District may (i) purchase and cancel any Certificates with the same maturity date as the Certificates subject to such mandatory redemption and (ii) receive a credit in respect of its mandatory redemption obligation for any Certificates with the same maturity date as the Certificates subject to such mandatory redemption which prior to such date have been redeemed (otherwise than through the operation of such mandatory redemption) and cancelled and not theretofore applied as a credit against any mandatory redemption obligation. Each Certificate so purchased and cancelled or previously redeemed will be credited at the principal amount thereof to the obligation of the District on such mandatory redemption date, and the principal amount of Certificates to be redeemed by operation of such mandatory redemption on such date will be accordingly reduced.

Section 4.05. Notice of Redemption.

(a) Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee by facsimile transmission or electronic mail, at least 30 days prior to the date fixed for redemption, to the Certificate Owners(s) of the Certificates to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings of the Certificates as to which no such failure has occurred.

(b) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not any of the Certificate Owners receives the notice.

(c) If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem the Certificates, as provided in Sections 4.01, 4.02 or 4.03 hereof, which moneys are or will be available for redemption of the Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 4.06. Redemption Payments.

(a) On or prior to the date fixed for redemption, the Trustee shall apply funds to the payment of the principal amount of the Certificates called for redemption, together with accrued interest thereon to the Redemption Date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this Indenture (which, in the case of redemption pursuant to Section 4.01 hereof, may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the Redemption Date), interest on the Certificates or portions thereof thus called for redemption shall no longer accrue after the date fixed for redemption.

(b) The Trustee shall pay to the Certificate Owners of the Certificates so redeemed, the amounts due on the Certificates upon any such redemption.

Section 4.07. Cancellation. Any Certificate which has been redeemed shall not be reissued but shall be canceled by the Trustee in accordance with Section 2.07 hereof.

Section 4.08. Delivery of New Certificate Upon Partial Redemption of Certificate. Upon surrender and cancellation of any Certificate for redemption in part only, a new Certificate or Certificates of the same maturity and of authorized denominations in an aggregate principal amount equal to the unredeemed portion thereof, shall be executed on behalf of and delivered by the Trustee.

ARTICLE V

INVESTMENTS

Section 5.01. Investment of Moneys. All moneys held as part of any other fund, account or subaccount created hereunder shall, subject to Sections 5.02 and 6.04 hereof, 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 moneys in any fund or account created hereunder which shall interfere with or prevent withdrawals for payment of Costs of the Leased Property Project or for payment of the Certificates. If the Trustee is not provided written directions concerning investments of moneys held in the funds, the Trustee shall invest the moneys in one or more money market mutual funds that meets the following conditions: (i) the fund is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation), (ii) the fund invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, (iii) the fund maintains a constant asset value per share, (iv) no sales or load fee is added to the purchase price or deducted from the redemption price of the investments in the fund and no fee is charged unless the governing body of the public entity authorizes such a fee at the time of the initial purchase, (v) the fund has assets of one billion dollars or more or has the highest current credit rating from one or more nationally recognized organizations that regularly rate such obligations. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the District shall confirm that the investment transactions identified therein accurately reflect the investment directions of the District, unless the District notifies the Trustee in writing to the contrary within 30 days of the date of such statement. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments. Any and all such deposits or investments shall be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any Trust Bank or trust company under common control with the Trustee, or through any commercial bank as directed in writing by the District. Income from deposits or investments of moneys held in the Rebate Fund shall be deposited as provided in Section 3.03 hereof and income from deposits or investments of moneys held in any escrow account established pursuant to Section 9.01 hereof shall be deposited as provided in the escrow agreement governing such escrow account. Otherwise, except as otherwise provided by Article III hereof, deposits or investments shall at all times be a part of the fund, account or subaccount 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, account or subaccount. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments in the respective funds whenever the cash balance in the Leased Property Project Account is insufficient to pay a requisition when presented, whenever the cash balance in the Principal Account or Interest Account is insufficient to pay the principal of or interest on the Certificates when due, or whenever the cash balance in any fund or account created hereunder is insufficient to satisfy the purposes of such fund or account. In computing the amount in any fund or account created hereunder for any purpose hereunder, investments shall be valued at cost (exclusive of accrued interest) or par, whichever is less.

Section 5.02. Tax Certification. The Trustee certifies and covenants to and for the benefit of the Certificate Owners that so long as the Certificates remain Outstanding, moneys in any fund or account held by the Trustee under this Indenture, whether or not such moneys were derived from the proceeds of the sale of the Certificates or from any other source, will not be knowingly deposited or invested in a manner contrary to the written direction of the District.

ARTICLE VI

CONCERNING THE TRUSTEE

Section 6.01. Representations and Covenants Regarding Execution, Delivery and Performance of Indenture. The Trustee represents and covenants that:

(a) The Trustee (i) is a national association that is duly organized, validly existing and in good standing under the laws of the United States of America; (ii) in its capacity as Trustee under this Indenture, is or will become the owner of the Leased Property; and (iii) is authorized, under its articles of association and applicable law, to own and manage its properties, to conduct its affairs in the State, to own the Leased Property, to lease the Leased Property to the District, to place in trust the Trust Estate and to execute, deliver and perform its obligations under this Indenture.

(b) The Trustee, as lessor, and the District, as lessee, have entered into the Lease pursuant to which the Trustee has leased the Leased Property to the District and the District has agreed to pay Base Rent and Additional Rent, subject, in each case, to the terms of the Lease.

(c) The execution, delivery and performance of this Indenture by the Trustee has been duly authorized by the Trustee and, upon the execution of this Indenture by the Trustee, this Indenture will be enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the terms of this Indenture by the Trustee does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitute a default under any of the foregoing or, except as specifically provided in this Indenture or the Lease, result in the creation or imposition of a lien or encumbrance whatsoever upon the Trust Estate or any of the property or assets of the Trustee.

(e) In order to provide for the construction and equipping of the Leased Property Project, the Trustee will enter into the Lease.

(f) In order to finance the Leased Property Project, the Trustee will execute and deliver the Certificates pursuant to this Indenture.

(g) The Certificates shall evidence proportionate undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate and no provision of the Certificates, this Indenture or the Lease shall be construed or interpreted (i) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the District; (iv) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

(h) All things necessary to make the Certificates, when executed and delivered by the Trustee as provided in this Indenture, a legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with terms thereof, and to constitute this Indenture a legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, have been done and performed.

(i) The Trustee has entered into this Indenture for and on behalf of the Certificate Owners and will, except as otherwise specifically provided herein, hold its rights hereunder, including its rights with respect to the Trust Estate, for the equal and proportionate benefit of the Certificate Owners, and will disburse moneys received by it in accordance with this Indenture.

(j) To the Trustee's knowledge, there is no litigation or proceeding pending or threatened against the Trustee affecting the right of the Trustee to execute, deliver or perform its obligations under this Indenture.

(k) The Trustee acknowledges and recognizes that the Lease will be terminated upon the occurrence of an Event of Nonappropriation thereunder, and that a failure by the District to appropriate funds in a manner that results in an Event of Nonappropriation under the Lease is a legislative act that is solely within the discretion of the District.

Section 6.02. Duties of the Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts as a corporate trustee normally would perform said trusts under a corporate indenture, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default or Event of Nonappropriation and after the curing of all Events of Default or Events of Nonappropriation which may have occurred, undertakes to perform such duties and only such duties as are set forth in this Indenture and in the Lease. In the case an Event of Default or Event of Nonappropriation has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by the Lease and this Indenture, and use the same degree of care and skill in its exercise as a reasonable and prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall be answerable for the conduct of the same in accordance with the standard specified in subsection (a) of this Section but subject to subsection (f) of this Section, and shall be entitled to act upon the advice of counsel or an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the advice of counsel or an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such advice of counsel or an Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Certificates (except in respect of the execution of the Certificates by the Trustee), or for recording or filing of this Indenture or any financing statement (other than continuation statements) in connection therewith, or for insuring the Leased Property or collecting any insurance moneys, for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby, or for the value of or title to the Leased Property. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with Article V hereof.

(d) The Trustee makes no representation as to the value or condition of the Trust Estate or any part thereof (except for funds or investments held by the Trustee) or as to the validity or sufficiency of this Indenture or of the Certificates. The Trustee shall not be accountable for the use of the Certificates delivered to the Initial Purchasers hereunder or the 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 this Indenture or the Lease. The Trustee, in its individual or any other capacity, may become the Certificate Owners with the same rights which it would have if not Trustee.

(e) The Trustee may rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Certificate Owner shall be conclusive and binding upon all future Certificate Owners of the same Certificate and upon any Certificates executed and delivered in place thereof.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers if such attorneys, agents or receivers have been selected by the Trustee with due care.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default, default or Event of Nonappropriation except failure by the District to cause to be made any of the payments to the Trustee required to be made under the provisions of the Lease governing payment of Base Rent, unless (i) an officer in the Trustee's corporate trust department has actual knowledge of such Event of Default or Event of Nonappropriation or (ii) the Trustee has been notified in writing of such Event of Default or Event of Nonappropriation by the District or by the Certificate Owners of at least 10% in aggregate principal amount of Certificates then Outstanding.

(h) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received.

(i) 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.

(j) Notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand in respect of the delivery of the Certificates, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee.

(k) The Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder.

(l) 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 this 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 rely upon a certificate signed by a District Representative as sufficient evidence of the facts therein contained, and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection (g) of this Section or of which by said Section the Trustee is deemed to have notice, the Trustee may also 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.

(m) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect any and all books, papers and records of the District pertaining to the Leased Property and the Certificates, and to take such memoranda from and in regard thereto as may be desired.

(n) Before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to in for the reimbursement of all costs and expenses (including without limitation attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(o) Without limiting the duties of the Trustee specifically set forth herein, the Trustee shall have no responsibility with respect to: (i) the federal or state tax-exempt status of the Certificates, except where, as a result of its negligence or willful misconduct, the Trustee has failed to take action specifically directed in writing by the District or has taken action in contravention of any such written direction, and such action or failure to act adversely affects such status; (ii) calculation of amounts required to be rebated to the United States under Section 148 of the Code; or (iii) compliance by the District with the provisions of any tax compliance certificate with respect to the Certificates.

Section 6.03. Maintenance of Existence; Performance of Obligations.

(a) The Trustee shall at all times maintain its existence and will use its best efforts to maintain, preserve and renew all the rights and powers provided to it under its articles of association and bylaws, action of its board of directors and applicable law; provided, however, that this covenant shall not prevent the assumption, by operation of law or otherwise, by any Person of the rights and obligations of the Trustee hereunder, but only if and to the extent such assumption does not materially impair the rights of the Certificate Owners or the District.

(b) The Trustee shall do and perform or cause to be done and performed all acts and things required to be done or performed in its capacity as Trustee under the provisions of this Indenture, the Lease, any other instrument or other arrangement to which it is a party that benefits the Certificate Owners and that complies with any Requirement of Law.

Section 6.04. Tax Covenant. The Trustee hereby agrees to comply, at the written direction of the District, with the procedures that are set forth in the Tax Compliance Certificate delivered by the District in connection with the execution and delivery of the Certificates. The covenants set forth in this Section shall remain in full force and effect notwithstanding the payment in full of the Certificates until the date on which all obligations of the Trustee in fulfilling such covenants have been met.

Section 6.05. Reserved.

Section 6.06. Sale or Encumbrance of Leased Property. As long as the Certificates are Outstanding, and as except otherwise permitted by this Indenture and except as the Lease otherwise specifically requires, the Trustee shall not sell or otherwise dispose of any of the Leased Property unless it receives an Opinion of Counsel upon which it may conclusively rely that such sale or other disposal will not materially adversely affect the rights of the Certificate Owners.

Section 6.07. Rights of Trustee under the Lease. The Trustee hereby covenants for the benefit of the Certificate Owners that the Trustee will observe and comply with its obligations under the Lease, including but not limited to the provisions of the Lease regarding the conveyance of the Leased Property, and that all the representations made by the Trustee in the Lease are true. Wherever in the Lease it is stated that the Trustee shall be notified or wherever the Lease gives the Trustee some right or privilege, such part of the Lease shall be as if it were set forth in full in this Indenture.

Section 6.08. Defense of Trust Estate. 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 Certificate Owners under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.09. Compensation of Trustee. The Trustee shall be entitled to payment of or reimbursement for reasonable fees for its ordinary services rendered hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all advances, agent and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefore. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as paying agent and as registrar for the Certificates.

Section 6.10. Resignation or Replacement of Trustee.

(a) The present or any future Trustee may resign by giving written notice to the Certificate Owners and the District not less than 30 days before such resignation is to take effect. Such resignation shall take effect only upon the appointment of a successor qualified as provided in subsection (d) of this Section; provided, however, that if no successor is appointed within 30 days following the date designated in the notice for the Trustee's resignation to take effect, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor.

(b) The present or any future Trustee may be removed at any time (i) by the District, for any reason upon delivery to the Trustee of an instrument signed by the District Representative and accompanied by a resolution of the Board requesting such removal, provided that the District shall not be entitled to remove the Trustee pursuant to this clause if an Event of Default has occurred and is continuing or if any Event of Nonappropriation has occurred; (ii) if an Event of Default has occurred and is continuing or if an Event of Nonappropriation has occurred, by the Certificate Owners of a majority in principal amount of the Certificates Outstanding upon delivery to the Trustee of an instrument or concurrent instruments signed by such Certificate Owners or their attorneys in fact duly appointed; or (iii) by any Certificate Owner, upon delivery to the Trustee of an instrument signed by such Certificate Owner or his or her attorney in fact duly appointed following a determination by a court of competent jurisdiction that the Trustee is not duly performing its obligations hereunder or that such removal is in the best interests of the Certificate Owners.

(c) In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the District. The District, upon making such appointment, shall forthwith give notice thereof to the Certificate Owners, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. The Certificate Owners of a majority in principal amount of the Certificates Outstanding may thereupon act to appoint a successor trustee to such successor appointed by the District, by an instrument or concurrent instruments signed by such Certificate Owners, or their attorneys in fact duly appointed. Any successor so appointed by the District shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Certificate Owners of a majority in principal amount of the Certificates Outstanding.

(d) Every successor shall be a commercial bank with trust powers in good standing, located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, qualified to act hereunder, having a capital and surplus of not less than $50,000,000. Any successor trustee shall (i) execute, acknowledge and deliver to the present or then trustee an instrument accepting appointment as successor trustee hereunder and as successor to the then current trustee in its capacity as owner of the Leased Property and as lessor under the Lease, and thereupon such successor shall, without any further act, deed or conveyance, (ii) become vested with all the previous rights, title and interest in and to, and shall become responsible for the previous obligations with respect to, the Leased Property and the Trust Estate and thereupon the duties and obligations of the previous trustee shall cease and terminate, and (iii) become vested with the previous rights, title and interest in, to and under, and shall become responsible for the trustee's obligations under this Indenture and the Lease, with like effect as if originally named as Trustee herein and therein. The previous trustee shall, upon the payment of the fees and expenses owed to the previous trustee, execute and deliver to the successor trustee (A) such transfer documents as are necessary to transfer the Trustee's interest in the Leased Property to the successor trustee, (B) an instrument in which the previous trustee resigns as trustee hereunder and as lessor under the Lease, and (C) at the request of the successor trustee, one or more instruments conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the previous trustee in the Leased Property, the Trust Estate, this Indenture and the Lease in a manner sufficient, in the reasonable judgment of the successor trustee, to duly assign, transfer and deliver to the successor all properties and moneys held by the previous trustee in accordance with the laws of the State. Should any other instrument in writing from the previous trustee be required by any successor for more fully and certainly vesting in and confirming to it the rights, title and interest to be transferred pursuant to this Section, the previous trustee shall, at the reasonable discretion and at the request of the successor trustee, make, execute, acknowledge and deliver the same to or at the direction of the successor trustee.

(e) The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor trustee in each recording office, if any, where this Indenture and the Lease shall have been filed and/or recorded.

Section 6.11. Conversion, Consolidation or Merger of Trustee. Any commercial bank with trust powers into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding. In case the Certificates to be executed and delivered hereunder shall have been executed, but not delivered, any successor Trustee may adopt the signature of any predecessor Trustee, and deliver the same as executed; and, in case the Certificates shall not have been executed, any successor Trustee may execute such Certificates in the name of such successor Trustee.

Section 6.12. Intervention by Trustee. In any judicial proceeding to which the District is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Certificate Owners, the Trustee may intervene on behalf of the Certificate Owners and shall do so if requested in writing by the Certificate Owners of at least a majority in principal amount of Certificates Outstanding.

