

Board of Education

Mesa County Valley School District 51

Work Session Meeting

September 6, 2011

Work Session Minutes

A - Diann Rice
 B - Cindy Enos-Martinez
 C - Harry Butler
 D - Leslie Kiesler
 E - Greg Mikolai

Board of Education Mesa County Valley School District 51

Regular Meeting Minutes: September 6, 2011

Adopted: October 18, 2011

	A	B	C	D	E		
						AGENDA ITEMS	ACTION
						<u>WORK SESSION</u> ➤ Superintendent Steve Schultz welcomed everyone to the work session. A. Bond Refinancing: Mrs. Melissa Callahan deVita, Executive Director of Support Services; Mr. Kirk Rider, Rider & Quesenberry, LLP <ul style="list-style-type: none"> • Mrs. Callahan deVita reported interest rates are at a ten year low. She reported the great opportunity to refinance the school District's bonds. The District is looking at refinancing fifty million dollars in bonds and anticipates an approximate \$200,000 savings a year over the next ten years. Superintendent Schultz said this would be the sound thing to do. The Board requested updates after the Bond refinancing is complete. • There was discussion among Board members regarding being fiscally responsible with taxpayer money. The Board thanked Mrs. Callahan deVita and Mr. Rider for their hard work. B. Concussion Management/ImPACT Testing: Mr. Paul Cain, Athletics Supervisor <ul style="list-style-type: none"> • Mr. Cain reported concussions and head trauma as a huge issue for student-athletes. Mesa County Valley School District 51 applied for, and received, a grant from Dick's Sporting Goods. This will help have student-athletes tested on the ImPACT (Immediate Post Concussion Assessment and Cognitive Testing.) ImPACT is a computerized exam utilized in many professional, collegiate and high school sports programs and successfully diagnoses and manages concussions. Each test is valid for two years. • If a student has been determined to have a head trauma, once they are cleared by a physician they will complete the REAP test (which is a return to play program). Student-athletes would gradually return to their sport if they are symptom free. Per SB40 and CHSAA by-laws, all coaches have to pass a concussion management program. This will include all middle and high school coaches. • All student emergency information is kept in possession of coaches at all times to be available in case of an emergency. • The Board thanked Mr. Cain for the information and supporting our student-athletes. C. Solar Presentation: Mr. Cal Clark, Director of Maintenance; Mrs. Lisa Sharp, Director of Purchasing; Mr. Eric Anderson, Resource Conservation Manager, Project Coordinator <ul style="list-style-type: none"> • Mr. Clark reported looking at efficiencies by adding solar panels to school buildings. This process started last spring. This will be a two-phase process driven by renewable credits Excel Energy is using. Purchasing 	6:00 p.m. Convened

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Board of Education Mesa County Valley School District 51

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						<p>submitted an RFP on June 28. There were three replies. Mrs. Sharp released a letter of intent to begin processing the projects. The two schools included in phase one of this project will be DIA and the Career Center.</p> <ul style="list-style-type: none"> • The District is hoping to have a contract for phase one to present for approval at the September 20 Board Business Meeting. The District will watch for the Public Utilities Commission to approve more renewable energy credits and will proceed with the second phase of the solar project. The District anticipates more renewable energy credits to be available in the spring of 2012. The anticipated annual cost savings of phase one should be approximately \$33,000 for DIA and \$72,000 for Career Center. • Ten sites have been selected to participate in the solar project. The District evaluated sites based on roof age, roof space and roof condition. The District is proud to begin the solar projects. The District is making a statement for clean energy. Once DIA and Career Center are complete, the District will have 12% solar renewable energy in its portfolio. • The Board thanked Mr. Clark, Mrs. Sharp and Mr. Anderson for their report. <p>D. Enrollment Update: Mrs. Melissa Callahan deVita, Executive Director of Support Services</p> <ul style="list-style-type: none"> • Mrs. Callahan deVita emphasized the enrollment numbers are very preliminary. The numbers reported will be district-wide numbers. The preliminary indication is the District is on track to remain flat. The District budgeted to be down by 165 students. Enrollment counts will be reported every week until the beginning of October. • The beginning of October classes will be looked at closer and if there are necessary adjustments needed, they will be made. Mrs. Callahan deVita reported 166 students new to District 51. She also reported 24 students who had dropped out, have been recruited back to District 51. • Superintendent Schultz reported Grande River Virtual Academy has recruited numerous students. Failing to offer a program like Grande River Virtual Academy would not be a good choice for the District. Students who are right for the Grande River Virtual Academy program would have found one of the other similar programs in the State. • The Board asked for a report of numbers by school. • The Board thanked Mrs. Callahan deVita for the great information. <p>➤ Mrs. Rice stated the September 20 Board Business Meeting will be her last School Board Meeting. She reported she will be resigning her position effective September 21. Superintendent Schultz stated there will be a special recognition planned for Mrs. Rice. He thanked her for her service to the Board and the students of Mesa County Valley School District 51. Mrs. Rice stated this was one of the most rewarding things she has ever done.</p>	

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Board of Education Mesa County Valley School District 51

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						➤ Work Session Concluded: 6:52 p.m. <div style="text-align: right; margin-top: 20px;"> _____ Terri N. Wells, Secretary Board of Education </div>	

RATINGS:	<u>Moody's</u>
State Intercept:	A1
District Underlying:	Aa2
(See "RATINGS" herein)	

In the opinion of Rider & Quesenberry, LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds 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, and under existing State statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. See "TAX MATTERS."

\$50,725,000*
MESA COUNTY VALLEY SCHOOL DISTRICT NO. 51
MESA COUNTY, COLORADO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011

Dated: October 1, 2011

Due: December 1, as shown below*

The Bonds are being issued by the District for the purpose of advance refunding certain outstanding general obligation bonds of the District in order to achieve a savings to the District, and paying the costs of issuing the Bonds. Capitalized terms used on this cover page have the meanings set forth herein.

The Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds. Beneficial Ownership Interests in the Bonds, in book-entry only form, may be purchased in denominations of \$5,000 and integral multiples thereof of by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the payment of principal and interest and the receipt of notices and other communications with respect to the Bonds, transfers and various other matters by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Bonds bear interest, at the rates per annum set forth below, payable semiannually on each June 1 and December 1, commencing December 1, 2011, and mature as follows, subject to redemption as described herein.

MATURITY SCHEDULE*
CUSIP Issuer No. _____¹

MATURITY DATE (December 1)	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP^o Issue No.¹	MATURITY DATE (December 1)	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP^o Issue No.¹
2012	60,000	2.000	0.640		2018	7,740,000	4.000	2.040	
2013	65,000	2.000	0.780		2019	7,070,000	5.000	2.320	
2014	65,000	4.000	0.920		2020	8,595,000	5.000	2,590	
2015	65,000	4.000	1.100		2021	9,360,000	5.000	2.790	
2016	70,000	4.000	1.420		2022	9,925,000	3.000	3,130	
2017	7,710,000	5.000	1.720						

¹ The District takes no responsibility for the accuracy of the CUSIP^o numbers, which are included solely for the convenience of the Owners and Beneficial Owners of the Bonds.

The Bonds are general obligations of the District payable from ad valorem property taxes to be levied on all taxable property in the District without limitation as to rate and in amounts sufficient, when combined with other legally available moneys of the District, if any, to pay the principal of and interest on the Bonds when due. The Bonds are also secured pursuant to the State Intercept Program as described herein.

This cover page is provided for quick reference only. It is not a summary of this issue. Prospective investors should read this Official Statement in its entirety in order to make an informed investment decision.

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter named below, subject to: prior sale; the approving legal opinion of Rider & Quesenberry, LLP, Grand Junction, Colorado, as Bond Counsel; and certain other matters. Certain matters will be passed upon for the District by its general counsel, Hoskin Farina & Kampf, P.C., Grand Junction, Colorado. Rider & Quesenberry, LLP, Grand Junction, Colorado, is serving as special counsel to the District in connection with this Official Statement. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about September 22, 2011.

* Preliminary; subject to change.