Section 6.13. Trustee Breach. Any of the following shall constitute a Trustee Breach hereunder:

(a) failure to pay the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation;

(b) failure of the Trustee to enforce and diligently pursue any remedy available under Section 7.01 hereof, subject to the provisions of Sections 6.02 and 7.02 hereof, unless the Trustee has received written advice of counsel that such remedy is not legally available or would cause undue risk to the Trustee or the Certificate Owners; and

(c) failure by the Trustee to comply with any other provision of this Indenture within 30 days after receiving notice of noncompliance.

Section 6.14. Remedies of Certificate Owners Upon a Trustee Breach. Subject to the other provisions of this Article and the provisions of Article VII hereof, upon the occurrence of any Trustee Breach, the Certificate Owners may:

(a) commence proceedings in any court of competent jurisdiction to enforce the provisions of this Indenture against the Trustee;

(b) cause the Trustee to be removed and replaced by a successor trustee; and

(c) take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Certificate Owners.

Section 6.15. Notice to Certificate Owners. If an Event of Default or Event of Nonappropriation occurs of which the Trustee is by Section 6.02(g) hereof required to take notice, or if notice of an Event of Default or Event of Nonappropriation is given as provided in said Section, then the Trustee shall, within 30 days, give written notices thereof to the Certificate Owners, as shown by the certificate register, unless such Event of Default or Event of Nonappropriation has been cured or waived.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Remedies of Trustee Upon the Occurrence of an Event of Default or Event of Nonappropriation. Upon the occurrence of an Event of Default or Event of Nonappropriation:

(a) the Trustee shall be entitled to apply any moneys in any of the funds or accounts created hereunder (except the Rebate Fund and any escrow accounts established pursuant to Section 9.01 hereof) to the payment of the principal of, premium, if any, and interest on the Certificates when due;

(b) the Trustee may, and at the request of the Certificate Owners of a majority in principal amount of the Certificates then Outstanding, and upon receipt from the Certificate Owners of assurances or indemnification satisfactory to it that it will be repaid for such action, shall, without any further demand or notice, exercise any of the remedies available to it under the Lease; and

(c) the Trustee may take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Certificate Owners.

Section 7.02. Limitations Upon Rights and Remedies of Certificate Owners. The Certificate Owners shall not have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Lease, unless an Event of Default or Event of Nonappropriation has occurred of which the Trustee has been notified as provided in Section 6.02(g) hereof, or of which by Section 6.02(g) hereof it is deemed to have notice, and the Certificate Owners of a majority in principal amount of the Certificates then Outstanding shall have made written request to the Trustee, shall have furnished to the Trustee indemnification as provided in Section 6.02(n) hereof and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its own name and the Trustee shall have thereafter failed or refused to do so.

Section 7.03. Majority of Certificate Owners May Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Certificate Owners of a majority in principal amount of the Certificates then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Lease or this Indenture, or for the appointment of a receiver, and any other proceedings hereunder.

Section 7.04. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the District or the Leased Property, the Trustee shall, to the extent permitted by law, be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Certificate Owners allowed in such proceedings for the entire amount due and payable on the Certificates under this Indenture, at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Certificate Owner to file a claim in its own behalf.

Section 7.05. Trustee May Enforce Remedies Without Certificates. The Trustee may enforce its rights and remedies under the Lease and this Indenture without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants the Certificate Owners, and any recovery of judgment shall be for the ratable benefit of the Certificate Owners, subject to the provisions hereof.

Section 7.06. No Remedy Exclusive. No right or remedy available under this Article or otherwise is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 7.07. Waivers. The Trustee may in its discretion waive any Event of Default, or Event of Nonappropriation and its consequences, and, notwithstanding anything else to the contrary contained in this Indenture, shall do so upon the written request of the Certificate Owners of a majority in aggregate principal amount of all the Certificates then Outstanding; provided, however, that an Event of Nonappropriation shall not be waived without the consent of the Certificate Owners of 100% of the Certificates then Outstanding as to which the Event of Nonappropriation exists, unless prior to such waiver or rescission, all arrears of interest and all arrears of payments of principal and premium, if any, then due, as the case may be (including interest on all overdue installments at the highest rate due on the Certificates), and all expenses of the Trustee in connection with such Event of Nonappropriation shall have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such Event of Default or Event of Nonappropriation shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Trustee, the Certificate Owners and the District shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default or Event of Nonappropriation or impair any right consequent thereon.

Section 7.08. Delay or Omission No Waiver. No delay or omission of the Trustee or of the Certificate Owners to exercise any right or power accruing upon any Event of Default or Event of Nonappropriation, or Trustee Breach shall exhaust or impair any such right or power or shall be construed to be a waiver of any such Event of Default, Event of Nonappropriation, or Trustee Breach, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 7.09. No Waiver of Default or Breach to Affect Another. No waiver of any Event of Default, Event of Nonappropriation, or Trustee Breach shall extend to or affect any subsequent or any other then existing Event of Default, Event of Nonappropriation, or Trustee Breach or shall impair any rights or remedies consequent thereon.

Section 7.10. Position of Parties Restored Upon Discontinuance of Proceedings. In case the Trustee or the Certificate Owners shall have proceeded to enforce any right under the Lease or this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Person or Persons enforcing the same, then and in every such case the District, the Trustee and the Certificate Owners shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee and the Certificate Owners shall continue as if no such proceedings had been taken.

Section 7.11. Purchase of Leased Property by Certificate Owners; Application of Certificates Toward Purchase Price. Upon the occurrence of an Event of Default or Event of Nonappropriation and the sale or lease of the Leased Property by the Trustee pursuant to the Lease, any Certificate Owner may bid for and purchase or lease the Leased Property; and, upon compliance with the terms of sale or lease, may hold, retain and possess and dispose of such property in his, her, its or their own absolute right without further accountability; and any purchaser or lessee at any such sale may, if permitted by law, after allowing for payment of the costs and expenses of the sale, compensation and other charges, in paying purchase or rent money, turn in Certificates in lieu of cash. Upon the happening of any such sale or lease, the Trustee may take any further lawful action with respect to the Leased Property which it shall deem to be in the best interest of the Certificate Owners, including but not limited to the enforcement of all rights and remedies set forth in the Lease and this Indenture and the taking of all other courses of action permitted herein or therein.

Section 7.12. Application of Moneys Realized from Exercise of Remedies. Moneys realized from the exercise of remedies upon the occurrence and continuation of an Event of Default or the occurrence of an Event of Nonappropriation shall be applied pursuant to Section 4.01 hereof in the following order of priority:

(a) *First*, to pay the fees and expenses of the Trustee;

(b) *Second*, moneys recovered from the District pursuant to Section 12.02(c) of the Lease shall be paid to the Certificate Owners and allocated, first, to unpaid interest and, second, to unpaid principal until all unpaid interest and principal have been paid in full;

(c) *Third*, to the District in an amount equal to the General Obligation Debt Proceeds expended on the Leased Property;

(d) *Fourth*, to the Certificate Owners and allocated, first, to unpaid interest and, second, to unpaid principal until all unpaid interest and principal have been paid in full; and

(e) *Fifth*, any remaining moneys shall be paid to the District.

ARTICLE VIII

SUPPLEMENTAL INDENTURES AND LEASE AMENDMENTS

Section 8.01. Supplemental Indentures Not Requiring Consent of Certificate Owners. The Trustee may, at the request of the District, without the consent of, or notice to, the Certificate Owners, execute and deliver a Supplemental Indenture for any one or more or all of the following purposes:

(a) to add to the covenants and agreements of the Trustee contained in this Indenture other covenants and agreements to be thereafter observed by the Trustee;

(b) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners;

(c) to subject to this Indenture additional revenues, properties or collateral (including release and substitution of property permitted under the Lease);

(d) to effect any change in connection with the preservation of the exclusion from gross income for federal income tax purposes interest on the Certificates;

(e) to provide for: (i) the investment pursuant to one or more forward delivery agreements of amounts on deposit in the Certificate Fund; and (ii) in order to secure the Trustee's obligations under such forward delivery agreement(s), the grant of a lien on the Trust Estate pursuant to the Granting Clauses hereof to the provider(s) of such forward delivery agreement(s); provided that such obligations, including without limitation any late payment fees payable thereunder, shall be payable solely from amounts realized from (A) the exercise of remedies as provided in Sections 4.01 and 7.12 hereof following the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default, at a priority subordinate to the priorities provided for in subsections (a) through (d) of Section 7.12 hereof, and (B) any proceeds that may be made available by the sale or other disposition by the Trustee of any portion of the Leased Property that would otherwise be released to the District pursuant to Section 9.04 of the Lease, but only after the payment by the Trustee from such proceeds of the following amounts: (1) to the Certificate Owners, the applicable principal amount of Certificates set forth with respect to such portion of the Leased Property in Exhibit D to the Lease; and (2) to the District, any General Obligation Debt Proceeds expended on such portion of the Leased Property; or

(f) to effect any other changes in this Indenture which, in the opinion of Bond Counsel, do not materially adversely affect the rights of the Certificate Owners.

Section 8.02. Supplemental Indentures Requiring Consent of Certificate Owners.

(a) Exclusive of Supplemental Indentures under Section 8.01 hereof, the written consent of the Certificate Owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding shall be required for the execution and delivery by the Trustee of any Supplemental Indenture; provided, however, that without the consent of the Certificate Owners of all the Certificates then Outstanding, nothing herein contained 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 Certificate Owner of such Certificate;

(ii) the deprivation as to the Certificate Owner of any Certificate Outstanding of the lien created by this Indenture (other than as originally permitted hereby);

(iii) a privilege or priority of any Certificate or Certificates over any other Certificate or Certificates, except as permitted herein; or

(iv) a reduction in the percentage of the aggregate principal amount of the Certificates required for consent to any Supplemental Indenture.

(b) If at any time the Trustee shall propose to execute and deliver any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution and delivery of such Supplemental Indenture to be mailed to the Certificate 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 Operations Center of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Certificate Owners of not less than a majority, or, with respect to the matters specified in paragraphs (i) through (iv) of subsection (a) of this Section, 100%, in aggregate principal amount of the Certificates Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Section 8.03. Execution of Supplemental Indenture. Any Supplemental Indenture executed and delivered in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such Supplemental Indenture shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of the Certificates executed and delivered thereafter, if any, if deemed necessary or desirable by the Trustee. The Trustee shall be fully protected in relying upon an Opinion of Counsel as conclusive evidence that any such proposed Supplemental Indenture complies with the provisions of this Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Certificates.

Section 8.04. Amendments of the Lease Not Requiring Consent of Certificate Owners. The Trustee may, without the consent of or notice to the Certificate Owners, amend, change or modify the Lease as may be required:

(a) by the provisions of the Lease or this Indenture;

(b) for the purpose of curing any ambiguity or formal defect or omission in the Lease;

(c) to amend the legal description for the portion of the Leased Property described in Part I.B. of Exhibit A to the Lease to conform to the legal description of such property that will result from the anticipated re-platting of such property, including the incorporation into such property of the additional property referred to in such Part I.B.;

(d) to amend the legal description for the portion of the Leased Property described in Part I.C. of Exhibit A to the Lease to conform to the legal description of such property that will result from the anticipated platting of such property;

(e) in order more precisely to identify the Leased Property or to add additional or substituted improvements or properties acquired or leased in accordance with the Lease;

(f) in order to provide for the addition or substitution of property under the Lease;

(g) in connection with any Supplemental Indenture permitted by this Article;

(h) to effect any change in connection with the preservation of the exclusion from gross income for federal income tax purposes of interest on the Certificates;

(i) to effect any change that (i) does not reduce the revenues available to the Trustee from the Lease below the amount required to make all the payments and transfers required by Article III hereof, (ii) does not reduce the value of the Leased Property and (iii) does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates; or

(j) to effect any other change in the Lease which, in the opinion of Bond Counsel, does not materially adversely affect the rights of the Certificate Owners.

Section 8.05. Amendments of the Lease Requiring Consent of Certificate Owners. Except for the amendments, changes or modifications permitted by Section 8.04 hereof, the Trustee shall not consent to any other amendment, change or modification of the Lease without notice to and the written approval or consent of the Certificate Owners of not less than a majority in aggregate principal amount of the Certificates Outstanding given and procured as provided in Section 8.02 hereof. If at any time the District shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee shall, upon receipt of amounts necessary to pay expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 8.02

hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Operations Center designated therein for inspection by all Certificate Owners.

Section 8.06. Execution of Amendment of the Lease. As a condition to executing any amendment to the Lease, the Trustee shall be entitled to receive and rely upon a written opinion of Bond Counsel to the effect that the execution thereof is authorized or permitted under this Indenture and the Lease, as applicable, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Discharge of Indenture.

(a) If, when the Certificates secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Indenture or the Lease, the whole amount of the principal of, premium, if any, and interest due and payable upon the Certificates shall be paid or provision shall have been made for the payment of the same, together with all rebate payments due to the United States of America, the fees and expenses of the Trustee, all amounts payable to the District pursuant to Section 7.12 hereof and all other amounts payable hereunder, 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 Certificate Owners and the District shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall transfer and convey to (or to the order of) the District the Leased Property and all other property then held in trust by the Trustee pursuant to this Indenture, and the Trustee shall execute such documents as may be reasonably required by the District and shall turn over to (or to the order of) the District any surplus in any fund, account or subaccount created under this Indenture, except any escrow accounts theretofore established pursuant to this Section.

(b) All or any portion of the Outstanding Certificates shall prior to the maturity or Redemption Date thereof be deemed to have been paid ("defeased") within the meaning and with the effect expressed in subsection (a) of this Section if (i) in case such Certificates are to be redeemed on any date prior to their maturity, the District shall have given irrevocable instructions to the Trustee to give notice of redemption of such Certificates on said Redemption Date, such notice to be given on a date and otherwise in accordance with the provisions of Section 4.05 hereof, and (ii) there shall have been deposited in trust either moneys in an amount which shall be sufficient, or Defeasance Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, 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, deposited with or held in trust at the same time, 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. Neither the Defeasance Securities nor moneys deposited in trust pursuant to this Section or principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Certificates; provided any cash received from such principal or interest payments on such Defeasance Securities deposited in trust, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities of the type described in clause (ii) of this subsection maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Certificates on or prior to such redemption date or maturity date thereof, as the case may be. At such time as any Certificates shall be deemed paid as aforesaid, such Certificates shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of exchange and transfer and any payment from such moneys or Defeasance Securities deposited in trust.

(c) Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been delivered to the Trustee: (i) a report of a firm of certified public accountants verifying the mathematical correctness of the computations showing the sufficiency of the moneys and amounts payable with respect to the Defeasance Securities deposited in trust as provided in subsection (b) of this Section 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; and (ii) an opinion of Bond Counsel, addressed to the Trustee to the effect that all requirements of the Indenture for such defeasance have been complied with and that such discharge or defeasance will not constitute a violation by the Trustee of its tax covenant in Section 6.04 hereof.

(d) In the event that there is a defeasance of only part of the Certificates of any maturity, the Trustee may institute a system to preserve the identity of the individual Certificates or portions thereof so defeased, regardless of changes in Certificate numbers attributable to transfers and exchanges of Certificates.

Section 9.02. Further Assurances and Corrective Instruments. So long as this Indenture is in full force and effect, the Trustee shall have full power to carry out the acts and agreements provided herein and will from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be requested by the District for correcting any inadequate or incorrect description of the Trust Estate, or for otherwise carrying out the intention of or facilitating the performance of this Indenture.

Section 9.03. Evidence of Signature of Certificate Owners and Ownership of Certificates.

(a) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Certificate Owners may be in one or more instruments of similar tenor, and shall be signed or executed by the Certificate Owners in person or by their attorneys appointed in writing, proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of the Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(i) the fact and date of the execution by any Certificate Owner or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public; and

(ii) the fact of the ownership by any Person of any Certificate, and the date of the ownership of the same, may be proved by the registration records of the Trustee.

(b) Any request or consent of any Certificate Owner shall bind all transferees of such Certificate in respect of anything done or suffered to be done by the Trustee or the Trustee in accordance therewith.

Section 9.04. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Trustee, the Certificate Owners and the District, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Trustee shall be for the sole and exclusive benefit of the Certificate Owners, the District, the Trustee and their respective successors and assigns.

Section 9.05. Trustee Representative. Whenever under the provisions hereof the approval of the Trustee is required or the Trustee is required to take some action at the request of the District or the Certificate Owners, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, and the District and the Certificate Owners shall be authorized to act on any such approval or request.

Section 9.06. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 9.07. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed sufficiently given when mailed by certified or registered mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the District, to Denver Public Schools, 900 Grant Street, Denver, CO 80203, Attention: Chief Financial Officer, facsimile number: (720) 423-3229, electronic mail address: david_hart@dpsk12.org; if to the Trustee, to Wells Fargo Bank, National Association, 1740 Broadway, MAC C7300-107, Denver, Colorado 80274, Attention: Debra Rayman, facsimile number: (303) 863-5645, electronic mail address: Debra.M.Rayman@wellsfargo.com. The entities listed above may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.08. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Trustee and not of any member, director, officer, employee, servant or other agent of the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Trustee or any natural person executing this Indenture or any related document or instrument.

Section 9.09. Events Occurring on Days that are not Business Days. Whenever any payment or determination hereunder shall be stated to be due or made, as applicable, the last day for performance of any act or the exercising of any right under this Indenture is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day and such extension of time shall, in the case of a payment, be included in the computation of the amount due, and, in the case of a determination, be effective, as if made on the stated date.

Section 9.10. Severability. In the event that any provision of this Indenture, other than the placing of the Trust Estate in trust, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.11. Applicable Law; Jurisdiction; Waiver of Jury Trial. The laws of the State shall be applied in the interpretation, execution and enforcement of this Indenture, except to the extent superseded by federal law. The Trustee and the Certificate Owners consent to the exclusive jurisdiction of any State or federal court situated in Denver, Colorado, and shall waive any objections based on *forum non conveniens,* with regard to any actions, claims, disputes or proceedings relating to this Indenture, the Lease or any transactions arising therefrom, or enforcement and/or interpretation of any of the foregoing. The Trustee and the Certificate Owners jointly and severally waive, to the extent permitted by law, any and all right to trial by jury in any action or proceeding relating to any of the financing documents related to this Lease, the obligations thereunder, any collateral securing the obligations or any transaction arising therefrom or connected thereto.

Section 9.12. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 9.13. District Has No Liability Under Indenture. The District is not a party to and has no responsibility for and will incur no liability for any action or failure to act by the Trustee or the Certificate Owners under this Indenture, including but not limited to any failure by the Trustee to make payments to the Certificate Owners as and when required under this Indenture.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Trustee has executed this Indenture as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By ____
Authorized Signatory

[Signature Page to Indenture of Trust]

APPENDIX A

FORM OF CERTIFICATE

[OMITTED FOR PURPOSES OF THIS OFFICIAL STATEMENT]

APPENDIX B

FORM OF PROJECT ACCOUNT REQUISITION

[OMITTED FOR PURPOSES OF THIS OFFICIAL STATEMENT]

LEASE PURCHASE AGREEMENT

by and between

WELLS FARGO BANK, NATIONAL ASSOCIATION,
solely in its capacity as trustee under the Indenture (defined herein),
as Lessor

and

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

Dated as of May 1, 2013

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LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (this "Lease") is dated as of May 1, 2013 and is entered into by and between **WELLS FARGO BANK, NATIONAL ASSOCIATION**, solely in its capacity as trustee under the Indenture (defined herein) (the "Trustee"), as lessor, and **SCHOOL DISTRICT NO. 1, IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO** (the "District"), as lessee.

W I T N E S S E T H:

WHEREAS, the District is a political subdivision of the State of Colorado duly organized and validly existing under the laws of the State; and

WHEREAS, the Trustee (a) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America; (b) is duly qualified to do business in the State; (c) in its capacity as Trustee under the Indenture, is owner of the Leased Property (defined herein); and (d) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to own the Leased Property, to lease the Leased Property to the District and to execute, deliver and perform its obligations under this Lease; and

WHEREAS, immediately prior to the execution and delivery of this Lease, the District conveyed to the Trustee, and as of the Closing Date (defined herein), the Trustee is the owner of, the Leased Property (defined herein); and

WHEREAS, the District is authorized, under Section 22-32-110(1)(b), C.R.S., as amended, to lease the Leased Property from the Trustee and to execute, deliver and perform its obligations under this Lease; and

WHEREAS, the District has determined that the lease of the Leased Property from the Trustee pursuant to this Lease serves a public purpose and is in the best interests of the District and the residents of the District; and

WHEREAS, the Trustee desires to lease the Leased Property to the District and the District desires to lease the Leased Property from the Trustee pursuant to this Lease; and

WHEREAS, the Base Rent and Additional Rent (both defined herein) payable by the District hereunder shall constitute currently appropriated expenditures of the District and shall not constitute a debt or multiple fiscal year direct or indirect obligation whatsoever of the District or a mandatory charge or requirement against the District in any Fiscal Year (defined herein) beyond the Fiscal Year for which such payments have been appropriated; and

WHEREAS, the execution, delivery and performance of this Lease by the Trustee has been duly authorized by the Trustee and, upon the execution and delivery of this Lease by the Trustee and the District, this Lease will be enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America; and

WHEREAS, the Certificates shall evidence proportionate undivided interests in the right to receive Lease Revenues (defined in the Indenture), shall be payable solely from the Trust Estate (defined in the Indenture) and no provision of the Certificates, the Indenture or this Lease shall be construed or interpreted (a) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the District; (d) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (e) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution; and

WHEREAS, the execution, delivery and performance of this Lease by the District has been duly authorized by the District and, upon the execution and delivery of this Lease by the District and the Trustee, this Lease will be enforceable against the District in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America; and

WHEREAS, the Trustee has entered into an Indenture of Trust dated the date of this Lease (the "Indenture");

NOW, THEREFORE, for and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The following capitalized terms shall have the following meanings in this Lease:

"*Acquired Property*" means the real property described in Exhibit A hereto, including the Improvements thereon, in the form it exists on the date it is acquired by the Trustee.

"Additional Rent" means the costs and expenses incurred by the District in performing its obligations under this Lease with respect to the Leased Property, the Leased Property Project, this Lease, the Indenture, the Certificates and any matter related thereto; the reasonable fees and expenses of the Trustee payable pursuant to Section 10.05 hereof; payments to the Rebate Fund pursuant to Section 10.07 hereof; and all other costs and expenses incurred by the District in connection with the foregoing; provided, however, that Additional Rent does not include the Base Rent or the Purchase Option Price.

"*Base Rent*" means the payments by the District pursuant to Section 6.01 hereof, for and in consideration of the right to use the Leased Property during the Lease Term.

"*Base Rent Payment Date*" means one of the dates in the "Base Rent Payment Date" column in Exhibit B hereto.

"*Board*" means the Board of Education of the District.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which banks in Denver, Colorado are authorized by law to remain closed.

"*Certificates*" is defined in the Indenture.

"*Certificate Fund*" is defined in the Indenture.

"*Certificate Owners*" is defined in the Indenture.

"*Closing Date*" means the date this Lease is executed and delivered.

"*Completion Date*" is defined in Section 5.05(a) hereof.

"*Costs of the Leased Property Project*" is defined in the Indenture.

"*C.R.S.*" means Colorado Revised Statutes, as amended.

"*District*" means School District No. 1, in the City and County of Denver and State of Colorado, and any successor thereto.

"*District Representative*" means the Chief Financial Officer of the District and any other person or persons designated to act on behalf of the District for the purposes of performing any act under this Lease or the Indenture by a written certificate furnished to the Trustee signed on behalf of the District by any officer of the Board. The identity of the District Representative may be changed by the District from time-to-time by furnishing a new certificate to the Trustee.

"*Event of Default*" means an event described in Section 12.01 hereof.

"*Event of Nonappropriation*" means an event described in Section 6.04(b) hereof.

"*Fiscal Year*" means the District's fiscal year, which begins on July 1 of each year and ends on June 30 of the following year.

"*Force Majeure*" means any event that is not within the control of the District, including, without limitation, 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 or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; or breakage or accidents affecting machinery, transmission pipes or canals.

"*General Contract*" means any Leased Property Project Contract entered into by and between the District and any General Contractor.

"*General Contractor*" means any Person with whom the District contracts for the construction, acquisition or installation by such Person of all or any portion of the Leased Property Project.

"*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 10.06 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.

"*Improvements*" means the buildings, site improvements and other real property, if any, on or included in the Leased Property, including any improvements pursuant to the Leased Property Project, as such buildings, site improvements and other real property may be modified pursuant to Section 8.05 or 8.06 hereof. The Improvements do not include personal property or other property that is not real property.

"*Indenture*" means the Indenture of Trust dated as of the date hereof providing for the execution and delivery of the Certificates and any amendment or supplement thereto.

"*Independent Counsel*" means an attorney or firm of attorneys duly admitted to the practice of law before the highest court in the State and who is not an employee of the District or the Trustee.

"*Initial Purchasers*" means, collectively, Piper Jaffray & Co. Inc. and Stifel, Nicolaus & Company, Incorporated.

"*Initial Term*" means the period commencing on the Closing Date and ending on June 30, 2013.

"*Insurance Consultant*" is defined in Section 7.01(c)(ii)(A) hereof.

"*Interest Account*" is defined in the Indenture.

"*Lease*" means this Lease Purchase Agreement and any amendment or supplement hereto.

"*Lease Term*" is defined in Section 4.01 hereof.

"*Leased Property*" means, collectively, the Acquired Property and the Improvements. The Leased Property does not include personal property or other property that is not real property.

"*Leased Property Project*" means the acquisition of the Acquired Property and the construction and installation of the Improvements made or added to the Acquired Property.

"*Leased Property Project Account*" means the Leased Property Project Account created and held under the Indenture.

"*Leased Property Project Budget*" is defined in Section 5.04(a) hereof.

"*Leased Property Project Contract*" means a contract for services or materials for the construction, acquisition or installation of the Leased Property Project, including, but not limited to, any contract for construction, engineering or architectural services.

"*Net Value*" means, with respect to the Leased Property or any portion thereof:

(a) with respect to real property included in the Leased Property on which no Improvements are to be constructed or installed with the proceeds of the Certificates, the sum of:

(i) the value of the land included in such property as estimated by the District from time-to-time based on sales of similar property in the vicinity and adjusted periodically between estimation dates based on changes in the assessed value (for property tax purposes) of similar property in the vicinity; and

(ii) the replacement value of the Improvements included in such property, as most recently determined by the School Districts Self-Insurance Pool or other insurer providing casualty and property damage for such property; plus

(b) with respect to real property included in the Leased Property on which Improvements are to be constructed or installed with the proceeds of the Certificates, the sum of:

(i) the value of the land included in such property as estimated by the District from time-to-time based on sales of similar property in the vicinity and adjusted periodically between estimation dates based on changes in the assessed value (for property tax purposes) of similar property in the vicinity;

(ii) the replacement value of the existing Improvements that are included in such property as of the date hereof, as most recently determined by the School Districts Self-Insurance Pool or other insurer providing casualty and property damage for such property, net of any reduction in the value of such property resulting from demolition or other changes to such property in connection with the Leased Property Project; and

(iii) the value of the Improvements to be constructed or installed with the proceeds of the Certificates, which value shall be: (A) prior to the Completion Date, the amount of proceeds of Certificates deposited into the Leased Property Project Account with respect to such property; and (B) after the Completion Date, the replacement value of such Improvements, as most recently determined by the School Districts Self-Insurance Pool or other insurer providing casualty and property damage for such property;

(c) *minus* any General Obligation Debt Proceeds expended on such property, as set forth in the most recent certificate delivered by the District pursuant to Section 10.06 hereof.

"*Net Proceeds*" means (a) the gross proceeds received from any event referred to in Section 8.06(a) hereof, *minus* (b) all expenses incurred in the collection of such gross proceeds or award.

"*Outstanding*" is defined in the Indenture.

"*Permitted Encumbrances*" means, as of any particular time: (a) any lien, easement, license, rights-of-way, right, privilege, restriction, exception or other encumbrance described in the title insurance policy or commitment delivered in connection with the execution and delivery of this Lease; (b) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to Articles VII and VIII hereof; (c) this Lease and the Indenture; (d) easements, licenses, rights-of-way, rights, privileges, restrictions, exceptions and other encumbrances which the District Representative certifies will not materially adversely affect the Net Value, or interfere with or impair the effective use or operation, of the Leased Property, including easements granted pursuant to Section 8.03 hereof; (e) any financing statements filed with respect to the Trustee's interest in the Leased Property or this Lease; (f) with respect to property described in Section 8.06 hereof, any encumbrance represented by financing statements filed to perfect purchase money security interests in any portion of or all of the Leased Property; (g) any applicable zoning requirements; and (h) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property and as do not, as certified by the District to the Trustee, materially impair title to the Leased Property.

"*Person*" means any natural person, firm, corporation, partnership, limited liability company, state, political subdivision of any state, other public body or other organization or association.

"*Principal Account*" is defined in the Indenture.

"*Purchase Option Price*" means the amount the District must pay to purchase the interest of the Trustee in the Leased Property pursuant to Section 9.01 hereof.

"*Redemption Price*" is defined in the Indenture.

"*Renewal Term*" means each twelve-month period, commencing on July 1 of each year and ending on June 30 of the following year, for which the District renews the Lease Term.

"*Requirement of Law*" means any federal, state or local statute, ordinance, rule or regulation, any judicial or administrative order (whether or not on consent), request or judgment, any common law doctrine or theory, any provision or condition of any permit or any other binding determination of any governmental authority relating to the ownership or operation of property, including but not limited to any of the foregoing relating to zoning, environmental, health or safety issues.

"*S&P*" means Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"*Scheduled Lease Term*" means the period from the commencement of the Initial Term through the date described in Section 4.01(b)(i) hereof.

"*School Districts Self-Insurance Pool*" means the Colorado School Districts Self-Insurance Pool, of which the District is a member.

"*Specifications*" means the specifications relating to the Leased Property Project set forth in Exhibit C hereto.

"*State*" means the State of Colorado.

"*Subcontract*" means any Leased Property Project Contract entered into by and between a General Contractor and a Subcontractor.

"*Subcontractor*" means any Person with whom a General Contractor contracts for the construction, acquisition or installation by such Person of all or any portion of the Leased Property Project.

"*Trust Estate*" is defined in the Indenture.

"*Trustee*" means Wells Fargo Bank, National Association, or any successor thereto, in its capacity as Trustee under the Indenture, or any successor trustee under the Indenture. Pursuant to Section 13.01 hereof, any successor trustee under the Indenture will automatically succeed to the interest of the previous trustee in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under this Lease.

"*Trustee Representative*" means any officer of the Trustee; and any other person or persons designated to act on behalf of the Trustee under this Lease and the Indenture by a written certificate furnished to the District and the Trustee containing the specimen signature of such person and signed on behalf of the Trustee by any officer of the Trustee. The identity of the Trustee Representative may be changed by the Trustee from time to time by furnishing a new certificate to the District.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties by the Trustee. The Trustee represents, covenants and warrants that:

(a) The Trustee (i) is a national association that is duly organized, validly existing and in good standing under the laws of the United States of America; (ii) is duly qualified to do business in the State; (iii) in its capacity as Trustee under the Indenture, is the owner of the Leased Property; and (iv) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to own the Leased Property, to lease the Leased Property to the District and to execute, deliver and perform its obligations under this Lease.

(b) The execution, delivery and performance of this Lease by the Trustee have been duly authorized by the Trustee.

(c) This Lease is enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the terms of this Lease by the Trustee does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitute a default under any of the foregoing or, except as specifically provided in this Lease or the Indenture, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Trustee.

(e) To the Trustee's knowledge, there is no litigation or proceeding pending or threatened against the Trustee or any other Person affecting the right of the Trustee to execute, deliver or perform its obligations under this Lease.

(f) The Trustee acknowledges and recognizes that this Lease will be terminated upon the occurrence of an Event of Nonappropriation, and that a failure by the District to appropriate funds in a manner that results in an Event of Nonappropriation is solely within the discretion of the Board.

Section 2.02. Representations, Covenants and Warranties by the District. The District represents, covenants and warrants that:

(a) The District is a political subdivision of the State duly organized and validly existing under the laws of the State.

(b) The District is authorized, under Section 22-32-110(1)(b), C.R.S., to lease the Leased Property from the Trustee and to execute, deliver and perform its obligations under this Lease.

(c) The lease of the Leased Property from the Trustee pursuant to this Lease serves a public purpose and is in the best interests of the District and its residents.

(d) The execution, delivery and performance of this Lease by the District have been duly authorized by the District.

(e) This Lease is enforceable against the District in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(f) The execution, delivery and performance of the terms of this Lease by the District does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitute a default under any of the foregoing or, except as specifically provided in this Lease or the Indenture, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the District.

(g) There is no litigation or proceeding pending or to the best of its knowledge threatened against the District or any other Person affecting the right of the District to execute, deliver or perform the obligations of the District under this Lease.