PRELIMINARY NOTICES

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale, of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from sources which are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein speak only as of the date hereof and 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 information contained herein since the date hereof.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Bonds, and may not be reproduced or used, in whole or in part, for any other purpose.

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership thereof) is not required under applicable federal or Colorado securities laws pursuant to exemptions from registration provided in such laws. The Bonds also have not been registered under or otherwise qualified for sale under the "blue sky" laws and regulations of any other state. The District assumes no responsibility for qualification or registration of the Bonds for sale under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred.

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" 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.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MERITOS.COM. THIS ELECTRONIC VERSION OF THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

**MESA COUNTY VALLEY SCHOOL DISTRICT NO. 51
MESA COUNTY, COLORADO**

Board of Education

Harry Butler, President
Cindy Enos-Martinez, Vice President
Diann Rice, Member
Leslie Kiesler, Member
Greg Mikolai, Member

Administrative Officials

Superintendent	Steven D. Schultz
Executive Director of Support Services	Melissa Callahan-DeVita

General Counsel

Hoskin, Farina & Kampf, P.C.
Grand Junction, Colorado

Bond and Disclosure Counsel

Rider & Quesenberry, LLP
Grand Junction, Colorado

Paying Agent and Registrar

Wells Fargo Bank, N.A.
Denver, Colorado

Independent Auditors

Chadwick, Steinkirchner, Davis & Co., P.C.
Grand Junction, Colorado

Underwriter

George K. Baum & Company
Denver, Colorado

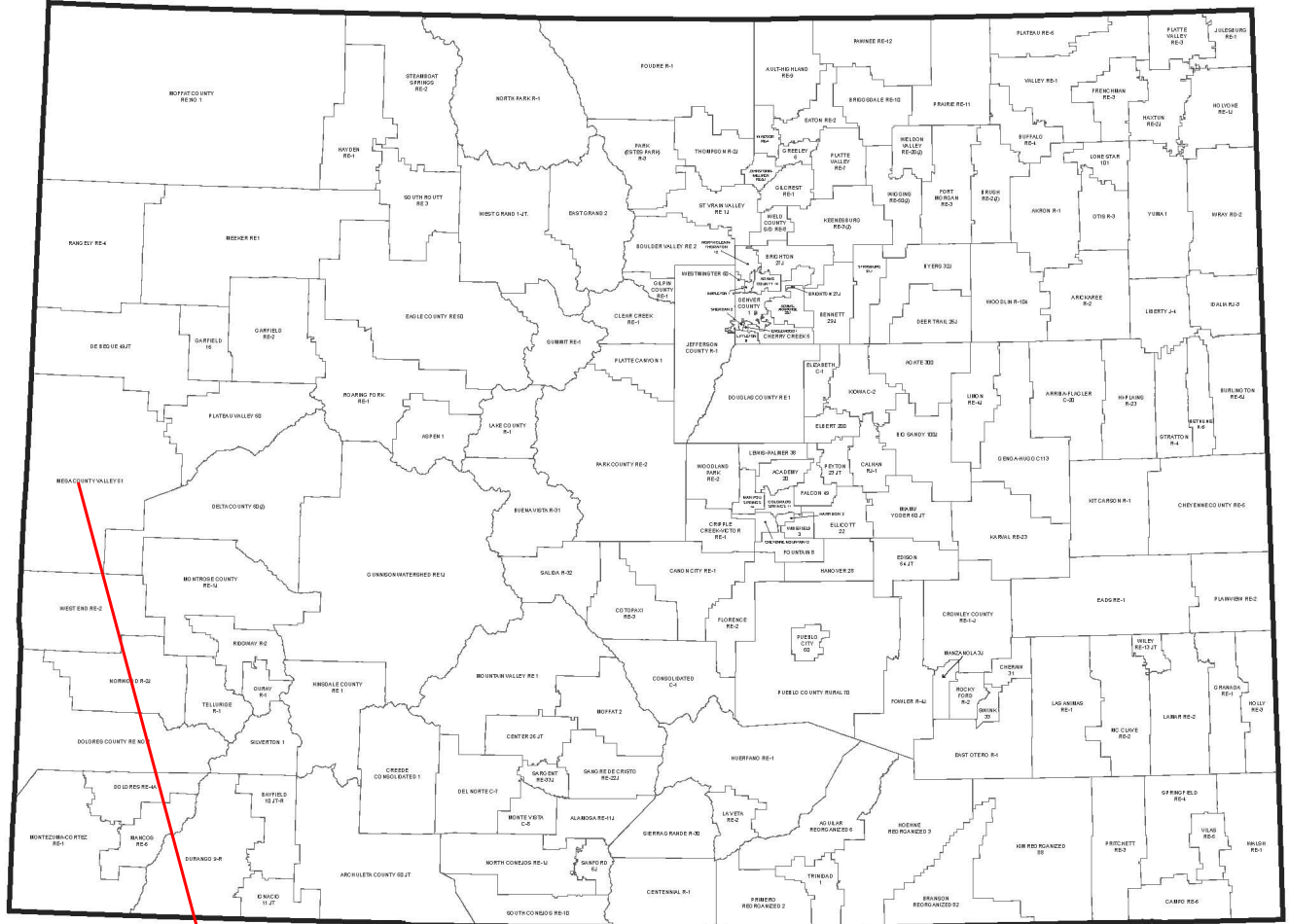
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VICINITY MAPS

Colorado School District Map



Produced by the Colorado Department of Education Web Support Services Unit - May, 2007

The District

OFFICIAL STATEMENT

Relating to

\$50,725,000*

**MESA COUNTY VALLEY SCHOOL DISTRICT NO. 51
MESA COUNTY, COLORADO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011**

INTRODUCTION

This Official Statement, including the cover page, introductory information and appendices, is furnished in connection with the issuance and sale by Mesa County Valley School District No. 51, Mesa County, Colorado (the "District"), of its General Obligation Refunding Bonds, Series 2011, in the aggregate principal amount of \$50,725,000* (the "Bonds").

THE FOLLOWING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT. PROSPECTIVE INVESTORS SHOULD READ THE OFFICIAL STATEMENT IN ITS ENTIRETY.

The District

The District is a political subdivision of the State and a body corporate which was organized in 1951 for the purpose of operating and maintaining an educational program for the school-aged children residing within its boundaries. To accomplish this purpose, the District operates twenty-four elementary schools, eight middle schools, one 8/9 school, five high schools, one career center, one remote K-12 mountain school, one K-3 school in Glade Park and several alternative programs. The District is located approximately 235 miles west of Denver, with its western boundary bordering the State of Utah. The District encompasses approximately 2,203 square miles or 66% of all land area in Mesa County and approximately 95% of the County's population. Included within the District are the municipalities of Grand Junction, a regional trade and service center for Western Colorado, Palisade and Fruita. Generally, the District does not serve the extreme eastern and northeastern parts of the County including the municipalities of Collbran and DeBeque. The District's boundaries have remained stable since its organization and served approximately 22,147 students during the 2010-2011 school year. See "VICINITY MAPS" and "THE DISTRICT." The District operates on a fiscal year ("FY") commencing July 1st and ending the following June 30th.

The Bonds

Purpose. The Bonds are issued to provide funds to advance refund certain outstanding general obligation bonds of the District in order to achieve a savings to the District, and to pay the costs of issuing the Bonds. See "APPLICATION OF BOND PROCEEDS."

Authorization. The Bonds are being issued under authority of the constitution and laws of the State of Colorado (the "State"), particularly Title 11, Article 56, C.R.S., and Title 11, Article 57, Part 2, C.R.S., and

* Preliminary; subject to change.

pursuant to a resolution adopted by the District's Board of Education (the "Board") and related Sale Certificate (together, the "Authorizing Resolution"). See "THE BONDS – Authorization."

General Provisions. The Bonds will be dated the date of issuance (the "Dated Date"), and will bear interest at the rates and mature on the dates and in the amounts set forth on the cover page hereof, subject to redemption prior to maturity as described in "THE BONDS – Redemption Prior to Maturity." Interest on the Bonds (computed on the basis of a 360-day year of twelve 30-day months) will accrue from the Dated Date and will be payable beginning on December 1, 2011, and semiannually on each June 1 and December 1 thereafter.

Wells Fargo Bank, N.A., Denver, Colorado, will serve initially as the paying agent (the "Paying Agent") and Registrar ("Registrar") for the Bonds.

Book-Entry Only Form. The Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Bonds. Ownership interests in the Bonds ("Beneficial Ownership Interests"), in non-certificated book-entry only form and in denominations of \$5,000 and integral multiples thereof ("Authorized Denominations"), may be purchased by or through participants in the DTC system ("DTC Participants"). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("Beneficial Owners") on the books of the DTC Participants from whom they are acquired, and will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE BONDS" and "APPENDIX C – DTC BOOK-ENTRY SYSTEM." References herein to the registered owners of the Bonds (the "Owners") mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Security and Sources of Payment. The Bonds are general obligations of the District payable from ad valorem property taxes to be levied on all taxable property in the District without limitation as to rate and in amounts sufficient, when combined with other legally available moneys of the District, if any, to pay the principal of and interest on the Bonds when due. The Bonds also qualify for and will be additionally secured pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Program," which provides that if the District notifies the State Treasurer that it will not make the payment on the Bonds by the date on which it is due, the State Treasurer is required to forward to the Paying Agent, in immediately available funds, the amount necessary to make such payment and to withhold such amount from the next payment of the State's share of equalization program funding and certain other funds that would otherwise be paid to the District. See generally "SECURITY AND SOURCES OF PAYMENT," "DISTRICT FINANCIAL INFORMATION – State Revenue Sources – State Equalization Funding" and "DISTRICT DEBT STRUCTURE – State Intercept Program."

Legal Matters

Rider & Quesenberry, LLP, Grand Junction, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the authorization and issuance of the Bonds and will deliver its opinion substantially in the form appended to this Official Statement. Certain matters will be passed upon for the District by its general counsel, Hoskin, Farina & Kampf, P.C., Grand Junction, Colorado. Rider & Quesenberry, LLP, Grand Junction, Colorado, is serving as special counsel to the District in connection with this Official Statement. See "LEGAL MATTERS" and "TAX MATTERS."

Tax Matters

In the opinion of Rider & Quesenberry, LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds 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, and under existing State statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. See "TAX MATTERS" and "APPENDIX E – FORM OF OPINION OF BOND COUNSEL."

Investment Considerations

The purchase and ownership of the Bonds involves certain risks. Prospective investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision. See particularly "INVESTMENT CONSIDERATIONS."

Continuing Disclosure

In accordance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the District will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system certain financial information and operating data concerning the District, and to provide contemporaneous notice of the occurrence of certain events affecting the Bonds. See "CONTINUING DISCLOSURE UNDERTAKING" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Undertaking.

The District has delivered continuing disclosure undertakings in connection with the prior issuance of various obligations, and believes that it is in compliance with the requirements set forth in Rule 15c2-12 and such previous continuing disclosure undertakings.

Additional Information

Brief descriptions of the Bonds, the District and certain other documents are included in this Official Statement and the appendices hereto. These descriptions do not purport to be comprehensive or definitive. All references herein to these documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Bonds, copies of such documents may be obtained from George K. Baum & Company, (the "Underwriter"), or the District.

Additional information concerning the District may be obtained from Melissa Callahan-deVita, Executive Director of Support Services, Mesa County Valley School District No. 51, 2115 Grand Avenue, Grand Junction, CO 81501; telephone: (970) 254-5100.

Additional information concerning the Bonds may be obtained from Todd Snidow, Senior Vice President, George K. Baum & Company, 1400 Wewatta Street, Suite 800, Denver, CO 80202; telephone: 303-292-1600.

Miscellaneous

The cover page, introductory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness. 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 an implication that there has been no change in the affairs of the District since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between the District and any Owners or Beneficial Owners of the Bonds.

APPLICATION OF BOND PROCEEDS

The proceeds derived from the sale of the Bonds will be used to refund certain of the District's General Obligation Bonds, Series 2004A, maturing in the years 2011 through 2022* (the "Refunded Bonds") in order to achieve a savings to the District, and to pay the costs of issuing the Bonds.

A portion of the proceeds of the Bonds will be deposited to the "General Obligation Refunding Bonds, Series 2011, Escrow Account" established with Wells Fargo Bank, N.A., Denver, Colorado (the "Escrow Bank") pursuant to the Authorizing Resolution and a Refunding Escrow Agreement to be entered into between the District and the Escrow Bank. The Escrow Account is to be maintained at all times in an amount sufficient, together with the known minimum yield to be derived from the investment of the deposits therein in Federal Securities (being direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America) to pay the principal of and interest due in connection with the Refunded Bonds to and including December 1, 2014, on which date the Refunded Bonds will be called for prior redemption, and which date is the earliest date on which they can be called and redeemed. If for any reason the amount in the Escrow Account at any time is insufficient for such purpose, the District is required to deposit to the Escrow Account such additional moneys as are necessary to permit the payment in full of the Refunded Bonds. The sufficiency of the initial amount required to be deposited to the Escrow Account will be verified by a certified public accountant. See "VERIFICATION OF MATHEMATICAL ACCURACY."

The following table sets forth the estimated application of the proceeds to be derived by the District from the sale of the Bonds, plus the District's existing Bond Fund.

* Preliminary; subject to change.

Estimated Application of Bond Proceeds and Other Funds*

(Rounded)

Principal amount of the Bonds	\$ 50,725,000.00
Original Issue Premium	7,286,199.50
Funds from Existing Bond & Interest Fund	<u>837,833.33</u>
Total from all Sources	\$ 58,849,032.83
Deposit to the Refunding Escrow Account	\$ 58,464,080.00
Bond Discount	290,056.00
Costs of Issuance ¹	90,000.00
Contingency	<u>4,896.83</u>
Total application of all Funds	\$ 58,849,032.83

¹ Includes underwriting discount, ratings fees, legal fees, printing costs and other costs of issuing the Bonds. See also "UNDERWRITING."

THE BONDS

The following is a summary of certain general provisions of the Bonds during such time as the Bonds are subject to the DTC book-entry system. Reference is hereby made to the Authorizing Resolution in its entirety for the detailed provisions pertaining to the Bonds, including provisions applicable in the event of discontinuance of participation in the DTC book-entry system. See also "SECURITY AND SOURCES OF PAYMENT."

Authorization

The Bonds are issued under authority of the constitution and laws of the State, particularly Title 11, Article 56, C.R.S., and Title 11, Article 57, Part 2, C.R.S., and pursuant to the Authorizing Resolution. The Bonds do not require prior voter approval as discussed in "DISTRICT FINANCIAL INFORMATION – TABOR" and "DEBT STRUCTURE – Required Elections."

General Provisions

The Bonds will be issued in the aggregate principal amount, bear interest at the rates and mature on the dates and in the amounts set forth on the cover page hereof. Interest on the Bonds will accrue from the Dated Date and will be payable on December 1, 2011*, and semiannually on each June 1 and December 1 thereafter. Payments of principal and interest in connection with the Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "Book-Entry Only Form" below and in "APPENDIX C – DTC BOOK ENTRY SYSTEM."

Book-Entry Only Form

The Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Bonds. Beneficial Ownership Interests in the Bonds, in non-certificated book-entry only form, may be purchased in Authorized Denominations by or through DTC Participants. Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and transfers of such Beneficial Ownership Interests will be accomplished by entries made on the books of the DTC Participants acting on behalf of the Beneficial

* Preliminary; subject to change.

Owners. References herein to the Owners of the Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Beneficial Ownership Interests will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX C – DTC BOOK-ENTRY SYSTEM."

None of the District, the Paying Agent, the Registrar or the Underwriter will have any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) any notice that is permitted or required to be given to the Owners of the Bonds under the Authorizing Resolution, (3) the selection by DTC or any DTC Participant of the recipient of payment in the event of a partial redemption of the Bonds, (4) the payment by DTC or any DTC Participant of any amount with respect to the principal of or interest due with respect to the Owners of the Bonds, (5) any consent given or other action taken by DTC or its nominee as the Owner of Bonds or (6) any other related matter.