(h) The District will recognize economic and other benefits by the leasing of the Leased Property pursuant to this Lease; the Leased Property is, and any Leased Property substituted for any portion of the Leased Property will be, property that is necessary and essential to the District's purpose and operations; and the District expects that the Leased Property will adequately serve the needs for which it is being leased throughout the Scheduled Lease Term.

(i) The Base Rent payable in each Fiscal Year during the Scheduled Lease Term is not more than the fair value of the use of the Leased Property during such Fiscal Year. The Base Rent and Additional Rent payable in each Fiscal Year during the Scheduled Lease Term do not exceed a reasonable amount so as to place the District under an economic compulsion (i) to continue this Lease beyond any Fiscal Year, (ii) not to exercise its right to terminate this Lease at any time through an Event of Nonappropriation or (iii) to exercise any of its options to purchase the Leased Property hereunder. The Purchase Option Price is the District's best estimate of the fair purchase price of the Leased Property at the time of exercise of the District's option to purchase the Leased Property by paying the Purchase Option Price. The Scheduled Lease Term and the final maturity of the Certificates do not exceed the weighted average useful life of the Improvements. In making the representations, covenants and warranties set forth above in this subsection, the District has given due consideration to the Net Value of the Leased Property, the Leased Property Project, the purposes for which the Leased Property will be used by the District, the benefits to the District from the use of the Leased Property, the District's options to purchase the Leased Property hereunder, the right of the District to be paid an amount equal to the amount of General Obligation Debt Proceeds expended on the Leased Property pursuant to Section 12.03 hereof and Section 7.12 of the Indenture and the terms of this Lease governing the use of, and the District's options to purchase, the Leased Property.

(j) The District presently intends and expects to continue this Lease annually until title to the Leased Property is acquired by the District pursuant to this Lease; but this representation does not obligate or otherwise bind the District.

(k) The District is not aware of any current violation of any Requirement of Law relating to the Leased Property.

(l) The District has appropriated sufficient legally available moneys to pay the Base Rent payable in the current Fiscal Year and the Additional Rent estimated to be payable in the current Fiscal Year.

(m) The District acknowledges and represents that it is leasing the Leased Property pursuant to this Lease in "as is" condition and "with all faults" based entirely on the District's own use and investigation of the Leased Property, and the District is not relying upon, nor has the Trustee or any agents, employees or representative of the Trustee made, any representation, warranty, statement, promise or assurance of any kind or nature whatsoever relating to the Leased Property, including any representations, warranties, statements, promises or assurances with respect to habitability, suitability, fitness for a particular use or purpose and compliance with any applicable laws, codes, ordinances or regulations.

ARTICLE III

DEMISING CLAUSE; ENJOYMENT OF LEASED PROPERTY

Section 3.01. Demising Clause. The Trustee demises and leases the Leased Property to the District in accordance with the terms of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

Section 3.02. Enjoyment of Leased Property. The Trustee covenants that, during the Lease Term and so long as no Event of Default or Event of Nonappropriation shall have occurred, the District shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Trustee, except as expressly required or permitted by this Lease.

Section 3.03. No Merger. Anything to the contrary contained herein notwithstanding, the District and the Trustee intend and agree that the legal doctrine of merger shall have no application with respect to the District's leasehold interest in the Leased Property granted by this Lease and the rights to payment from proceeds from the sale, re-letting or other liquidation or disposition of the Leased Property granted for the benefit of the District in the Indenture and that neither the execution and delivery of this Lease or the Indenture by the parties thereto nor the exercise of any remedies under this Lease or the Indenture shall operate to terminate or extinguish this Lease or such rights granted by the Indenture, except as specifically provided herein and therein.

ARTICLE IV

LEASE TERM; TERMINATION OF LEASE

Section 4.01. Lease Term.

(a) The Lease Term shall be comprised of the Initial Term and successive one-year Renewal Terms, subject to subsection (b) of this Section.

(b) This Lease Term shall expire upon the earliest of any of the following events:

(i) the day on which the final Base Rent payment is scheduled to be paid in accordance with Exhibit B hereto;

(ii) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation has occurred;

(iii) the purchase of the Leased Property by the District pursuant to Section 9.01 hereof; or

(iv) termination of this Lease following an Event of Default in accordance with Section 12.02(a) hereof.

Section 4.02. Effect of Termination of Lease Term. Upon termination of the Lease Term:

(a) All unaccrued obligations of the District hereunder shall terminate, but all obligations of the District that have accrued hereunder prior to such termination shall continue until they are discharged in full; and

(b) If the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the District's right to possession of the Leased Property hereunder shall terminate and (i) the District shall, within 90 days, (A) vacate the Leased Property; and (B) execute all documents necessary to transfer the District's rights as lessee under this Lease to the Trustee; and (ii) if and to the extent the Board has appropriated funds for payment of Base Rent and Additional Rent payable during the Lease Term or, with respect to the District's use of the Leased Property, during the period between termination of the Lease Term and the date the Leased Property is vacated pursuant to clause (i), the District shall pay such Base Rent and Additional Rent in accordance with this Lease.

ARTICLE V

LEASED PROPERTY PROJECT

Section 5.01. Funding of Leased Property Project Account. On the Closing Date, $66,136,893.60 has been delivered to the Trustee by the Initial Purchasers. Of such amount:

(a) $6,968,588.33 has been deposited into the Interest Account in accordance with Section 3.01(b) of the Indenture;

(b) $453,305.27 has been deposited into the Costs of Issuance Account in accordance with Section 3.02(c) of the Indenture;

(c) $46,500,000.00 has been deposited into the Leased Property Project Account in accordance with Section 3.02(d) of the Indenture; and

(d) $12,215,000.00 will be delivered to the District.

Section 5.02. Leased Property Project Account. The District shall be authorized to withdraw moneys from the Leased Property Project Account to pay Costs of the Leased Property Project, subject to the other terms of this Lease and Section 3.02(d) of the Indenture.

Section 5.03. District's Obligations. The District shall promptly and with due diligence complete the Leased Property Project; provided, however, that, if the performance by the District of such obligations is delayed by Force Majeure, the period for the commencement or completion thereof shall be extended for a period equal to such delay.

Section 5.04. Plans and Specifications and Leased Property Project Budget.

(a) The District shall complete the Leased Property Project in accordance with the Specifications, as modified by any change orders as provided in subsection (b) of this Section, for Costs of the Leased Property Project that do not exceed the amount (the "Leased Property Project Budget") deposited into the Leased Property Project Account on the Closing Date (including any amounts immediately withdrawn therefrom to reimburse the District for payments of Costs of the Leased Property Project prior to the Closing Date), plus earnings on moneys in the Leased Property Project Account.

(b) The District at any time may change the Specifications or the Leased Property Project Budget by a change order only if: (i) the District has determined that the change order will not materially adversely affect the Net Value of the Leased Property or its intended use; and (ii) the changed Leased Property Project Budget can be funded from moneys in the Leased Property Project Account or other District moneys.

Section 5.05. Completion Date.

(a) The District shall use its best efforts to cause the Leased Property Project to be completed (the date on which the Leased Property Project has been completed is referred to as the "Completion Date") no later than the third anniversary of the date of this Lease. The Completion Date shall be deemed to have occurred when the District delivers a certificate to the Trustee stating that, to the best of the District's knowledge based upon the representations of the contractors, architects, engineers, vendors or other consultants and, except for any amounts estimated by the District to be necessary for payment of any Costs of the Leased Property Project not then due and payable, the Leased Property Project has been completed in accordance with the Specifications, and all costs relating to the Leased Property Project have been paid; provided, however, that the delivery of such certificate shall not, and such certificate may specifically state that it does not, prejudice any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

(b) If the Leased Property Project has not been completed by the date set forth in the first sentence of subsection (a) of this Section for any reason other than Force Majeure, the

District shall, within 15 days of such date, deliver to the Trustee and the Certificate Owners a plan to complete the Leased Property Project within six months after such date. If the District does not deliver such a plan to the Certificate Owners and the Trustee in accordance with the preceding sentence or if the District does deliver such a plan but does not complete the Leased Property Project in accordance with such plan, the Trustee, at the direction of the Certificate Owners, may, but shall not be required to, retain a Person other than the District to complete the Leased Property Project using moneys in the Leased Property Project Account in accordance with the provisions of the Indenture and, if moneys in the Leased Property Project Account are not sufficient, may recover from the District all reasonable costs incurred by or on behalf of the Trustee in completing the Leased Property Project from moneys in the Leased Property Project Account.

Section 5.06. General Contractor Guarantees. The District shall cause each General Contractor that is responsible for the Leased Property Project to bond or otherwise to guarantee all work performed on its behalf or by it against defective workmanship and materials in accordance with industry standards for such bonds or guarantees. The District shall assign to the Trustee any guarantee of workmanship and materials which it may receive but shall retain the right to enforce such guarantee directly.

Section 5.07. Performance and Payment Bonds. The District shall require that each General Contractor that is responsible for any portion of the Leased Property Project provide a performance bond and a separate labor and material payment bond, which shall (a) be executed by a corporate surety licensed to transact business in the State, (b) be in customary form, (c) be in the amount payable to such General Contractor pursuant to its Leased Property Project Contract and (d) be payable to the District. If, at any time prior to completion of the work covered by any such bond, the surety shall be disqualified from doing business within the State, a new bond shall be provided from an alternate surety licensed to transact business in the State. The amount of each bond shall be increased or decreased, as appropriate, to reflect change orders under Section 5.04(b) hereof. The District hereby assigns its rights to any proceeds under such bonds to the Trustee. A copy of each such bond and all modifications thereto shall be furnished to the Trustee upon its request.

Section 5.08. Builder's Risk Insurance. At all times prior to the Completion Date, the District shall maintain "Builder's Risk" insurance with respect to the Leased Property Project that is written on an "all risk" basis and provided by an insurer acceptable to the District. The Builder's Risk insurance shall have minimum limits of 100% of the estimated completed value of the Leased Property Project at the time of any loss. The District shall provide the Trustee a certificate of insurance prior to the release of any funds from the Leased Property Project Account for payment of Costs of the Leased Property Project. The District shall provide the Trustee a copy of the policy upon request. The policy shall, by endorsement, name-the Trustee as an additional insured and as a loss payee. Such policy shall contain a waiver of subrogation by the issuer of such policy with respect to the Trustee and its officers, agents and employees while acting within the scope of their employment.

Section 5.09. Commercial General Liability Insurance. The District shall require that each General Contractor and Subcontractor procure and maintain standard form commercial general liability insurance, at the General Contractor's or Subcontractor's own cost and expense, as applicable, during the duration of such General Contractor's or Subcontractor's Leased Property Project Contract, in the amount of at least $10,000,000 (for each General Contractor) and at least $1,000,000 (for each Subcontractor). Each such policy shall include the Trustee as an additional insured and shall provide completed operations coverage for the General Contractor or Subcontractor, as applicable, as the named insured and for the Trustee as an additional insured. Each policy shall include a provision prohibiting cancellation, termination or alteration without 30 days' prior notice by certified mail to the Trustee. Each policy shall limit any deductible or self-insured retention to no more than $50,000 without the Trustee's consent and shall provide that the General Contractor or Subcontractor, as applicable, shall be solely responsible for the payment of any such deductible or self-insured retention. The District shall provide the Trustee a certificate of insurance evidencing such insurance for each General Contractor and Subcontractor prior to the commencement of any Leased Property Project Contract, and shall provide the Trustee a copy of any policy of any General Contractor or Subcontractor upon the Trustee's request. Such insurance shall provide protection from all claims for bodily injury, including death, property damage and contractual liability.

Section 5.10. Workers' Compensation Insurance. The District shall require that each Subcontractor that is responsible for any portion of the Leased Property Project procure and maintain, at his own cost and expense, workers' compensation insurance during the term of its contract, covering all persons working under its Leased Property Project Contract in an amount equal to the then current Colorado statutory limit. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled, terminated or altered without 30 days' prior written notice to the Trustee. A certificate issued by the State Compensation Insurance Fund evidencing such coverage shall be provided to the Trustee at its request, or if such insurance is provided by a private carrier, a completed certificate of insurance shall be provided to the Trustee at its request, with respect to each Subcontractor.

Section 5.11. Proceeds of Certain Insurance Policies and Performance Bonds. The Net Proceeds of any performance or payment bond or insurance policy and any Net Proceeds received as a consequence of default under any Leased Property Project Contract, shall be deposited into the Leased Property Project Account if received prior to the Completion Date. Any such Net Proceeds received after the Completion Date shall be deposited into a special trust fund held by the Trustee and applied to repair, restore, modify, improve or replace the affected portion of the Leased Property to cure any defect resulting from the action that gave rise to the receipt of such Net Proceeds and, upon the written certification of the District that the defect has been cured or that no cure is required shall, be deposited into the Principal Account.

Section 5.12. Assignment of Rights Under General Contracts. The District hereby assigns to the Trustee, and each General Contract shall expressly provide that the Trustee shall have, the right to enforce any General Contract against the General Contractor following termination of this Lease or the occurrence of an Event of Default or Event of Nonappropriation.

Section 5.13. Costs of the Leased Property Project in Excess of Moneys in Leased Property Project Account. The District represents that, in the opinion of the District, the Costs of the Leased Property Project will not exceed the sum of the amount deposited into the Leased Property Project Account on the date hereof and the earnings expected to be received from the investment of the moneys in the Leased Property Project Account. If the District at any time determines that the Costs of the Leased Property Project exceed the moneys in the Leased Property Project Account, the District shall do one or a combination of the following: (i) modify the Specifications so that the Costs of the Leased Property Project do not exceed the moneys in the Leased Property Project Account; and/or (ii) pay a portion of such costs from other District moneys.

ARTICLE VI

BASE RENT AND ADDITIONAL RENT; EVENT OF NONAPPROPRIATION

Section 6.01. Payment of Base Rent.

(a) The District shall, subject only to the other Sections of this Article, pay Base Rent from funds legally available for such purpose directly to the Trustee during the Lease Term in immediately available funds on the Base Rent Payment Dates set forth in Exhibit B hereto; provided that there shall be credited against the amount of Base Rent payable on any Base Rent Payment Date the amount on deposit in the Certificate Fund representing (i) earnings from the investment of moneys in the Certificate Fund, (ii) moneys transferred to the Certificate Fund from the Leased Property Project Account pursuant to the Indenture and (iii) moneys delivered to the Trustee by the District or any other Person that are accompanied by instructions to apply the same to the payment of Base Rent or to deposit the same in the Certificate Fund. Not less than five Business Days prior to each Base Rent Payment Date, the Trustee shall notify the District as to the exact amounts that will be credited against the Base Rent due on such date. If further amounts that are to be credited against Base Rent accrue during such five-Business Day period, such amounts shall be carried over to be applied as a reduction of the Base Rent payable on the next succeeding Base Rent Payment Date.

(b) A portion of each payment of Base Rent is paid as, and represents payment of, interest, and Exhibit B hereto sets forth the interest component of each payment of Base Rent.

(c) Upon receipt by the Trustee of each payment of Base Rent, the Trustee shall apply the amount of each Base Rent payment when received in the following manner and order: (A) first, the amount of such payment of Base Rent paid as interest shall be deposited in the Interest Account of the Certificate Fund; and, (B) second, the remaining portion of such payment of Base Rent shall be deposited in the Principal Account of the Certificate Fund.

(d) The Base Rent set forth in Exhibit B hereto shall be recalculated by the District and confirmed by the Trustee in the event of any partial redemption of the Certificates prior to maturity, as provided in Article IV of the Indenture.

(e) Notwithstanding the foregoing provisions of this Section, but subject to the other provisions of this Article, all Base Rent payable with respect to the Leased Property shall be payable not later than September 30 of any Fiscal Year during the Lease Term as set forth in Exhibit B hereto.

Section 6.02. Payment of Additional Rent. The District shall, subject only to Sections 7.01(b) and 8.02(b) hereof and the other Sections of this Article, pay, from funds legally available for such purpose, Additional Rent directly to the Persons to which they are owed in immediately available funds in the amounts and on the dates on which they are due.

Section 6.03. Unconditional Obligations. The obligation of the District to pay Base Rent during the Lease Term shall, subject only to the other Sections of this Article, and the obligation of the District to pay Additional Rent during the Lease Term shall, subject to Sections 7.01(b) and 8.02(b) hereof and the other Sections of this Article, including, without limitation, Sections 6.04 and 6.05 hereof, be absolute and unconditional and shall not be abated or offset for any reason related to the Leased Property. Notwithstanding any dispute between the District and the Trustee or between the District or the

Trustee and any other Person relating to the Leased Property, the District shall, during the Lease Term, make all payments of Base Rent and Additional Rent when due; the District shall not withhold any Base Rent or Additional Rent payable during the Lease Term pending final resolution of such dispute and shall not assert any right of set-off or counter-claim against its obligation to pay Base Rent or Additional Rent; provided, however, that the making of any Base Rent or Additional Rent payment shall not constitute a waiver by the District of any rights, claims or defenses which the District may assert; and no action or inaction on the part of the Trustee shall affect the District's obligation to pay Base Rent or Additional Rent during the Lease Term.