Redemption Prior to Maturity

Optional Redemption. The Bonds maturing on and after December 1, 2022, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities as determined by the District, on December 1, 2021, and on any date thereafter, upon payment of the principal amount of the Bonds so redeemed plus accrued interest to the redemption date, without redemption premium.

Redemption Procedures. Notice of any redemption of Bonds is to be given by the Paying Agent in the name of the District by sending a copy of such notice, containing the information specified in the Authorizing Resolution, by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. If any Bond is duly called for redemption and, on or before the redemption date there is deposited with the Paying Agent in accordance with the Authorizing Resolution funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond will become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice will not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur.

The Paying Agent is required to send notice of redemption of the Bonds only to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as discussed in "APPENDIX C – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Bonds properly called for redemption or any other action premised on that notice.

Source of Payment

The Bonds are general obligations of the District payable from ad valorem property taxes to be levied on all taxable property in the District without limitation as to rate and in amounts sufficient, when combined with other

legally available moneys of the District, if any, to pay the principal of and interest on the Bonds when due. See generally "SECURITY AND SOURCES OF PAYMENT."

Debt Service Requirements

The following table sets forth the estimated debt service requirements for the Bonds and the District's other general obligation bonds to be outstanding following the issuance of the Bonds and the defeasance of the Refunded Bonds. The table assumes no prior redemption of any obligations other than any scheduled mandatory redemption.

Estimated District Debt Service Requirements (Rounded)

Calendar Year	The Bonds*			Other Debt Service ²	Annual Total
	Principal	Interest ¹	Total		
2011	0	375,767	375,767	8,930,496	9,306,263
2012	60,000	2,254,600	2,314,600	8,962,946	11,277,546
2013	65,000	2,253,400	2,318,400	8,962,415	11,280,815
2014	65,000	2,252,100	2,317,100	8,955,765	11,272,865
2015 ³	65,000	2,249,500	2,314,500	8,949,565	11,264,065
2016 ³	70,000	2,246,900	2,316,900	8,961,815	11,278,715
2017 ³	7,710,000	2,244,100	9,954,100	1,310,240	11,264,340
2018 ³	7,740,000	1,858,600	9,598,600	1,674,908	11,273,508
2019	7,070,000	1,549,000	8,619,000	2,649,455	11,268,455
2020	8,595,000	1,195,500	9,790,500	1,484,205	11,274,705
2021	9,360,000	765,750	10,125,750	1,157,605	11,283,355
2022	9,925,000	297,750	10,222,750	1,063,825	11,286,575
2023	0	0	0	11,463,825	11,463,825
2024	0	0	0	11,469,630	11,469,630
TOTALS	50,725,000	19,542,967	70,267,967	85,996,695	156,264,662

¹ See the cover page of this Official Statement for the interest rates on the Bonds.

² This constitutes the amount payable as of the Dated Date. See "DISTRICT DEBT STRUCTURE – General Obligation Debt."

³ "Other Debt" consists of Series 2004 Refunding Bonds and certain Series 2004A Bonds not being refunded.

Sources: The Underwriter and the District

SECURITY AND SOURCES OF PAYMENT

General Obligations

The Bonds constitute general obligations of the District, and the full faith and credit of the District is pledged for their payment. The Bonds are not secured directly by any lien on property located within the District; rather, the Bonds are payable from (1) the proceeds of ad valorem property taxes to be imposed upon all taxable property in the District without limitation of rate and in amounts sufficient, when combined with other legally available money of the District, to pay the principal of and interest on the Bonds when due, (2) any revenue derived directly or indirectly from the enforcement of the collection of such taxes and (3) any other legally available moneys of the District.

For the purpose of paying the principal and of and interest on the Bonds when due, respectively, the Board is to annually determine and certify to the Board of County Commissioners of Mesa County a rate of levy for general ad valorem taxes, without limitation as to rate or amount, on all of the taxable property in the District sufficient to pay the principal of and interest on the Bonds when due. Such taxes levied when collected are to be deposited in a separate account of the District's Bond Redemption Fund (the "Bond Account") and applied solely to the payment of the principal of and interest on the Bonds and for no other purpose until the Bonds are fully paid, satisfied and discharged.

The District may use legally available moneys other than the proceeds of the general ad valorem property taxes levied as provided above to pay all or any portion of the principal of or interest on the Bonds, in which event the District may, but is not required to, (i) reduce the amount of taxes levied for such purpose or (ii) use such taxes to reimburse the fund or account from which such other legally available moneys were withdrawn for the amount of the withdrawal. If the District elects alternative (ii), the taxes levied as provided above are to include amounts sufficient to fund the reimbursement.

No later than the Business Day (defined as a Saturday, Sunday or day on which institutions in the State are authorized or obligated by law or executive order to be closed for business) immediately preceding each date on which a payment of principal of or interest on the Bonds is due, the District, from moneys in the Bond Account or other legally available moneys, is required to deposit moneys with the Paying Agent in an amount sufficient to pay the principal of and interest on the Bonds on such date, and the Paying is to use the moneys so deposited with it to pay the principal of and interest on the Bonds when due.

The annual levy for debt service creates a statutory tax lien which may be enforced to the extent that taxes are delinquent in a given year. The ad valorem property taxes to be levied for the purpose of meeting the debt service requirements on the Bonds are to be in addition to any and all other taxes which may be levied for other purposes of the District.

State Intercept Program

The Bonds will be additionally secured pursuant to the State Intercept Program, which provides that if the District notifies the State Treasurer that it will not make the payment on the Bonds by the date on which it is due, the State Treasurer is required to forward to the Paying Agent, in immediately available funds, the amount necessary to make such payment and to withhold such amount from the next payment of the State's share of equalization program funding and certain other funds that would otherwise be paid to the District. For a further description of the State Intercept Program, see "DISTRICT DEBT STRUCTURE – State Intercept Program" and "DISTRICT FINANCIAL INFORMATION – State Revenue Sources – *State Equalization Funding*."

Custodial Requirement for the Bond Redemption Fund

State law requires that each school district select at least one commercial bank or depository trust company in the State that has full trust powers and is a member of the federal deposit insurance corporation to act as a third-party custodian to administer the school district's bond redemption fund. The custodian is responsible for making payments from the bond redemption fund as provided by law, and may, with the agreement of the school district, withdraw funds that are temporarily not needed to satisfy the school district's obligations, for purposes of depositing or investing the moneys in any investments permitted by law. A school district is not required to select a third-party custodian if the county treasurer keeps the funds and accounts of the school district as provided in Section 22-40-104, C.R.S., or if the school district places the funds in an escrow account with a financial institution eligible to receive public deposits and pursuant to escrow instructions that are acceptable to the State Treasurer

and include, at a minimum, provisions prohibiting payment or transfer of the funds to the school district without the State Treasurer's prior written consent. A school district is also not required to designate a third-party custodian to administer any portion of the school district's bond redemption fund that consists of revenues received from bonds or other obligations for which the school district has opted out of the State Intercept Program as discussed in "State Intercept Program" above. See also "DISTRICT FINANCIAL INFORMATION – Funds and Accounts – *Bond Redemption Fund.*"

Ad Valorem Property Taxes

Property Subject to Taxation. Subject to the limitations discussed in "DISTRICT FINANCIAL INFORMATION – TABOR," the Board has the power to certify to Mesa County 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. Both real and personal property located within the District are subject to taxation, but there are certain classes of property which are exempt. These include, but are not limited to, property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; and inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Determination of Actual Value. The Mesa County Assessor (the "County Assessor") annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within the county as of January 1st. The statutory actual value of a property is not intended to represent current market value, but, with certain exceptions, is determined by the County Assessor utilizing a "level of value" ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. The statutory actual value is based on the "level of value" for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). The one and one-half year period used to determine the level of value advances two years with the start of each reassessment cycle. The following table sets forth the State property appraisal system for property tax levy years 2005 through 2012:

Levy Years	Collection Years	Value Calculated as of July 1	Based on the Market Period
2005 and 2006	2006 and 2007	2004	Jan. 1, 2003 to June 30, 2004
2007 and 2008	2008 and 2009	2006	Jan. 1, 2005 to June 30, 2006
2009 and 2010	2010 and 2011	2008	Jan. 1, 2007 to June 30, 2008
2011 and 2012	2012 and 2013	2010	Jan. 1, 2009 to June 30, 2010

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

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the State legislature to adjust the ratio of valuation for assessment of residential property for each year in which a change in the base year level of value occurs based on an estimated target percentage. This adjustment is mandated in order to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year. The State constitution also prohibits any valuation for assessment ratio increase for a property class without prior voter approval. See "DISTRICT FINANCIAL INFORMATION – TABOR." The ratio of valuation for assessment of residential property has been 7.96% since the 2003 levy year.