Section 6.04. Event of Nonappropriation.

(a) The officer of the District who is responsible for formulating budget proposals with respect to payments of Base Rent and Additional Rent is hereby directed (i) to estimate the Additional Rent payable in the next ensuing Fiscal Year prior to the submission of each annual budget proposal to the Board during the Lease Term and (ii) to include in each annual budget proposal submitted to the Board during the Lease Term the entire amount of Base Rent scheduled to be paid and the Additional Rent estimated to be payable during the next ensuing Fiscal Year; it being the intention of the District that any decision to continue or to terminate this Lease shall be made solely by the Board, in its sole discretion, and not by any other department, agency or official of the District.

(b) An Event of Nonappropriation shall be deemed to have occurred:

(i) On June 30 of any Fiscal Year if the District has, on such date, failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rent scheduled to be paid and all Additional Rent estimated to be payable in the next ensuing Fiscal Year; or

(ii) If:

(A) an event described in Section 8.06(a) hereof has occurred;

(B) the Net Proceeds received as a consequence of an event described in Section 8.06(a) hereof are not sufficient to repair, restore, modify, improve or replace the Leased Property in accordance with Section 8.06 hereof; and

(C) the District has not appropriated amounts sufficient to proceed under Section 8.06(c)(i) hereof by June 30 of the Fiscal Year in which such event occurred or by June 30 of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve or replace the Leased Property becomes apparent, on June 30 of the Fiscal Year in which such event occurred or on June 30 of any subsequent Fiscal Year in which such insufficiency became apparent, as applicable.

(c) In the event the District shall determine to exercise its annual right to terminate this Lease effective on June 30 of any Fiscal Year, the District shall give written notice to such effect to the Trustee not later than April 1 of such Fiscal Year; provided, however, that a failure to give such notice shall not (i) constitute an Event of Default, (ii) prevent the District from terminating this Lease by failing to appropriate or (iii) result in any liability on the part of the District.

(d) The District shall furnish the Trustee with copies of all appropriation measures relating to Base Rent, Additional Rent or the Purchase Option Price and a certificate from a District Representative stating that all appropriations for Base Rent and Additional Rent have or have not been made for the ensuing Fiscal Year, promptly upon the adoption of such appropriation measures by the Board, but not later than 30 days following the adoption thereof by the Board, or in the case of a certificate stating that such appropriations have not been made, not later than the last day of the then current Fiscal Year; provided however, that a failure to furnish copies of such measures shall not (i) constitute an Event of Default, (ii) prevent the District from terminating this Lease or (iii) result in any liability on the part of the District.

(e) Notwithstanding subsection (b) of this Section, the Trustee may waive any such failure to appropriate under subsection (b) of this Section which is cured by the District within a reasonable time.

Section 6.05. Limitations on Obligations of the District.

(a) Payment of Base Rent and Additional Rent by the District shall constitute currently appropriated expenditures of the District and may be paid from any legally available funds of the District.

(b) The District's obligations under the Lease shall be subject to the District's annual right to terminate this Lease upon the occurrence of an Event of Nonappropriation.

(c) No provision of the Certificates, the Indenture or this Lease shall be construed or interpreted (i) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the District; (iv) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

(d) The District shall be under no obligation whatsoever to exercise its option to purchase the Leased Property.

(e) No provision of this Lease shall be construed to pledge or to create a lien on any class or source of moneys of the District, nor shall any provision of this Lease restrict the future issuance of any obligations of the District, payable from any class or source of moneys of the District except as specifically set forth herein.

ARTICLE VII

OPERATION AND MAINTENANCE OF LEASED PROPERTY

Section 7.01. Taxes, Utilities and Insurance.

(a) The District shall pay, as Additional Rent, all of the following expenses with respect to the Leased Property:

(i) all taxes, assessments and other charges lawfully made by any governmental body, provided that any such taxes, assessments or other charges that may lawfully be paid in installments may be paid in installments as such installments are due;

(ii) all gas, water, sewer, steam, electricity, heat, power and other utility charges incurred in connection with the Leased Property;

(iii) commercial property insurance with respect to the Leased Property in an amount equal to the lesser of: (A) the principal amount of all Certificates Outstanding or (B) the full replacement value of the Improvements; and

(iv) public liability insurance with respect to the activities to be undertaken by the District in connection with the Leased Property, the Leased Property Project and this Lease: (A) to the extent such activities result in injuries for which immunity is available under Section 24-10-114, C.R.S. or any successor statute, in an amount not less than the amounts for which the District may be liable to third parties thereunder and (B) for all other activities, in an amount not less than $1,000,000 per occurrence.

(b) Except for Permitted Encumbrances, the District shall not allow any liens for taxes, assessments, other governmental charges or utility charges to exist with respect to any portion of the Leased Property. If the District shall first notify the Trustee of the intention of the District to do so, the District may, however, in good faith contest any such tax, assessment, other governmental charge or utility charge and, in the event of any such contest, may permit the tax, assessment, other governmental charge or utility charge 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 Independent Counsel, whose fees and expenses shall be paid by the District from Additional Rent appropriated for the Fiscal Year in which such fees and expenses are due, by nonpayment of any such item the interest of the Trustee in the Leased Property will be materially interfered with or endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, in which event such tax, assessment, other governmental charge or utility charge shall be paid forthwith; provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, other governmental charge or utility charge. At the request of the District, the Trustee will cooperate fully with the District in any such contest.

(c) The insurance policies provided pursuant to subsections (a)(iii) and (a)(iv) of this Section may be provided by one or more private or public insurance companies or organizations, by the School Districts Self-Insurance Pool, or through a self-insurance program, subject to the following conditions:

(i) If the insurance is provided by a private or public insurance company or organization:

(A) the insurance policy (1) shall have a deductible or self-insurance retention clause in an amount not in excess of the amounts reasonably expected to be available to the District to pay such deductible or self-insurance in the event of an insured event, (2) for liability policies, shall name the District and the Trustee as insureds or additional insureds, (3) for commercial property policies, shall be so written or endorsed as to make losses, if any, payable to, the Trustee, (4) shall explicitly waive any co-insurance penalty, and (5) shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the District or the Trustee without first giving written notice thereof to the District and the Trustee at least 10 days in advance of such cancellation or modification;

(B) a certificate evidencing the continuation of such insurance shall be provided to the Trustee annually and copies of any new insurance policies shall be provided to the Trustee and the Certificate Owners within 30 days of purchase or renewal or upon request by the Trustee or the Certificate Owners;

(C) full payment of insurance proceeds under any commercial property policy up to the dollar limit required by subsection (a)(iii) of this Section in connection with damage to the Leased Property shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the District or the Trustee and if the total dollar amount of insurance proceeds is insufficient to repair or replace all insured property, such proceeds shall first be applied as provided in Section 8.06(c) hereof; and

(D) each such insurance policy shall be provided by a commercial insurer rated “A” or higher by S&P; and

(ii) If the insurance is provided by the School District’s Self Insurance Pool or through a self-insurance program maintained by the District:

(A) a consultant selected by the District (an “Insurance Consultant”) shall initially and annually, within 60 days after the end of each Fiscal Year, certify to the Trustee that (1) the reserves supporting such pool or self-insurance program, as applicable, are held by an independent custodian and are adequate for the purposes of such program, taking into account the replacement value of the Improvements included in the Leased Property for such Fiscal Year; and (2) such pool or self-insurance program, as applicable, is maintained on an actuarially sound basis; and

(B) in the event the pool or self-insurance program, as applicable, is discontinued, the actuarial soundness thereof, as established annually by such Insurance Consultant, shall be maintained.

(d) The District shall cause an Insurance Consultant to annually, within 60 days after the end of each Fiscal Year, review the coverage of the policies of insurance maintained pursuant to this Section and to make recommendations thereon to the District, with copies to Trustee, and the District shall comply with such recommendations.

Section 7.02. Maintenance and Operation of Leased Property. The District shall maintain, preserve and keep the Leased Property, or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, subject to normal wear and tear, shall operate the Leased Property, or cause the Leased Property to be operated, in an efficient manner and at a reasonable cost, and shall make or cause to be made all necessary and proper repairs, except as otherwise provided in Sections 8.05 and 8.06 hereof.

ARTICLE VIII

OWNERSHIP, ENCUMBRANCES, MODIFICATIONS OR ADDITIONS TO LEASED PROPERTY; DAMAGE OR CONDEMNATION OF LEASED PROPERTY

Section 8.01. Rights in the Leased Property. The Leased Property shall be held in the name of the Trustee, subject to this Lease, until the Leased Property is transferred or otherwise disposed of as provided herein, and the District shall have no right, title or interest in the Leased Property except as expressly set forth herein.

Section 8.02. Limitations on Disposition of and Encumbrances on Leased Property.

(a) Except as otherwise permitted in this Article or Article IX or XII hereof and except for Permitted Encumbrances, (i) neither the Trustee nor the District shall sell, assign, transfer or convey any portion of or any interest in the Leased Property or directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and (ii) the District shall promptly take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) Notwithstanding subsection (a) of this Section, if the District shall first notify the Trustee of the intention of the District to do so, the District may in good faith contest any such mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and in the event of any such contest, may permit the item 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 Independent Counsel, whose fees shall be paid by the District as Additional Rent, by failing to discharge or satisfy such item the interest of the Trustee in the Leased Property will be materially interfered with or endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event such item shall be satisfied and discharged forthwith; provided, however, that such satisfaction and discharge shall not constitute a waiver by the District of the right to continue to contest such item. At the request of the District, the Trustee will cooperate fully with the District in any such contest.

Section 8.03. Granting of Easements.

(a) As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the Trustee shall, at the request of the District:

(i) consent to the grant of easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the real property included in the Leased Property, free from this Lease and any security interest or other encumbrance created hereunder or under the Indenture;

(ii) consent to the release of existing easements, licenses, rights-of-way and other rights or privileges with respect to the Leased Property, free from this Lease and any security interest or other encumbrance created hereunder or thereunder, with or without consideration; and

(iii) execute and deliver any instrument necessary or appropriate to confirm and grant or release any easement, license, right-of-way or other grant or privilege under subsection (a) or (b) of this Section, following receipt of: (i) a copy of the instrument of grant or release; and (ii) a written application signed by the District Representative requesting such instrument and stating that such grant or release will not materially adversely affect the Net Value, or interfere with the effective use or operation, of the Leased Property.

(b) Nothing in this Section is intended to require that any proceeds from the grant of any easement, license, right-of-way and other right and privilege be paid to the Trustee.

Section 8.04. Subleasing by the District. The District may sublease or grant the right to use or otherwise permit other Persons to use all or any portion of the Leased Property for other purposes; provided, however, this Lease, and the obligations of the District hereunder, shall remain obligations of the District, and the District shall maintain its direct relationship with the Trustee, notwithstanding any such sublease, grant or use; and further provided that, unless otherwise consented to by the Trustee, any such sublease shall provide that it will terminate in the event this Lease terminates for any reason.

Section 8.05. Modification and Substitution of Leased Property. The District, at its own expense, may remodel, or make substitutions, additions, modifications or improvements to, the Leased Property or any portion thereof, provided that: (a) such remodeling, substitutions, additions, modifications and additions shall become part of the Leased Property; (b) the Net Value of the Leased Property after such remodeling, substitutions, additions, modifications and additions shall, in the reasonable judgment of the District, be at least as great as the Net Value of the Leased Property prior thereto; (c) the Leased Property or such portion thereof, after such substitutions, remodeling, additions, modifications and additions, shall continue to be used as provided in, and shall otherwise be subject to the terms of, this Lease; and (d) to the extent such remodeling, additions, modifications or improvements are paid for from General Obligation Debt Proceeds, 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 Section 10.06 hereof.

Section 8.06. Damage to, Condemnation of, Material Defect in or Loss of Title to Leased Property.

(a) If (i) the Leased Property (or any portion thereof) is destroyed or damaged by fire or other casualty, (ii) title to, or the temporary or permanent use of, the Leased Property (or any portion thereof) or the estate of the District or the Trustee in the Leased Property (or any portion thereof), is taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, (iii) a breach of warranty or any material defect with respect to the Leased Property (or any portion thereof) becomes apparent or (iv) title to or the use of the Leased Property (or any portion thereof) is lost by reason of a defect in the title thereto, then, the Net Proceeds of any insurance, performance bond or condemnation award or the Net Proceeds received as a consequence of any default or breach of warranty under any contract relating to the Leased Property shall be deposited into the Leased Property Project Account if received prior to the Completion Date or if received on or after the Completion Date shall be deposited into the special trust fund held by the Trustee.

(b) If the costs of the repair, restoration, modification, improvement or replacement of the Leased Property following an event described in subsection (a) of this Section are equal to or less than the Net Proceeds available, such Net Proceeds shall be used promptly to repair, restore, modify, improve or replace the Leased Property (or portion thereof) and any excess shall be deposited into the Principal Account and used as provided in the Indenture.

(c) If the costs of the repair, restoration, modification, improvement or replacement of the Leased Property following an event described in subsection (a) of this Section are more than the amount of Net Proceeds available, then:

(i) the District may elect either:

(A) to use the Net Proceeds promptly to repair, restore, modify or improve or replace the Leased Property (or portion thereof) with property of a Net Value equal to or in excess of the Net Value of the Leased Property (or applicable portion thereof) prior to the event described in subsection (a) of this Section, and pay (subject to Article V hereof) as Additional Rent the costs thereof in excess of the amount of the Net Proceeds; or

(B) to pay (subject to Article VI hereof) the Purchase Option Price, in which case the Net Proceeds shall be delivered to the District.

(ii) If, by June 30 of the Fiscal Year in which the event described in subsection (a) of this Section occurred (or June 30 of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve or replace the Leased Property becomes apparent), the District has not appropriated amounts sufficient to proceed under either clause (i)(A) or (B) of this subsection, an Event of Nonappropriation shall be deemed to have occurred.

(d) The District shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to default or breach of warranty under any contract relating to the Leased Property such that the Net Proceeds resulting from such action will be less than the related costs of repair, restoration, modification, improvement or replacement of the Leased Property without the written consent of the Certificate Owners of a majority in principal amount of the Certificates then Outstanding.

(e) No event described in subsection (a) of this Section shall affect the obligation of the District to pay Base Rent or Additional Rent hereunder, regardless of whether the Leased Property is repaired, modified, improved or replaced in full or in part, subject, however, to Article VI hereof.

Section 8.07. Condemnation by District. The District agrees that, to the extent permitted by law, in the event it brings an eminent domain or condemnation proceeding with respect to all or any portion of the Leased Property, the appraised value of the condemned portion of the Leased Property shall be not less than the greater of (a) if the Certificates are then subject to redemption under the Indenture, the Redemption Price of the Certificates that are attributable to the condemned portion of the Leased Property, plus any fees and expenses of the Trustee required for the conveyance of such condemned portion of the Leased Property and the payment, redemption or defeasance of the Certificates (including other fees and expenses and payable by the Trustee under the Indenture), or (b) if the Certificates are not then subject to redemption, the amount necessary to defease the Certificates attributable to the condemned portion of the Leased Property to the first date on which the Certificates are subject to redemption under the Indenture, plus any fees and expenses of the Trustee required for the conveyance of such condemned portion of the Leased Property and the payment, redemption or defeasance of the Certificates (including other fees and expenses and payable by the Trustee under the Indenture).

Section 8.08. Personal Property of the District. The District, at its own expense, may install equipment and other personal property in or on the Leased Property, which equipment or other personal property shall not become part of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

ARTICLE IX

THE DISTRICT'S PURCHASE OPTION; RELEASE OF PORTIONS OF THE LEASED PROPERTY

Section 9.01. District's Purchase Option. The District is hereby granted the option to purchase the Leased Property by paying: (a) an amount (the "Purchase Option Price") to the Trustee which, together with other amounts then on deposit in the Certificate Fund and the Leased Property Project Account that are available for such purpose, is sufficient to pay all the Outstanding Certificates at maturity, to redeem all the Outstanding Certificates in accordance with the redemption provisions of the Indenture or to defease all the Outstanding Certificates in accordance with the defeasance provisions of the Indenture; and (b) all Additional Rent payable through the date of conveyance of the Leased Property to the District or its designee pursuant to this Article, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the Leased Property and the payment or redemption of the Certificates.

Section 9.02. Exercise of District's Purchase Option.

(a) The District may exercise its option to purchase the Leased Property pursuant to Section 9.01 hereof by: (i) giving written notice to the Trustee prior to the end of the Scheduled Lease Term (A) stating that the District intends to purchase the Leased Property pursuant to Section 9.01 hereof, (B) identifying the source of funds it will use to pay the Purchase Option Price, and (C) specifying a closing date for such purpose which is at least 30 and no more than 90 days after the delivery of such notice; and (ii) paying the Purchase Option Price to the Trustee in immediately available funds on the closing date.

(b) Upon payment of the Purchase Option Price to the Trustee pursuant to subsection (a) of this Section and payment of all Additional Rent payable through the date of transfer and conveyance of the Leased Property to the District, the Trustee shall, at the request of the District, execute and deliver to the District or its designee all necessary documents assigning, transferring and conveying to the District or its designee the same ownership in the Leased Property that was conveyed to the Trustee in its then "as is" condition and with no cost to the Trustee or the Certificate Owners, subject only to the following: (i) Permitted Encumbrances, other than this Lease and the Indenture; (ii) all liens, encumbrances and restrictions created or suffered to exist by the Trustee as required or permitted by this Lease or arising as a result of any action taken or omitted to be taken by the Trustee as required or permitted by this Lease; (iii) any lien or encumbrance created or suffered to exist by action of the District; and (iv) those liens and encumbrances (if any) to which the Leased Property was subject when acquired by the Trustee.

Section 9.03. Transfer of Leased Property to the District at End of Scheduled Lease Term. If all Base Rent scheduled to be paid through the end of the Scheduled Lease Term and all Additional Rent payable through the date of transfer and conveyance of the Leased Property to the District pursuant to this Section shall have been paid, the Leased Property shall be assigned, transferred and conveyed to the District at the end of the Scheduled Lease Term in the manner described in Section 9.02(b) hereof without any additional payment by the District.

Section 9.04. Release of Portions of the Leased Property

(a) When the principal component of Base Rent paid by the District, plus the principal amount of any Certificates redeemed through optional redemption, or the total principal amount of Certificates paid or deemed to be paid pursuant to Article XII of the Indenture, equals the applicable amount set forth in Exhibit D hereto, and all Additional Rent then due and owing from the District to the Trustee shall have been paid by the District, the cost of the corresponding portion of the Leased Property set forth in Exhibit D shall be deemed to have been fully amortized and the Trustee shall release such portion of the Leased Property from this Lease and the lien of the Indenture.

(b) Upon a release of a portion of the Leased Property pursuant to this Section, the Trustee shall execute and deliver to the District or its designee all necessary documents assigning, transferring and conveying to the District or its designee the same title in the Leased Property that was conveyed to the Trustee, subject only to the items described in Section 9.02(b) hereof.

ARTICLE X

GENERAL COVENANTS

Section 10.01. Further Assurances and Corrective Instruments. So long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the Trustee and the District shall have full power to carry out the acts and agreements provided herein and the District and the Trustee, at the written request of the District, shall from time-to-time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Lease.

Section 10.02. Tax Covenant of the District. The District will not use or permit others to use the Leased Property in a manner that would cause the portion of the Base Rent payments that is designated and paid as interest to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (except, with respect to corporations, as such interest is required to be taken into account in determining “adjusted current earnings” for the purpose of computing the alternative minimum tax imposed on such corporations).

Section 10.03. Compliance with Requirements of Law. On and after the date hereof, neither the District nor the Trustee shall take any action that violates the terms hereof or is contrary to the provisions of any Requirement of Law in performing their respective obligations with respect to the Leased Property hereunder, provided that the Trustee shall have no obligation to monitor the District’s compliance with such covenant. Without limiting the generality of the preceding sentence, the District shall use the Leased Property in a manner such that (a) the Leased Property at all times is acquired, constructed, equipped and operated in material compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the District's acquisition, construction, equipping and use of the Leased Property are obtained, maintained in full force and effect and complied with; (c) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, et seq., any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq., any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Leased Property in such manner as would constitute a material violation of any Requirements of Law; (d) there shall be no disposal of any of the items referred to in clause (c) on, from, into or out of the Leased Property in material violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any of the items referred to in clause (c) into the indoor or outdoor environment from, into or out of the Leased Property including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in material violation of any Requirements of Law.

Section 10.04. Participation in Legal Actions.

(a) At the request of and at the cost of the District (payable as an Additional Rent hereunder), the Trustee shall join and cooperate fully in any legal action in which the District asserts its right to the enjoyment of the Leased Property that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the District's enjoyment of the Leased Property for which the District is responsible hereunder, or that involves the imposition of any charges, costs or other obligations with respect to the District's execution, delivery and performance of its obligations hereunder.

(b) At the request of the Trustee and upon a determination by the District that such action is in the best interests of the District, the District shall, at the cost of the District (payable as an Additional Rent hereunder), join and cooperate fully in any legal action in which the Trustee asserts its ownership of or interest in the Leased Property that involves the imposition of any charges, costs or other obligations on or with respect to the Leased Property for which the Trustee is responsible hereunder, or that involves the imposition of any charges, costs or other obligations with respect to the execution and delivery of this Lease by the Trustee or the performance of its obligations hereunder.

Section 10.05. Payment of Fees and Expenses of the Trustee. The District shall pay as Additional Rent the reasonable fees and expenses payable to the Trustee pursuant to Section 6.09 of the Indenture.

Section 10.06. General Obligation Debt Proceeds Expended on Leased Property. The District Representative has, upon the execution and delivery of this Lease, delivered a written certificate to the Trustee setting forth the amount of General Obligation Debt Proceeds expended on 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, as of June 30 of the preceding Fiscal Year (the "Certification Date"): (a) the total General Obligation Debt Proceeds expended on the Leased Property; (b) the amount amortized or repaid on the debt from which such expended General Obligation Debt Proceeds are derived; and (c) the amount of decrease or increase in General Obligation Debt Proceeds which occurred as a result of any defeasances or refundings of the general obligation debt from which the General Obligation Debt

Proceeds are derived. 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 shall be dispositive, absent manifest error, as to the amount of General Obligation Debt Proceeds that have been expended on the Leased Property as of the Certification Date. Upon request by the Trustee during any Fiscal Year, the District shall update the most recent certification to the most current date possible to reflect any additions or subtractions to the General Obligation Debt Proceeds which have occurred since the Certification Date. In addition, upon request by the Trustee, the District shall provide such calculations and documentation as may be reasonably required in order for the Trustee to verify the District's calculation of General Obligation Debt Proceeds.

Section 10.07. Payments to Rebate Fund. The District shall pay to the Trustee as Additional Rent all amounts required to be deposited into the Rebate Fund as and when required by the Indenture.

Section 10.08. Investment of Funds.

(a) By authorizing the execution and delivery of this Lease, the District specifically authorizes the investment of moneys held by the Trustee in Permitted Investments (as defined in the Indenture) where the period from the date of purchase thereof to the maturity date is in excess of five years.

(b) The District shall not direct the Trustee pursuant to the Indenture to make any deposit or investment of any moneys in any fund or account created thereunder which shall interfere with or prevent withdrawals for payment of the Certificates.

(c) The District shall not direct the Trustee to make any deposit or investment in violation of its covenant in Section 10.02 hereof.

ARTICLE XI

LIMITS ON OBLIGATIONS OF THE TRUSTEE

THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. IN NO EVENT SHALL THE TRUSTEE BE LIABLE FOR ANY DIRECT OR INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR USE BY THE DISTRICT OF ANY ITEM, PRODUCT OR SERVICE PROVIDED FOR HEREIN.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.01. Events of Default Defined.

(a) Any of the following shall constitute an "Event of Default" under this Lease:

(i) failure by the District to pay any appropriated Base Rent on or before the applicable Base Rent Payment Date; provided, however, that a failure by the District to pay Base Rent on the applicable Base Rent Payment Date shall not constitute an Event of Default if such payment is received by the Trustee within five days following such Base Rent Payment Date;

(ii) failure by the District to pay when due any Additional Rent payable to the Trustee for which funds have been specifically appropriated, or failure to pay any Additional Rent payable to a Person other than the Trustee when nonpayment thereof has, or may have, a material adverse effect upon the Certificates, the Leased Property or the interest of the Trustee in the Leased Property;

(iii) failure by the District to vacate the Leased Property within 90 days following an Event of Nonappropriation in accordance with Section 4.02(b) hereof;

(iv) any sublease, assignment, encumbrance, conveyance or other transfer of the interest of the District in all or any portion of the Lease or the Leased Property in violation of Section 13.02(a) hereof;

(v) failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i), (ii), (iii) or (iv) above, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied shall be given to the District by the Trustee; provided, however, that if the failure stated in the notice cannot be corrected within such 60-day period, such period shall be extended so long as corrective action shall be instituted within such period and diligently pursued until the default is corrected; or

(vi) an order or decree by a court of competent jurisdiction declaring the District bankrupt under federal bankruptcy law or appointing a receiver of all or any material portion of the District's assets or revenues is entered with the consent or acquiescence of the District or is entered without the consent or acquiescence of the District but is not vacated, discharged or stayed within 30 days after it is entered.

(b) The provisions of subsection (a) of this Section are subject to the following limitations:

(i) the District shall be obligated to pay Base Rent and Additional Rent only during the Lease Term, except as otherwise expressly provided in Section 4.02(b)(ii) hereof; and

(ii) if, by reason of Force Majeure, the District shall be unable in whole or in part to carry out any agreement on its part herein contained, other than its obligation to pay Base Rent or Additional Rent hereunder, the District shall not be deemed in default during the continuance of such inability; provided, however, that the District shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the District from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the District.

Section 12.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee may take one or any combination of the following remedial steps, subject, however, to Section 12.04 hereof:

(a) terminate the Lease Term and give notice to the District to immediately vacate the Leased Property in the manner provided in Section 4.02(b) hereof;

(b) sell or otherwise dispose of or reenter and relet all or any portion of the Leased Property;

(c) recover from the District:

(i) the portion of Base Rent and Additional Rent payable pursuant to Section 4.02(b)(ii) hereof; and

(ii) the balance, if any, in the Leased Property Project Account, subject to the provisions of the Indenture.

(d) enforce any provision of this Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XIII hereof by specific performance, writ of mandamus or other injunctive relief; and

(e) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Lease, subject, however, to the limitations on the obligations of the District set forth in Sections 6.05 and 12.04 hereof and the limitations on the obligations of the Trustee set forth in Article X hereof.

Section 12.03. Application of Moneys Realized from Exercise of Remedies. Notwithstanding any other provision hereof, any moneys realized from the exercise of remedies on default pursuant to Section 12.02 hereof or remedies upon occurrence of an Event of Default or Event of Nonappropriation under the Indenture shall be applied as provided in Section 7.12 of the Indenture.

Section 12.04. Limitations on Remedies. A judgment requiring a payment of money may be entered against the District by reason of an Event of Default only as to the District's liabilities described in Section 12.02(c) hereof. A judgment requiring a payment of money may be entered against the District by reason of an Event of Nonappropriation, or a failure to vacate the Leased Property following an Event of Nonappropriation, only to the extent provided in Section 12.02(c) hereof.

Section 12.05. No Remedy Exclusive. Subject to Section 12.04 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall 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. In order to entitle the Trustee to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 12.06. Waivers.

(a) The Trustee may waive any Event of Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(b) In the event the Trustee waives any Event of Default described in Section 12.01(a) hereof, any subsequent payment by the District of Base Rent then due and owing shall be paid to the Trustee to be applied in accordance with the terms of the Indenture.

ARTICLE XIII

TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

Section 13.01. Trustee's Rights, Title and Interest in Trust for Benefit of Certificate Owners; Successor Trustee; Assignment by Trustee. The Trustee shall hold its interest in the Leased Property and its rights, title and interest in, to and under this Lease (other than the Trustee's rights to payment of its fees and expenses and the rights of third parties to Additional Rent payable to them) in trust for the benefit of the Certificate Owners pursuant to the Indenture. Any successor trustee under the Indenture shall automatically succeed to previous trustee's interest in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under this Lease. The Trustee shall not, except as provided in this Section or as otherwise provided elsewhere in this Lease or in the Indenture, assign, convey or otherwise transfer to any Person any of the Trustee's interest in the Leased Property or the Trustee's rights, title or interest in, to or under this Lease.

Section 13.02. Transfer of the District's Interest in Lease and Leased Property Prohibited.

(a) Except for Permitted Encumbrances, as otherwise permitted by Sections 8.02, 8.03, 8.04 or 8.05 hereof or subsection (b) of this Section or as otherwise required by law, the District shall not sublease, assign, encumber, convey or otherwise transfer all or any portion of its interest in this Lease or the Leased Property to any Person, whether now in existence or organized hereafter.

(b) Notwithstanding subsection (a) of this Section, the District may transfer its interest in the Leased Property after, and only after, this Lease has terminated and the Leased Property has been conveyed to the District pursuant to Article IX hereof following the payment of the Purchase Option Price or all Base Rent scheduled to be paid through the end of the Scheduled Lease Term, together with all other amounts required to be paid as a condition of such conveyance pursuant to Article IX hereof, and the payment or defeasance of all the Certificates in accordance with the Indenture.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the District and their respective successors and assigns, subject, however, to the limitations set forth in Article XIII hereof. This Lease and the covenants set forth herein are expressly intended to be covenants, conditions and restrictions running with the Leased Property and the leasehold estate in the Leased Property under this Lease.

Section 14.02. Indenture. The District has received a copy of, acknowledges the terms of, the Indenture and agrees to take the actions it is required to take under the Indenture. The District is not a party to and has no responsibility for and will incur no liability for any action or failure to act by the Trustee or the Certificate Owners under the Indenture, including but not limited to any failure by the Trustee to make payments to the Certificate Owners as and when required under the Indenture.

Section 14.03. Trustee and District Representatives. Whenever under the provisions hereof the approval of the Trustee or the District is required, or the District or the Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given by the Trustee by the Trustee Representative and for the District by the District Representative, and the District and the Trustee shall be authorized to act on any such approval or request.

Section 14.04. Manner of Giving Notices. All notices, certificates or other communications under this Lease shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the District, Denver Public Schools, 900 Grant Street, Denver, CO 80203, Attention: Chief Financial Officer, facsimile number: (720) 423-3229, electronic mail address: david_hart@dpsk12.org; if to the Trustee, to Wells Fargo Bank, National Association, Wells Fargo Bank, National Association, 1740 Broadway, MAC C7300-107, Denver, Colorado 80274, Attention: Debra Rayman, facsimile number: (303) 863-5645, electronic mail address: Debra.M.Rayman@wellsfargo.com. Any notice party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 14.05. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the District or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the District or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the District or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the District or the Trustee or any natural person executing this Lease or any related document or instrument.

Section 14.06. Governmental Immunity. This Lease is not intended, and shall not be construed, as a waiver of the limitations on damages or any of the privileges, immunities, or defenses provided to, or enjoyed by, the District and its past and current directors, officers, employees, volunteers and agents under common law or pursuant to statute, including but not limited to Section 24-10-101 et seq., C.R.S.

Section 14.07. Amendments, Changes and Modifications. Except as otherwise provided herein, this Lease may not be effectively amended, changed, modified or altered other than by the execution of a subsequent document in the same manner as this Lease is executed.

Section 14.08. Events Occurring on Days That Are Not Business Days. Whenever any payment or determination hereunder shall be stated to be due or made, as applicable, or the last day for performance of any act or the exercising of any right under this Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, and such extension of time shall, in the case of a payment, be included in the computation of the amount due and, in the case of a determination, be effective as if made on the stated date.

Section 14.09. Severability. In the event that any provision of this Lease, other than the obligation of the District to pay Base Rent or Additional Rent and the Purchase Option Price hereunder and the obligation of the Trustee to provide quiet enjoyment of the Leased Property and to convey the Leased Property to the District pursuant to Article IX hereof, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14.10. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

Section 14.11. Applicable Law. The laws of the State shall be applied in the interpretation, execution and enforcement of this Lease, except to the extent superseded by federal law.