All other taxable property, with certain exceptions, is assessed at 29% of statutory actual value. Vacant land (other than agricultural land), which includes land upon which no buildings, structures or fixtures are located, but may include land with site improvements, is also assessed at 29% of statutory actual value. Producing oil and gas property is generally assessed at 87.5% of statutory actual value.

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

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

Homestead Exemption. The State constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009, 2010 and 2011), the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least ten years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions. Therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property within the District no later than August 25th of each year. Subject to the limitations of the State constitution, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of taxable property within the District, and together with other legally available District revenues, will raise the amount required by the District in its upcoming fiscal year. The District subsequently certifies to Mesa County the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year.

Mesa County levies the tax on all taxable property within the District. By December 22nd of each year, the Board of County Commissioners is required to certify to the County Assessor the levy for all taxing entities within the county. If such certification is not made, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the Mesa County Treasurer (the "County Treasurer").

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2011 will be collected in 2012. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly basis. The irregular timing of property tax collections described above can result in temporary cash flow problems for school districts. Colorado law provides for interest free loans from the State to school districts in such circumstances. See, "DISTRICT DEBT STRUCTURES -- Other Financial Obligations."

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty.

Delinquent personal property taxes are enforceable by distraint, seizure and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale.

Tax liens may not necessarily be bid on and sold, and the proceeds of tax liens sold may not necessarily be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing authorities, as well as any interest or costs due thereon. If a tax lien is not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to the county and there has been no subsequent purchase, the taxes on such property may be determined to uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the county after that time.

District Property Tax Statistics

Assessed Valuation and Statutory "Actual" Value. The following table sets forth the District's assessed valuation and estimated statutory "actual" value of taxable property since 2004. As discussed above, assessed valuation is subject to revision through various forms of administrative and judicial review not within the control of the District.

District Assessed Valuation and Estimated Statutory "Actual" Value

<u>Levy Year/ Collection Year</u>	<u>District Assessed Net¹ Valuation</u>	<u>% Change in District Assessed Valuation</u>	<u>Estimated Statutory "Actual" Value</u>
2004/2005	988,492,880	--	8,322,905,420
2005/2006	1,181,591,890	19.53%	9,598,771,911
2006/2007	1,222,932,180	3.50%	9,975,445,099
2007/2008	1,616,010,920	32.14%	12,999,296,897
2008/2009	1,671,286,730	3.42%	13,504,019,270
2009/2010	2,028,064,470	21.35%	16,108,743,670
2010/2011	2,082,515,800	2.68%	16,653,885,680
2011/2012 ²	1,736,585,490	-16.61%	13,561,769,510

¹ Assessed valuation numbers are net of Tax Increment Financing District in downtown Grand Junction.

² Preliminary values as certified by the Mesa County Assessor on August 25, 2011, which are subject to adjustment until December 10, 2011.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports; the Mesa County Assessor's Office and the District

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2011 Assessed Valuation and Statutory "Actual" Value of Taxable Property in the District by Property Classification. The following table sets forth the 2010 and 2011 assessed valuation and statutory "actual" value of taxable property in the District by property classification.

**2010 and 2011¹ Assessed Valuation and Statutory
"Actual" Value² of Classes of Property in the District
(Totals may not add due to rounding)**

Property Class and Assessment Rate	2010 Assessed Valuation	2010 Statutory "Actual" Value	2011 Assessed Valuation	2011 Statutory "Actual" Value
Residential (7.96%)	1,028,540,670	12,191,251,950	777,074,770	9,757,209,040
Vacant (29%)	157,535,540	543,219,590	120,232,600	414,592,420
Commercial (29%)	626,931,280	2,159,715,500	550,080,980	1,896,827,170
Industrial (29%)	120,836,270	51,776,730	109,378,990	377,168,030
Agricultural (29%)	19,031,960	797,583,070	66,213,670	646,711,970
Natural Resources (29%)	1,784,310	6,151,790	1,634,420	5,635,040
Producing Mines (29%)	264,840	913,240	245,400	846,210
Oil and Gas (87.5%)	59,815,790	201,103,020	36,618,760	119,106,970
State Assessed (29%)	97,808,850	414,404,230	99,564,060	343,323,510
TOTAL	2,112,549,510	16,366,119,120	1,761,043,650	13,561,420,360

¹ Preliminary values as certified by the Mesa County Assessor on August 25, 2011, which are subject to adjustment until December 10, 2011.

² Statutory "actual" value is determined by the county assessor using appropriate consideration of cost, market and income approaches to appraisal, with certain exceptions for agricultural land, producing mines and lands or leaseholds producing oil or gas. See "Ad Valorem Property Taxes -- Statutory Actual Value" above.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports; the Mesa County Assessor's Office and the District.

Tax Levies and Collections. The following tables set forth recent history of the District's property tax levies and collections. Mill levies for the 2012 collection year will be certified in December of 2011.

Historical District Mill Levies

Levy Year/ Collection Year	General Fund¹	Bond Redemption	Overrides²	Refunds and Abatements³	Total Levy
2005/2006	24.3400	7.9000	6.1640	--	38.4040
2006/2007	27.6160	7.6210	2.8160	--	38.0530
2007/2008	24.3150	9.3200	4.715	--	38.3500
2008/2009	24.2580	7.2150	4.698	--	36.1710
2009/2010	24.4110	5.9100	3.945	--	34.2660
2010/2011	24.4070	5.3000	3.842	--	33.5490

¹ The District's General Fund levy is determined pursuant to the State's public education funding laws as discussed in "DISTRICT FINANCIAL INFORMATION – State Revenues – State Equalization Funding."

² The District obtained the approval of its electorate in 1996 and 2004 to impose mill levies in addition to the General Fund levy in an amount necessary to generate \$2.5 million and \$4.0 million annually, respectively. See "DISTRICT FINANCIAL INFORMATION – State Revenues – State Equalization Funding – Local Funding – Ad Valorem Property Taxes."

³ The District is authorized to impose a mill levy sufficient to recoup tax revenues lost due to abatements and refunds made by the County Assessor the previous year after the District's mill levy has been certified.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports; Mesa County Assessor's Office; and the District

District Property Tax Receipts¹

<u>Levy Year/ Collection Year</u>	<u>Amount Levied</u>	<u>Current Tax Collections²</u>	<u>Collection Percentage²</u>
2005/2006	45,377,855	45,328,392	99.89%
2006/2007	46,536,238	46,263,339	99.41%
2007/2008	61,974,019	60,745,084	98.02%
2008/2009	60,452,112	59,695,625	98.75%
2009/2010	69,493,657	67,739,809	97.48%
2010/2011 ³	69,866,323	66,604,544	95.33%

¹ Property taxes are levied and collected on a calendar year basis. Therefore, the figures in this table are not comparable to the ad valorem tax information in "DISTRICT FINANCIAL INFORMATION," which is presented on the basis of the District's July 1-June 30 Fiscal Year.

² Includes current taxes only before deduction of County Treasurer's fees (0.25% on General Fund levy), but does not include delinquent taxes, interest on delinquent taxes and penalties. When such later-year collections are included, the District's annual collection percentages has consistently exceeded 99.5% within four years after a tax is levied.