Section 14.12. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the Trustee and the District have executed this Lease as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION, solely in its capacity as Trustee under the Indenture, as lessor

By ____
Authorized Signatory

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

By ____
President, Board of Education

Attest:

By ____
Secretary, Board of Education

[Signature Page to Lease Purchase Agreement]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of _________, 2013, by ____________ as an authorized signatory of Wells Fargo Bank, National Association.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 26th day of April, 2013, by Mary A. Seawell, as President, and ________________, as __________________, of the Board of Education of School District No. 1, in the City and County of Denver and State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

EXHIBIT A

DESCRIPTION OF THE ACQUIRED PROPERTY

[OMITTED FOR PURPOSES OF THIS OFFICIAL STATEMENT]
SEE "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES-
THE 2013C LEASED PROPERTY" IN THIS OFFICIAL STATEMENT]

EXHIBIT B

BASE RENT PAYMENT SCHEDULE

[OMITTED FOR PURPOSES OF THIS OFFICIAL STATEMENT]
SEE “SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES-BASE RENT, ADDITIONAL RENT AND PURCHASE OPTION PRICE” IN THIS OFFICIAL STATEMENT]

EXHIBIT C

SPECIFICATIONS

[OMITTED FOR PURPOSES OF THIS OFFICIAL STATEMENT]

EXHIBIT D

LEASED PROPERTY RELEASE SCHEDULE

[OMITTED FOR PURPOSES OF THIS OFFICIAL STATEMENT]
SEE "SECURITY AND SOURCES OF PAYMENT FOR THE 2013C CERTIFICATES-THE 2013C LEASED PROPERTY" IN THIS OFFICIAL STATEMENT]

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "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 the execution and delivery of the Certificates of Participation, Series 2013C, 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, as Lessee under a Lease Purchase Agreement (the "2013C Certificates"), in the aggregate principal amount of $58,740,000, evidencing proportionate and undivided interests in the right to receive certain revenues pursuant to a Lease Purchase Agreement, dated as of May 1, 2013 (the "2013C Lease"), by and between Wells Fargo Bank, National Association, as lessor, and the District, as lessee. The 2013C Certificates will be executed and delivered, secured and contain such other terms as will be provided in an Indenture of Trust, dated as of May 1, 2013 (the "2013C Indenture"), by Wells Fargo Bank, National Association, as 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 owners of the 2013C Certificates and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

Section 2. Definitions. In addition to the definitions set forth in the 2013C 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 hereof.

"*Dissemination Agent*" shall mean, initially, Digital Assurance Corporation, or any successor Dissemination Agent designated in writing by the District, including the District, and which has filed with the District a written acceptance of such designation.

"*Events*" shall mean any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through its Electronic Municipal Market Access (EMMA) system available on the Internet at www.emma.msrb.org.

"*Official Statement*" means the Official Statement dated April 24, 2013 delivered in connection with the original execution and delivery of the 2013C Certificates.

"*Participating Underwriter*" shall mean the original underwriters of the 2013C Certificates required to comply with the Rule in connection with an offering of the 2013C Certificates.

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, commencing nine (9) months following the end of the District's fiscal year ending June 30, 2013, 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 hereof. 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 hereof; provided that the audited financial statements of the District may be submitted separately from the other documents included in the Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a) of Section 3 hereof, the District shall, in a timely manner, send or cause to be sent to the MSRB, a notice in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) 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

(iii) 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 the District's annual financial statements prepared in accordance with generally accepted accounting principles as in effect from time to time audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) hereof, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided as soon as they are available.

(b) An update of the type of information identified in Exhibit B attached hereto, which is contained in certain tables in the Official Statement.

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 EMMA website or filed with the SEC. The District shall clearly identify each such document incorporated by reference.

Section 5. Reporting of Events.

(a) At any time the 2013C Certificates are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the District shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the 2013C Certificates:

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) 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 2013C Certificates, or other material events affecting the tax status of the 2013C Certificates;

(6) defeasances;

(7) rating changes;

(8) tender offers; and

(9) bankruptcy, insolvency, receivership, or similar event of the District.

For the purposes of the event identified in paragraph (5)(a)(9) hereof, the event is considered to occur when any of the following occur: (i) 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 officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) 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.

(b) At any time the 2013C Certificates are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the District shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the 2013C Certificates, if material:

(1) Unless described in paragraph 5(a)(5) hereof, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to

the tax status of the 2013C Certificates or other material events affecting the tax status of the 2013C Certificates;

(2) Modifications to rights of the Owners of the 2013C Certificates;

(3) Optional, unscheduled or contingent bond calls;

(4) Release, substitution or sale of property securing repayment of the 2013C Certificates;

(5) Non-payment related defaults;

(6) 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; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) At any time when the 2013C Certificates are outstanding and the Board, the Chief Financial Officer, or the Chief Operating Officer of the District obtains knowledge of the occurrence of an Event specified in paragraph 5(b) hereof, the District shall determine if such Event would constitute material information for owners of 2013C Certificates.

(d) If the District determines that knowledge of the occurrence of an Event specified in paragraph 5(b) hereof would be material, the District shall provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of such an Event specified in paragraph 5(b) hereof, a notice of such occurrence to the MSRB. Notwithstanding the foregoing, notice of Events described in Section 5(a)(6) or 5(b)(3) hereof need not be given under this subsection any earlier than notice (if any) of the underlying event is given to owners of affected 2013C Certificates pursuant to the 2013C Indenture.

Section 6. Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be effected by sending the filing or notice to the MSRB, in such designated electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate with respect to the 2013C Certificates shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the 2013C Certificates; (ii) the date that the District shall no longer constitute an "obligated person" with respect to the 2013C Certificates within the meaning of the Rule; and (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 2013C Certificates. The District shall file a notice of any such termination with the MSRB.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist the District in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the 2013C 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. In addition, this Disclosure Certificate may be amended if there is a change in legal requirements, law, or the identity, nature or status of the District, or type of business conducted; and the amendment does not materially impair the interest of owners of the 2013C Certificates, as determined either by parties unaffiliated with the District or by approving vote of owners of the 2013C Certificates. Written notice of any such amendment or waiver will be provided by the District to the MSRB, and the Annual Report shall include an explanation of the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The District shall provide notice of any 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 an Event or an event which is not an Event, in addition to that which is required by this Disclosure Certificate, provided that the District shall not be required to do so. If the District chooses to include any information in any Annual Report or notice of occurrence of an 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 an 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 2013C Certificates may take such actions as may be necessary and appropriate, including seeking mandamus 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 2013C INDENTURE OR THE 2013C 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 Underwriters and the holders and beneficial owners from time to time of the 2013C Certificates, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Continuing Disclosure Certificate this 1st day of May, 2013.

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

By: ____
President, Board of Education

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party:	School District No. 1, in the City and County of Denver and State of Colorado (the "District")
Name of Issue:	Certificates of Participation, Series 2013C, 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, as Lessee under a Lease Purchase Agreement
CUSIP:	24919P___
Date of Issuance:	May 1, 2013

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate executed on May 1, 2013, by the District. The District anticipates that the Annual Report will be filed by ______________________.

Dated: __________________

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

By: ____
Title: ____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See “INDEX OF TABLES” on page -iii- of the Official Statement.

APPENDIX E

FORM OF BOND COUNSEL OPINION

May 1, 2013

School District No. 1, in the City and
County of Denver and State of Colorado
Piper Jaffray & Co.
Stifel, Nicolaus & Company, Incorporated
Wells Fargo Bank, National Association, as trustee

$58,740,000
Certificates of Participation, Series 2013C
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
as Lessee under a Lease Purchase Agreement

Ladies and Gentlemen:

We have been engaged by School District No. 1, in the City and County of Denver and State of Colorado (the "District") to act as bond counsel in connection with the delivery of the captioned certificates (the "Certificates"). The Certificates are being delivered pursuant to an Indenture of Trust dated as of May 1, 2013 (the "Indenture") by Wells Fargo Bank, National Association, as trustee thereunder (the "Trustee"), and evidence proportionate and undivided interests in the right to receive certain revenues pursuant to a Lease Purchase Agreement dated as of May 1, 2013 (the "Lease") between the Trustee, as lessor, and the District, as lessee. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Lease and the Indenture.

We have examined the Constitution and laws of the State of Colorado; the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery of the Indenture by the Trustee and have relied upon, and assumed the correctness of the legal conclusions stated in, the opinion, dated the date hereof, of General Counsel to the District, including, but not limited to, the legal conclusions stated in such opinion as to the authorization, execution and delivery by the District of the Lease.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The District has the power to enter into and perform its obligations under the Lease.

2. The Lease has been duly authorized, executed and delivered and is a legal, valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Certificates evidence legal, valid and binding proportionate and undivided interests in the right to receive payments, as provided in the Certificates and the Indenture, from certain revenues under the Lease, including payments of Base Rent designated and paid as interest and principal, as provided in the Lease.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume the accuracy of certain representations and continuing compliance by the District and the Trustee with certain covenants designated to satisfy the requirements of the Code that must be met subsequent to the issuance of the Certificates. Failure to comply with such covenants could cause such interest on the Certificates to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Certificates. The District has covenanted in the Lease and the Tax Compliance Certificate executed and delivered in connection with the issuance of the Certificates and the Trustee has covenanted in the Lease and the Indenture to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Certificates, and we express no opinion as to the effect of any termination of the District's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination. We note, however, that the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the Lease, is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes).

5. Under existing State of Colorado statutes, to the extent the portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the Lease, is excludable from gross income for federal income tax purposes, such portion of the Base Rent paid by the District which is designated and paid as interest, as provided in the Lease, is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. We express no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State of Colorado or any other state or jurisdiction, and we express no opinion as to the effect of any termination of the District's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for State of Colorado income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

The rights of the Owners of the Certificates and the enforceability of the Certificates and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth above and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice as to the enforceability of the Lease or the Indenture against the Trustee; legal title to the Leased Property; the creditworthiness or financial condition of the District or the Trustee; the accuracy or completeness of the statements made in connection with the offer and sale of the Certificates; the compliance by the District or any other person with the Blue Sky or securities laws of any state; or the ability of the District to apply amounts on deposit in any particular fund or account of the District for the purpose of making payments under the Lease.

This opinion is given as of the date hereof and is based solely on the Constitution and laws of the State of Colorado, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 above, the other items described in the second paragraph hereof and the assumptions set forth herein; and we have no obligation to update or supplement this opinion based on or with respect to changes in any of such items or based on or with respect to other events or circumstances that occur after the date hereof.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

The delivery of this opinion does not create an attorney-client relationship between Kutak Rock LLP and any person or entity other than the District.

Respectfully submitted,

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning The Depository Trust Company ("DTC") New York, New York and DTC's book-entry only system has been obtained from DTC, and the District and the Underwriters take no responsibility for the accuracy thereof.

DTC will act as securities depository for the 2013C Certificates. The 2013C 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 certificate will be issued for each maturity of the 2013C Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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, as amended. 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 Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2013C Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013C Certificates on DTC's records. The ownership interest of each actual purchaser of each 2013C 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 2013C 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 the 2013C Certificates, except in the event that use of the book-entry system for the 2013C Certificates is discontinued.

To facilitate subsequent transfers, all 2013C 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 2013C Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013C Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013C 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 2013C Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013C Certificates, such as redemptions, tenders, defaults and proposed amendments to the 2013C Certificate documents. For example, Beneficial Owners of 2013C Certificates may wish to ascertain that the nominee holding the 2013C 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 the notices be provided directly to them.

While the 2013C Certificates are in the book-entry only system, redemption notices will be sent to DTC. If less than all of the 2013C Certificates of a maturity 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 2013C 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 Trustee 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 the 2013C Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2013C 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 Trustee on the 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 and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 2013C Certificates at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the 2013C 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, certificates representing the 2013C Certificates will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriters take any responsibility for the accuracy thereof.

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APPENDIX G

DISTRICT PROPERTY

The 1997 Leased Property

In connection with the 1997 Certificates, the District leases the following land and building (the "1997 Leased Property") pursuant to the 1997 Lease.

1997 Leased Property

Building	Fiscal Year 2013 Enrollment	Estimated Building Value[1]	Estimated Land Value[2]	Total Estimated Building/Land Value	Less General Obligations Debt Proceeds[3]	Net Value[4]
George Washington High School	1,485	$34,760,813	$1,564,571	$36,325,384	$15,501,698	$20,823,686

[1] Based on May 2012 insurance schedule provided by Colorado School Districts Self Insurance Pool. Value does not take into account approximately $4.9 million of improvements that will be made to the 1997 Leased Property between 2013 and 2017. These improvements will be paid with General Obligation Debt Proceeds.

[2] Based on 2010 valuations.

[3] General Obligation Debt Proceeds expended through December 31, 2012 on the 1997 Leased Property. Does not include approximately $4.9 million of General Obligation Debt Proceeds the District expects to use to pay for improvements to the 1997 Leased Property between 2013 and 2017.

[4] As of December 31, 2012.

Source: The District.

[Remainder of page intentionally left blank.]

The 2011B Leased Property

In connection with the 2011B Certificates, the District leases the following land and buildings (the "2011B Leased Property") pursuant to the 2011B Lease.

2011B Leased Property

Building	Fiscal Year 2013 Enrollment	Estimated Building Value[1]	Estimated Land Value[2]	Total Estimated Building/Land Value	Less General Obligations Debt Proceeds[3]	Net Value[4]	Release Schedule[5]
Knapp Elementary	680	$ 8,512,072	$ 5,871,361	$ 14,383,433	$ 4,525,636	$ 9,857,797	$ 61,045,000
North High School	900	39,812,631	27,559,135	67,371,766	36,815,585	30,556,181	61,045,000
Hill Middle School	820	14,863,176	8,034,373	22,897,548	5,342,745	17,554,803	88,120,000
Place Middle School/Bridge Academy	963	20,390,204	14,119,326	34,509,530	5,436,795	29,072,735	120,295,000
Henry Middle School	828	13,046,046	9,002,987	22,049,033	4,760,528	17,288,505	138,650,000
Morey Middle School	712	15,586,631	10,790,848	26,377,479	6,403,492	19,973,987	158,690,000
Cheltenham Elementary	511	10,628,625	7,364,082	17,992,707	3,348,979	13,643,727	180,530,000
Smiley Middle School/Envision (Venture) Prep MS/HS	640	23,913,899	17,618,559	41,532,458	5,467,234	36,065,224	204,310,000
Denver Center for International Studies (Old Baker MS)	739	15,167,596	10,480,527	25,648,123	1,099,170	24,548,953	230,165,000
Martin Luther King Middle School & High School	1,247	19,407,007	16,260,401	35,667,408	5,195,206	30,472,202	258,255,000
Abraham Lincoln High, Maintenance & Storage	1,764	30,353,956	20,631,218	50,985,174	12,948,466	38,036,708	288,730,000
West High School/Manny Martinez MS	526	37,144,848	35,961,476	73,126,324	15,472,630	57,653,694	357,550,000
Career Education Center Middle College	428	16,259,684	37,061,735	53,321,419	7,182,523	46,138,896	396,235,000
South High School	1,316	40,205,788	27,898,673	68,104,461	9,702,463	58,401,998	396,235,000
Total		$305,292,163	$248,654,699	$553,966,862	$124,701,453	$429,265,409	

1 Based on May 2012 insurance schedule provided by Colorado School Districts Self Insurance Pool. Values do not take into account approximately $31.9 million of improvements that will be made to the 2011B Leased Property between 2013 and 2017. These improvements will be paid with General Obligation Debt Proceeds.
2 Based on 2010 valuations.
3 General Obligation Debt Proceeds expended through December 31, 2012 on the 2011B Leased Property. Does not include approximately $31.9 million of General Obligation Debt Proceeds the District expects to use to pay for improvements to the 2011B Leased Property between 2013 and 2017.
4 As of December 31, 2012.
5 Pursuant to the 2011B Lease and subject to certain provisions therein, when the principal component of base rentals paid by the District, plus the principal amount of any 2011B Certificates redeemed through optional redemption, or the total principal amount of 2011B Certificates paid or deemed to be paid pursuant to the 2011B Indenture, equals the applicable amount set forth in this column, and all additional rental then due and owing from the District to the trustee for the 2011B Certificates has been paid by the District, the cost of the corresponding portion of the 2011B Leased Property will be deemed to have been fully amortized and the trustee for the 2011B Certificate will be required to release such portion of the 2011B Leased Property from the 2011B Lease and the lien of the 2011B Indenture.

Source: The District.

[Remainder of page intentionally left blank.]

The 2013A Leased Property

In connection with the 2013A Certificates, the District leases the 2013A Leased Property pursuant to the 2013A Lease, which consists of land and an office building located in downtown Denver. The District plans to use the building for (a) the central administrative functions of the District, (b) a charter school (the Downtown Denver Expeditionary School), and (c) the Emily Griffith Technical College. As of January 2013, the 2013A Leased Property had an approximate net value of $34,751,000.

[Remainder of page intentionally left blank.]

The 2013B Leased Property

In connection with the 2013B Certificates, the District expects to lease the following land and buildings (the "2013B Leased Property") pursuant to the 2013B Lease.

2013B Leased Property

Building	Fiscal Year 2013 Enrollment	Estimated Building Value[1]	Estimated Land Value[2]	Total Estimated Building/Land Value	Less General Obligations Debt Proceeds[3]	Net Value[4]	Release Schedule[5]
Grant Middle School	426	$ 7,661,807	$ 4,318,039	$ 11,979,846	$ 4,383,788	$ 7,596,058	$ 48,485,000
Fairmont Elementary School	350	9,087,640	6,574,260	15,661,900	7,727,281	7,934,620	64,595,000
McGlone Elementary School	601	8,232,746	6,061,605	14,294,351	1,909,792	12,384,559	64,595,000
Harrington Elementary School	474	8,570,549	6,312,416	14,882,965	1,907,686	12,975,278	81,395,000
Barnum Elementary School	484	9,391,644	6,917,726	16,309,370	2,743,861	13,565,509	98,935,000
Kaiser Elementary School	332	9,160,168	6,748,882	15,909,050	2,148,697	13,760,353	98,935,000
Kunsmiller K-8/High School	885	15,170,965	11,139,228	26,310,193	9,692,430	16,617,763	117,295,000
Kepner Middle School	978	14,603,001	10,079,118	24,682,119	7,741,006	16,941,113	136,525,000
Centennial Elementary School	537	11,984,586	8,327,724	20,312,310	3,202,242	17,110,068	156,685,000
Cole Middle School	860	16,835,407	11,653,014	28,488,421	9,532,827	18,955,594	177,825,000
Horace Mann Middle School	590	16,559,013	11,460,700	28,019,713	8,409,428	19,610,285	177,825,000
Lake Middle School/Lake International/West Denver Prep.	692	17,565,832	12,135,506	29,701,338	9,047,642	20,653,696	200,010,000
Omar D. Blair	785	13,115,118	9,058,547	22,173,665	144,633	22,029,032	223,315,000
Hamilton Middle School	864	16,628,518	14,701,839	31,330,357	8,512,210	22,818,147	247,815,000
Skinner Middle School	372	21,954,295	7,767,705	29,722,000	4,473,661	25,248,339	273,640,000
Merrill/Cory Middle School	882	16,798,547	19,093,236	35,891,783	5,604,943	30,286,840	300,900,000
Montbello High School	1,548	31,687,750	21,925,388	53,613,138	13,496,120	40,117,017	329,650,000
John F. Kennedy High School	1,227	29,975,618	26,053,062	56,028,680	14,485,233	41,543,447	359,945,000
Manual High School	365	33,438,106	20,437,294	53,875,400	7,734,101	46,141,299	391,845,000
Thomas Jefferson High School	1,089	35,753,891	32,678,826	68,432,717	17,053,178	51,379,539	425,420,000
East High School	2,383	37,649,911	49,834,700	87,484,611	11,007,791	76,476,820	536,855,000
Total		$381,825,112	$303,278,814	$685,103,926	$150,958,549	$534,145,378	

1 Based on May 2012 insurance schedule provided by Colorado School Districts Self Insurance Pool. Values do not take into account approximately $42.6 million of improvements that will be made to the 2013B Leased Property between 2013 and 2017. These improvements will be paid with General Obligation Debt Proceeds.
2 Based on 2010 valuations.
3 General Obligation Debt Proceeds expended through December 31, 2012 on the 2013B Leased Property. Does not include approximately $42.6 million of General Obligation Debt Proceeds the District expects to use to pay for improvements to the 2013B Leased Property between 2013 and 2017.
4 As of December 31, 2012.
5 Pursuant to the 2013B Lease and subject to certain provisions therein, when the principal component of Base Rentals paid by the District, plus the principal amount of any 2013B Certificates redeemed through optional redemption, or the total principal amount of 2013B Certificates paid or deemed to be paid pursuant to the 2013B Indenture, equals the applicable amount set forth in this column, and all additional rentals then due and owing from the District to the trustee for the 2013B Certificates has been paid by the District, the cost of the corresponding portion of the 2013B Leased Property will be deemed to have been fully amortized and the trustee for the 2013B Certificates will be required to release such portion of the 2013B Leased Property from the 2013B Lease and the lien of the 2013B Indenture.

Source: The District.

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Certain Unencumbered Property of the District

The District owns or leases 157 facilities spanning 13.7 million square feet of buildings and approximately 1,931.1 acres of land. 120 of the 157 facilities will be owned by the District outright following the execution and delivery of the 2013B Certificates and the 2013C Certificates. As described above, following the execution and delivery of the 2013B Certificates and the 2013C Certificates, the remaining 37 facilities will be leased by the District pursuant to certificate of participation financing arrangements under which the District pays annual rent, subject to annual appropriation (including, the 1997 Certificates, the 2011B Certificates, the 2013A Certificates, the 2013B Certificates and the 2013C Certificates). The following table includes information about certain of the District's unencumbered properties.

	Estimated Building Value[1]	Estimated Land Value[2]	Total Estimated Building/Land Value	Less General Obligation Debt Proceeds[3]	Net Value[4]
Amesse Elementary	$8,626,302	$6,351,115	$14,977,417	$ 3,025,566	$11,951,851
Archuleta Elementary	6,871,452	5,048,202	11,919,654	10,453,446	1,466,207
Asbury Elementary	4,523,711	3,330,488	7,854,199	4,292,691	3,561,508
Ash Grove Elementary (RMSEL)	4,574,090	3,387,772	7,961,862	1,227,236	6,734,627
Ashley Elementary	5,819,528	4,275,982	10,095,510	3,212,424	6,883,086
Balarat Complex	1,453,424	1,049,313	2,502,737	631,762	1,870,974
Barrett Elementary	4,295,888	3,150,825	7,446,713	2,240,385	5,206,328
Beach Court Elementary	5,494,387	4,035,465	9,529,852	2,444,185	7,085,667
Bradley Elementary	7,813,008	5,738,617	13,551,625	3,686,773	9,864,851
Bromwell Elementary	4,395,804	3,228,839	7,624,643	1,697,773	5,926,870
Brown Elementary	7,472,733	5,489,620	12,962,353	3,337,738	9,624,614
Bryant-Webster Elementary/Duel Lang	6,825,614	4,798,250	11,623,864	3,362,833	8,261,030
Byers Middle - Alternative/DSST	8,277,724	6,077,430	14,355,154	1,441,446	12,913,709
Carson Elementary	4,867,185	3,569,496	8,436,681	1,666,154	6,770,528
Castro Elementary	8,833,899	6,504,340	15,338,239	3,789,847	11,548,392
Colfax Elementary	5,163,804	3,803,366	8,967,170	1,677,018	7,290,152
College View Elementary	5,850,813	4,305,485	10,156,298	1,868,786	8,287,511
Columbian Elementary	6,443,708	4,748,560	11,192,268	1,115,661	10,076,608
Columbine Elementary	6,022,344	257,426	6,279,770	5,124,536	1,155,234
Columbine PEC/Prep Ctr	3,661,274	2,675,619	6,336,893	2,013,748	4,323,145
Contemporary Learning Center	5,466,187	4,023,735	9,489,922	37,744	9,452,178
Cory Elementary	5,184,022	3,807,190	8,991,212	3,983,494	5,007,718
Cowell Elementary	5,588,593	3,802,011	9,390,604	3,231,122	6,159,482
Crofton Elementary/University Prep Academy	2,841,231	2,083,651	4,924,882	1,535,854	3,389,029
D.O.T.S.-Administration Office	3,661,610	2,696,986	6,358,596	31,937,652	(25,579,057)
Del Pueblo Elementary School	4,788,757	3,520,480	8,309,237	498,866	7,810,370
Denison Elementary (Montessori)	5,388,349	3,951,518	9,339,867	3,412,496	5,927,372
Denver School of the Arts	23,031,850	16,942,422	39,974,272	33,131,314	6,842,958
Doull Elementary	7,732,540	5,679,614	13,412,154	3,312,136	10,100,018
DPS Training & Tech (Old PSCO)	586,227	430,533	1,016,760	0	1,016,760
Eagleton Elementary	5,317,065	3,739,791	9,056,856	2,044,643	7,012,213
Ebert Elementary (Polaris)	5,982,029	4,398,547	10,380,576	1,730,635	8,649,942
Edison Elementary	6,100,496	4,413,981	10,514,477	3,426,064	7,088,413
Ellis Elementary	7,652,771	5,621,010	13,273,781	3,893,758	9,380,023
Emerson Street School (HS)/DATA Charter School/MYEC/Academy of Urban Learning	1,275,075	907,800	2,182,875	348,436	1,834,438
Escalante-Biggs Academy	3,756,618	1,307,698	5,064,316	5,850,485	(786,169)
Evie Garrett Dennis Campus Building 1 - 4 (Vista Academy, Soar I, DSST, West Denver Prep)	39,216,09	10,214,820	49,430,909	56,809,809	(7,378,900)

	Estimated Building Value[1]	Estimated Land Value[2]	Total Estimated Building/Land Value	Less General Obligation Debt Proceeds[3]	Net Value[4]
Fairview Elementary	6,216,64	4,471,974	10,688,622	2,781,436	7,907,186
Fallis Elementary/Denver Green School	4,724,237	3,469,679	8,193,916	4,830,396	3,363,520
Florida Pitt Waller School	15,667,434	11,151,917	26,819,351	17,710,594	9,108,757
Force Elementary	7,055,906	5,174,654	12,230,560	3,733,984	8,496,576
Ford Elementary	8,606,961	6,336,428	14,943,389	4,149,815	10,793,574
Front Range Aircraft Training Center and Hangers	1,882,695	1,196,504	3,079,199	0	3,079,199
Garden Place Elementary	7,030,444	5,159,426	12,189,870	3,249,970	8,939,900
Gilpin Elementary / Montessori	7,887,497	5,773,698	13,661,195	3,731,801	9,929,394
Godsman Elementary	7,403,648	5,351,847	12,755,495	5,540,573	7,214,922
Goldrick Elementary	5,969,902	4,378,679	10,348,581	3,694,512	6,654,069
Green Valley Elementary	8,821,162	6,582,346	15,403,508	10,110,481	5,293,028
Greenlee Elementary	7,458,998	5,480,205	12,939,203	3,904,131	9,035,071
Greenwood Elementary	8,814,273	6,489,068	15,303,341	10,262,436	5,040,905
Gust Elementary	7,110,877	5,162,789	12,273,666	5,014,765	7,258,901
Hallett Elementary/Fundamental Academy	6,516,526	4,786,038	11,302,564	5,234,522	6,068,042
Hilltop Bus Garage	2,340,792	1,710,958	4,051,750	25,377,087	(21,325,337)
Hilltop Bus Terminal	695,564	508,395	1,203,959	0	1,203,959
Holm Elementary	7,872,671	5,801,219	13,673,890	3,401,154	10,272,736
Howell (K-8)	14,327,297	10,541,839	24,869,136	18,545,794	6,323,342
Jason Street Warehouse	1,052,746	771,960	1,824,706	0	1,824,706
John F. Kennedy High Vocational Building	451,601	330,856	782,457	0	782,457
Johnson Elementary	5,157,580	3,782,776	8,940,356	2,394,671	6,545,685
KIPP Sunshine Peak	1,209,665	888,095	2,097,760	54,519	2,043,241
Knight Fundamental School	6,410,958	4,709,742	11,120,700	1,382,555	9,738,145
Lincoln Elementary	5,481,621	4,020,393	9,502,014	3,643,849	5,858,165
Lowry	6,321,255	4,642,706	10,963,961	10,462,924	501,037
Manual High School Sports Complex & Storage	321,374	234,414	555,788	5,332,295	(4,776,507)
Marrama Elementary	7,626,683	5,597,074	13,223,757	3,494,743	9,729,014
McKinley-Thatcher Elementary	5,102,172	3,758,148	8,860,320	2,361,097	6,499,223
McMeen Elementary	8,223,799	5,996,183	14,219,982	3,686,847	10,533,135
Mitchell Elementary (Adm Use)	8,418,696	6,198,211	14,616,907	1,486,901	13,130,006
Montclair Elementary	4,485,922	3,289,738	7,775,660	3,503,536	4,272,124
Munroe Elementary	7,302,108	5,364,512	12,666,620	4,622,251	8,044,369
New Northeast Bus Terminal	11,044,473	8,071,985	19,116,458	12,267	19,104,191
Newlon Elementary	8,298,728	6,095,212	14,393,940	5,671,858	8,722,081
Noel Middle School (CAPA)	17,348,276	12,781,417	30,129,693	23,160,255	6,969,438
Oakland Elementary (Soar II)	7,628,501	5,598,407	13,226,908	3,491,694	9,735,214
Old Northeast Bus Terminal (Vacant)	1,522,560	1,112,852	2,635,412	99,727	2,535,685
Palmer Elementary	6,168,445	4,531,585	10,700,030	2,452,629	8,247,401
Park Hill Elementary	8,249,992	6,059,496	14,309,488	5,883,490	8,425,999
Phillips Elementary/Odyssey Charter	3,789,664	2,779,417	6,569,081	3,452,598	3,116,483
Pioneer Charter	4,305,975	3,159,404	7,465,379	1,943,276	5,522,103
Lalo Delgado Campus (old Lutheran HS)	0	6,528,839	6,528,839	7,223,121	(694,282)
Randolph Middle/High School	18,154,100	13,368,905	31,523,005	21,862,491	9,660,513
Remington Elementary (Vacant)	5,378,473	3,950,391	9,328,864	1,316,276	8,012,589
Rishel Middle School	14,559,032	10,211,277	24,770,309	5,429,972	19,340,337
Rosedale Elementary (Vacant)	4,612,178	3,387,783	7,999,961	272,102	7,727,859
Sabin Elementary	8,793,382	6,448,904	15,242,286	4,106,338	11,135,948
Samuels Elementary	7,955,370	5,863,141	13,818,511	3,837,338	9,981,173
Sandoval Montessori	8,085,420	5,951,675	14,037,095	12,402,313	1,634,782

	Estimated Building Value[1]	Estimated Land Value[2]	Total Estimated Building/Land Value	Less General Obligation Debt Proceeds[3]	Net Value[4]
Schenck Elementary / CMS Community School	7,660,409	5,618,065	13,278,474	4,844,832	8,433,642
Schmitt Elementary	5,442,609	3,991,663	9,434,272	2,731,724	6,702,547
Service Building	5,816,827	4,211,972	10,028,799	6,573,086	3,455,714
Slavens Elementary	6,109,964	4,481,199	10,591,163	7,408,182	3,182,981
Smedley Elementary (VACANT)	7,598,046	5,583,959	13,182,005	798,794	12,383,211
Smith Elementary	6,892,889	5,055,524	11,948,413	2,863,659	9,084,754
South High School Sports Complex	2,672,697	1,950,294	4,622,991	825,665	3,797,326
Southmoore Elementary	4,716,983	3,466,590	8,183,573	2,062,455	6,121,119
Steck Elementary	4,200,225	3,081,883	7,282,108	1,789,849	5,492,259
Stedman Elementary	5,025,652	3,685,523	8,711,175	2,309,814	6,401,360
Steele Elementary	6,617,688	4,861,035	11,478,723	5,346,598	6,132,125
Swansea Elementary	7,543,411	5,547,734	13,091,145	3,280,260	9,810,886
Swigert-McAuliffe Intl	16,947,731	901,440	17,849,171	17,432,316	416,855
Teller Elementary	6,463,393	4,741,438	11,204,831	1,748,230	9,456,600
Traylor Elementary	6,443,197	4,727,241	11,170,438	3,488,283	7,682,155
University Park Elementary	6,868,743	5,045,130	11,913,873	4,573,284	7,340,589
Valdez Elementary	9,072,651	6,279,722	15,352,373	3,853,711	11,498,663
Valverde Elementary	5,642,759	4,144,493	9,787,252	4,158,616	5,628,637
Westerly Creek Elementary	8,531,422	6,055,265	14,586,687	13,758,227	828,460
Whiteman Elementary/Denver Language School	5,496,280	4,031,033	9,527,313	3,608,294	5,919,019
Whittier Elementary	6,413,390	4,631,650	11,045,040	4,453,757	6,591,283
Wyman Elementary (Denver Center -21st)	6,243,544	4,601,268	10,844,812	2,907,116	7,937,696
Yuma St. Center (Food Svcs)	3,195,901	2,227,649	5,423,550	412,939	5,010,611

[1] Based on May 2012 insurance schedule provided by Colorado School Districts Self Insurance Pool.
[2] Based on 2010 valuations.
[3] General Obligation Debt Proceeds expended through December 31, 2012 on the 2011B Leased Property.
[4] As of December 31, 2012.
Source: The District.

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