³ Collections by the County Treasurer through July 2011.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports; District financial statements; District FY 2010-11 and FY 2011-12 Budgets; the Mesa County Assessor's office, and the Mesa County Treasurer's Office

Major Taxpayers in the District. Set forth in the table on the following page are the ten largest assessments in Mesa County based upon 2010 assessed values. Constraints such as various corporate names make it nearly impossible to determine accurately who the top ten "taxpayers" in Mesa County are. It is possible that the taxpayers shown in the table may own additional property within the District. Information based upon preliminary 2010 assessed values is not yet available.

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. No independent investigation has been made of and consequently 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.

Major District Taxpayers

<u>Property Owner</u>	<u>2010 Assessed Valuation</u>	<u>Percent of District Assessed Valuation</u>
Oxy USA Inc.	48,888,220	2.35%
Public Service (Excel) - Utility	40,069,700	1.92%
Helmerich & Payne International Drilling	25,286,690	1.21%
Delta Petroleum Corporation	25,078,430	1.20%
Nabors Drilling USA LLC	22,727,600	1.09%
Qwest Corporation	18,737,700	0.90%
Collbran Valley Gas Gathering LLC	16,571,750	0.80%
Union Pacific Corporation	14,226,400	0.68%
Enterprise Gas Processing LLC	13,324,870	0.64%
SM Mesa Mall LLC	11,055,160	0.53%
Totals	235,966,520	11.64%

Source: Mesa County Assessor's Office.

Levies of Overlapping Taxing Authorities. In addition to the District's ad valorem property tax levy, owners of property within the District are obligated to pay property taxes to other taxing authorities in which their property is located. According to the Mesa County Assessor's Office, for the 2010 tax levy year (2011 tax collection year), there were 43 governmental entities which overlapped the District or portions thereof, some of

which did not levy any taxes. These entities included Mesa County, three municipalities, 21 sanitation and improvement districts, five water districts, ten fire protection districts, one library district, one cemetery district, and the Colorado River Water Conservation District. Tax levies also continue to be imposed in certain areas of the District to pay the outstanding bonds of districts that have either dissolved or excluded such property from their boundaries. The District was a component of 240 separate tax districts in 2010, each constituting a combination of several taxing authorities and with aggregate 2010 levies ranging from 48.939 to 75.100 mills. Additional taxing authorities could be formed in the future which could overlap the District.

Limitations on Remedies Available to Owners of Bonds

There is no bond trustee or similar person to monitor or enforce the provisions of the Authorizing Resolution. The Owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies available to the Owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the District and certain other public officials to perform the terms of the Authorizing Resolution) may have to be enforced from year to year. The obligation to pay general ad valorem taxes is secured by a statutory lien upon the taxed property, but is not an obligation of for which a property owner may be held personally liable in the event of a deficiency. The Owners of the Bonds cannot foreclose on property within the boundaries of the District or sell such property in order to pay the debt service on the Bonds. See “Ad Valorem Property Taxes” above.

In addition, the enforceability of the rights and remedies of the Owners of the Bonds may be subject to limitation as set forth in Bond Counsel’s opinion (see “APPENDIX E – FORM OF OPINION OF BOND COUNSEL”). Such opinion will state, in part, that the obligations of the District with respect to the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity, 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. Bankruptcy proceedings or the exercise of other powers of the federal government, or the exercise of the police power of the State, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of rights. Sections 362 and 922 of the United States Bankruptcy Code provide that, in the event the District files a petition in bankruptcy, the enforcement of a lien on or arising out of taxes or assessments owed will be stayed, with the result that payments of principal and interest with respect to the Bonds following the filing of such a petition may be subject to a plan for the adjustment of the District’s debts approved by the bankruptcy court.

Future Changes in Laws

Various State and federal constitutional provisions, laws and regulations apply to the operations of the District and the imposition, collection and expenditure of ad valorem property taxes and other funds of the District. There is no assurance that there will not be any change in such constitutional provisions, laws or regulations, or judicial or administrative interpretations thereof, which would have a material effect, directly or indirectly, on the operations of the District or the imposition, collection or expenditure of ad valorem property taxes or other funds of the District to pay debt service on the Bonds.

THE DISTRICT

General

The District is a political subdivision of the State and a body corporate organized in 1951 from a number of small, independent school districts in Mesa County, Colorado. The major purpose of the District is to provide K-12 public education for those who reside within the boundaries of the District. To accomplish this purpose, the District operates twenty-four (24) elementary schools, eight (8) middle schools, one (1) 8/9 school, five (5) high schools, one (1) career center, one (1) remote K-12 mountain school, plus several locations for alternative programs.

The District is located approximately 235 miles west of Denver, with its western boundary bordering the State of Utah. The District encompasses approximately 2,203 square miles or 66% of all land area in Mesa County and approximately 95% of the County's population. Included within the District are the municipalities of Grand Junction, a regional trade and service center for Western Colorado, Palisade and Fruita. Generally, the District does not serve the extreme eastern and northeastern parts of the County including the municipalities of Collbran and DeBeque. The District's boundaries have remained stable since its organization and it had a fall 2010 enrollment of approximately 22,124 students. The District's headquarters are located in the City of Grand Junction.

Enrollment

Set forth below are the District's fall enrollment statistics for the current and past five academic years. These figures are actual head counts, which differ from the calculation of the pupil count used to determine State equalization funding as discussed in "DISTRICT FINANCIAL INFORMATION – State Revenue Sources – *State Equalization Funding*."

Enrollment History

<u>School Year</u>	<u>K-12 Enrollment</u>	<u>Percent Change</u>
2006-07	21,241	--
2007-08	21,373	0.62%
2008-09	22,232	4.02%
2009-10	22,105	-0.57%
2010-11	22,175	0.32%

Source: The District

Organization and Powers

As a school district, the District is a political subdivision of the State and a body corporate having perpetual existence. The District exercises the powers granted by State law, including the power to hold property in its name for any purpose authorized by law, sue and be sued and be a party to contracts for any purpose authorized by law. State laws grant to the Board the power to govern the District. General duties which the Board is empowered and required to perform include the following: to carry out educational programs; to fix and pay personnel compensation; to determine the educational programs to be provided by the District; to prescribe the textbooks for any course of instruction or study in such programs; to adopt written policies, rules and regulations relating to study, discipline, conduct, safety and welfare of all pupils; and to comply with all the rules and regulations adopted by the State Board of Education.

The Board is also granted specific powers to be exercised in its judgment. These include 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 properties of the District 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 procure appropriate property damage, casualty, public liability and accident insurance; to fix attendance boundaries and to contract for the transportation of pupils enrolled in the District's public schools.

The Board of Education

The District is governed by a five-member Board of Education. The Board is a policy-making body whose primary functions are to establish policies and oversee the District's property, facilities and financial affairs. See "Organization and Powers" above.

Members of the Board must be registered electors of the District and are elected by the electors of the District for staggered four-year terms of office, with two or three members elected every two years. Vacancies on the Board are filled by appointment by the remaining Board members within 60 days after the vacancy has occurred, the appointee to serve a statutorily determined term of office. Members of the Board serve without compensation.

The Board holds regular meetings on the first and third Tuesday of each month, with special meetings held as needed. The Board elects its officers following each biennial election.

The present Board members, their offices on the Board, principal occupations, length of service on the Board and expiration of current terms of office are as follows.

Board of Education

<u>Member</u>	<u>Office</u>	<u>Principal Occupation</u>	<u>Length of Service</u>	<u>Current Term Expires (November)</u>
Harry Butler	President	Environmental (Retired)	6	November, 2013
Cindy Enos-Martinez	Vice President	Human Resources (Retired)	4	November, 2011
Diann Rice	Member	Governmental (Retired)	4	November, 2011
Leslie Kiesler	Member	Medical Admin (Retired)	6	November, 2013
Greg Mikolai	Member	Public Broadcasting	2	November, 2013

Administration

The day-to-day operations of the District are the responsibility of the District's Superintendent and his staff. The Superintendent, as well as the Executive Director of Support Services, are profiled below.

Superintendent. The District's Superintendent serves as the chief executive officer of the District and, under the direction of the Board, has general supervision of and responsibility for the overall operational management and instructional program of the District.

Steven D. Schultz, has worked in education for almost 29 years, all with Mesa County Valley School District 51. He was a teacher for 10 years, a principal for eight years, and served four years as an Executive Instructional Director and five years as the Assistant Superintendent, before accepting the appointment as Superintendent in July 2009.

Mr. Schultz is a graduate of the University of New Mexico with a Bachelor's degree in Biology and Elementary Education. He also has a Master of Arts degree in Educational Leadership from Western State College. Prior to entering the field of education he worked for seven years in business.

Mr. Schultz serves on the several community boards including the Board of Directors for John McConnell Math and Science Center of Western Colorado, the Saccomano Foundation Board, and as a member of the Board for Western Colorado Community College BOCES. Over the years Steve has been honored to be recognized as The Outdoor Educator of the Year and received the Governor's Excellence in Education Award.

Executive Director of Support Services. The District's Executive Director of Support Services serves as the chief financial officer of the District and, under the direction of the Superintendent, has general supervision of and responsibility for the financial and budgeting operations of the District.

Melissa Callahan deVita joined the District as the Executive Director of Support Services in September of 2006. Prior to that, her experience had been in the business community both as an entrepreneur and a partner with Price Waterhouse, a global consulting firm. Since joining District 51, Melissa has provided counsel to the superintendent, executive team and Board of Education. In addition, she has provided executive leadership for the business and support functions of the District including Finance, Budgeting, Maintenance and Operations, Nutrition Services, Purchasing and others.

Ms. Callahan deVita is a graduate of Kettering University with a Bachelor's degree in Industrial Administration. She also holds a Masters of Business Administration from the University of Michigan, Ross School of Business. After completing her business degrees, she joined Price Waterhouse as a consultant; subsequently over a 16 year period she became a partner working on large global engagements with Fortune 50 clients such as Procter & Gamble, Eli Lilly, Abbott Labs, and McDonald's Corporation.

Ms. Callahan deVita works with several local non-profit organizations serving on the Board of Directors for the Riverside Task Force and Ice Skating, Inc.

Employees

For FY 2011-12, the District has budgeted in the General Fund for a total of 2,089.47 full time equivalent (FTE) employees, including 1,336.57 FTE teachers, counselors, librarians, social workers, psychologists and nurse positions; 61.6 principals and assistant principals; 18.3 instructional and support administrators; 21.35 non-teaching professional positions; and 651.95 support professionals.

The District's teachers hold the following degrees:

Educational Levels of Certificated Staff

<u>Degree Held</u>	<u>Percent of the Certificated Staff</u>
Bachelors	15.2%
Bachelors plus ¹	15.0%
Masters	31.8%
Masters plus ¹	37.6%
Doctorate	<u>00.4%</u>
	100.0%

¹ Credit hours acquired toward an advanced degree.

Staffing of the District's schools is allocated through a weighted staffing formula in an effort to ensure that staffing is distributed to schools equitably. Schools may allocate their staff differently depending on the needs of their student population, which encourages the collaborative input of local school advisory committees.

The average class size for District schools as of the fall of 2010 was 23.8 for elementary schools, 18.9 for middle schools and 23.5 for high schools.

Teachers are employed by the District pursuant to contracts established by the Board. Included in the contracts are provisions for the benefits discussed below. Teacher salaries are determined by a salary schedule adopted by the Board. The 2010 average salary for school teachers in the District was \$47,191.

All teachers hired by the District are required to have a bachelor's degree from an accredited institution and must hold a teacher's certificate from the State or a Statement of Eligibility for an Alternative Teacher License from the State. By law, teachers' licenses expire after five years, but are renewable upon application and payment of the statutory fee, and evidence of the completion of six or more semester hours of renewal credit earned within the preceding five years.

Teachers are employed by the Board pursuant to the State's Teacher Employment, Compensation and Dismissal Act of 1990. During the first three years of full-time employment, a teacher is considered probationary and during that time his or her contract is subject to nonrenewal. The contracts of all probationary full-time teachers automatically are renewed for the succeeding academic year unless the Board causes written notice to the contrary to be given to the teacher on or before June 1st of the current academic year. Teachers earn "teacher status," often referred to as "tenure," when they begin their fourth consecutive year of full time employment.

Approximately 62% of the eligible personnel of the District are members of the Mesa Valley Education Association, the local chapter of the Colorado Education Association and the collective bargaining agent for the District's teachers. The Collective Bargaining Agreement between the Association and the District is a 3-year agreement, with the current agreement expiring on June 30, 2013. The Superintendent believes that the current contract negotiation process with the teachers functions well, as evidenced by amicable contract discussions and the absence of teacher strikes.

Employee Benefits; Pension Plans

The District offers a comprehensive benefits package for its employees. Available benefits include health, dental, group life and disability insurance plans, to which the District contributes a fixed amount, as well as sick leave. Fully paid vacation days for year-long employees also are provided. Worker's compensation and

unemployment insurance are provided in accordance with State law. The Board sets the District's holiday schedule through the establishment of an annual school calendar.

All of the District's employees are members of the Public Employees' Retirement Association of Colorado, School Employees Division ("PERA"), a joint-contributory Colorado retirement plan, to which the District currently is required by statute to contribute 13.85% of the gross salaries paid, and employees are required to contribute 8% of the employee's 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%. For additional information regarding the District's contribution to PERA, see Note 8 to the District's financial statements appended to this Official Statement.

For a discussion of the postemployment healthcare benefits and other postemployment benefits provided by the District, see Note 9 to the District's financial statements appended to this Official Statement.

Intergovernmental Relationships and Agreements

The District maintains cooperative working relationships with adjacent and overlapping governmental entities in providing educational services and programs. The District also participates in zoning change proposals in Mesa County and the municipalities within the District's boundaries. In order to expand its educational services, the District annually contracts with the Grand Valley Board of Cooperative Educational Services ("BOCES"). The BOCES provides expertise and support services in meeting the needs of students enrolled in vocational and technical programs. In addition, the District has contracted with the City of Grand Junction to permit certain municipal uses of District facilities in return for City contributions to certain District capital projects.

Facilities

Current 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, as shown in the following table.

District School Buildings and Capacity in Use

	<u>Optimum 2010 Building Capacity¹</u>	<u>October 1, 2010 Actual Enrollment</u>	<u>2011-12 Projected Enrollment²</u>	<u>Year Constructed</u>
Elementary Schools (K-5):				
Appleton	368	422	419	1938
Broadway	275	245	243	1958
Chatfield	522	424	421	1976
Chipeta	441	472	469	2009
Clifton	551	442	439	1968
Columbus (New Emerson)	248	133	132	1949
Dos Rios	435	429	426	1999
Dual Immersion Academy	214	272	270	2006
Fruitvale	476	474	470	1953
Lincoln OM	409	410	407	1955
Loma	365	288	286	1982
Mesa View	380	437	434	1982
Nisley	467	479	475	1958
Orchard Avenue	406	488	484	1948
Pear Park	532	458	455	2006
Pomona	378	417	414	1958

	Optimum 2010 Building Capacity¹	October 1, 2010 Actual Enrollment	2011-12 Projected Enrollment²	Year Constructed
Rim Rock	509	654	649	2006
Rocky Mountain	564	573	569	1998
Scenic	229	239	237	1969
Shelley	519	550	546	1958
Taylor	511	422	419	1958
Thunder Mountain	562	624	619	1982
Tope	410	379	376	1940
Wingate	452	460	457	1982
Spec. Hawthorne/Contracted Services Preschoolers		145	144	
Total Elementary Schools	10,223	10,336	10,260	
Middle Schools (6-8):				
Bookcliff	531	504	500	2006
DIA Middle ³		71	70	2006
East	484	444	441	1970
Fruita	733	566	562	1936
Grand Mesa	625	657	652	1998
Mt. Garfield	596	635	630	1982
Orchard Mesa	598	537	533	1960
Redlands	643	582	578	1991
West	466	427	424	1971
Total Middle Schools	4,676	4,423	4,390	
High Schools (9-12):				
Career Center ⁴	196			2006
Central	1,495	1,599	1,587	1960
Fruita 8/9	668	776	770	2005
Fruita Monument	1,618	1,278	1,269	1969
Grand Junction	1,786	1,774	1,761	1956
Palisade	1,084	1,003	996	1991
R-5	257	355	352	1925
Total High Schools	7,104	6,785	6,735	
Other Schools:				
Gateway (K-12)	90	51	50	1946
Independence Academy	284	233	231	1925
Mesa Valley Vision Program		326	323	
Glade Park Community School	30	21	23	2010
Total Other	404	631	627	
TOTAL ALL SCHOOLS	22,407	22,175	22,012	

¹ Optimum capacity equals the desired class size maximum, not the maximum allowed by applicable building code.

² Includes pre-K.

⁴ Capacity included above in Elementary.

⁴ School has no enrollment records because students enrolled at other schools are bussed in during the day for special programs

Source: The District

In addition to the school buildings and their contents, the District owns or leases the following facilities and properties: 784.78 acres of land, ten administration buildings, a number of portable classrooms included in the table above, and 151 vehicles, of which 45 are buses or multi-passenger vans.

Capital Improvement Plan; Identified Needs. In November 2004, the District asked its electors to approve the issuance of general obligation bonds in the principal amount of \$109,000,000 to address the capital

needs of the District. The bond issue was approved and all originally identified projects were completed. The District continues to update its capital needs lists annually through assessments and meetings with major user groups. See "DISTRICT DEBT STRUCTURE – General Obligation Debt – *Outstanding General Obligation Debt*," and Schedule 18 of the Notes to the District's Financial Information.

Most of the District's conventional urban and suburban schools are operating at or above their design capacity, some by as much as 25%. See Schedule 18 to the District's Audited Financial Statements appearing as Appendix B to this Official Statement for a detailed review of each of the District's schools and the enrollment at and capacity of each school for FY 2009-2010. The District referred to its electors in 2008 a ballot measure that would have authorized \$184,935,000 in new general obligation debt. The proceeds of that issue, if it had been approved, would have met the capital needs of the District at that time and for some years into the future. The 2008 measure was rejected by the District's electors, and the District has no plans to seek voter approval for new debt until enrollment pressures and local sentiment will support such a measure.

Curriculum

The District offers a wide range of educational opportunities in academic, career and technical, and fine arts programs to its students from kindergarten through 12th grade. The curriculum and instruction are a balance of traditional and innovative programs and strategies with particular emphasis on high achievement and preparation for post secondary education, career development opportunities and personal enrichment experiences. The instructional methods and materials undergo continual examination and evaluation by appropriate staff members. The District uses a 5-7 year curriculum review cycle to systematically review, assess and revise curriculum.

The District has a comprehensive special education program for students with disabilities, English language learners are served at 39 school sites and all schools have programs for gifted and talented students. Preschool programs are offered at several elementary schools and at two community facilities.

Charter Schools

Overview. The Legislature of the State of Colorado enacted the "Charter School Act - Colorado Revised Statutes (CRS) Section 22-30.5-101" in 1993. This Act authorizes independent state-chartered schools to be established and receive state funding similar to that provided to the District's schools. This Act also permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the District's Board of Education must approve all charter school applications and budgets.

Independence Academy Charter School. The Board of Education approved the application of Deep River Charter School beginning in the 2005 school year. During 2006, the charter school changed its name to Independence Academy Charter School (IACS). The component unit column in the government-wide financial statements is the financial data of the IACS, the District's only discretely presented component unit. Complete financial statements for the component unit may be obtained from the charter school: 600 N. 14th Street, Grand Junction, CO 81501, Phone 970-254-6852.

Glade Park Charter School. In the 2011-2012 budget process a small K-5 elementary school in a remote location, Glade Park, was cut from the budget. An application for a charter school was brought to the Board of Education on May 24, 2011. The charter was approved June 21, 2011 for the 2011-2012 school year. A contract

is in the process of being negotiated. The Glade Park Community School will be a K-5 school and has an anticipated student full time equivalence (FTE) of 23.

Caprock Academy. Caprock Academy was established as an independent (i.e., not established or approved by the District) charter school in 2006. Caprock Academy's financial information is not included in this Official Statement or the financial information for the District. At the beginning of the 2011-2012 school year, Caprock Academy had approximately 640 students enrolled in grades K - 11.

Attendance and Graduation

Based on information provided by the Colorado Department of Education, the District's pupil attendance rate for the 2008-09 school year was 92.185%, which upholds a long-standing attendance rate above 90%. The District dropout rate for the 2008-09 school year was 3.60%. The high school graduation rate for the 2008-09 school year was 79% and for the 2009-10 school year it was 78.7. Final information for the 2010-11 school year is not yet available.

Accreditation

The District is fully accredited by the Colorado Department of Education. Under State accreditation rules, the Board is responsible for accrediting each of its schools. The Board acted to accredit all District schools in January 2010. The District is subject to an annual review by the State to ensure continued compliance with accreditation standards.

DISTRICT FINANCIAL INFORMATION

The following sets forth certain financial information concerning the District. The laws governing the financing of Colorado's public school system have been subject to a number of constitutional and legislative changes in recent years, and are ultimately subject to review and examination through the judicial process. Appropriation decisions regarding the State's share of the State equalization funding discussed below are made on an annual basis by the State legislature. For example, large State budget cuts made in 2004, 2005 and 2006 included relatively small adjustments to certain K-12 programs, and as a result of the downturn in the economy, the State again made numerous cuts to public education funding in FY 2008-09 and FY 2009-10. As a result, the District cannot predict with any certainty the level of funding to be provided by the State each year, nor can the District predict with any certainty the effects of various other factors that influence the financing of its activities, including, without limitation, the continuing impact of Article X, Section 20 of the State constitution ("TABOR") on the ability of both the State and the District to fund their respective shares of funding for the District. There also can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the future financial affairs of the District. See also "APPENDIX A – THE LOCAL ECONOMY."

District Revenues

The District receives revenues from a variety of State, local and federal sources, the most important of which are described below.

State Revenue Sources

State Equalization Funding. Colorado school districts are funded primarily from revenues that are determined in accordance with the Public School Finance Act of 1994 (the “School Finance Act”), which was adopted in furtherance of the State legislature’s duty under Article IX, Section 2 of the State constitution to provide for a thorough and uniform system of public schools throughout the State. The School Finance Act has applied to school districts for budget years beginning on and after July 1, 1994, and its provisions are to be used to calculate for each school district an amount that represents the financial base of support for public education in that district (the “Total Program”). After determining the Total Program, such amount is funded in part by the school district and the balance is funded by the State.

Funding to school districts is based on a per-pupil formula that calculates Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per pupil amount of money plus additional money to recognize district-by-district variances in cost of living, personnel costs and size. The Total Program amount also includes additional funding for at-risk pupils. As these components vary among school districts, so does the amount of Total Program funding provided.

Starting in FY 2010-11, a new factor was introduced in the school finance formula due to the Statewide budget balancing challenges Colorado currently is facing. This new factor is called the “State Budget Stabilization Factor” and reduces the amount of funding districts would have received prior to the application of this factor in an equitable manner. In general, this factor is calculated by first determining the Total Program prior to application of the State Budget Stabilization Factor. Then the State Budget Stabilization Factor reduces this Statewide Total Program to no less than \$5,210,795,823, being a total amount set by the State legislature for FY 201-12 in House Bill 11-230. The difference between the Total Program amount prior to application of the State Budget Stabilization Factor and the established floor amount for Total Program is utilized to calculate a percentage reduction that is then applied to each district’s Total Program funding amount.

The general rule for calculating Total Program funding for FY 2010-11 and thereafter is as follows:

$$\text{Total Program} = \text{Funded Pupil Count (October 1)} \times \text{Total Per Pupil Funding} + \text{At-Risk Funding} + \text{On-Line Funding} + \text{State Budget Stabilization Factor}$$

Funded Pupil Count = The sum of (i) the greater of the number of pupils enrolled in the district for the current budget year or the average enrollment for the current and up to three prior budget years (less the Colorado Preschool Program Pupil Counts), plus (ii) the district’s On-line Pupil Count plus (iii) the district’s Colorado Preschool Program Pupil Count.

Per Pupil Funding = A formula which takes into consideration a Statewide base level plus adjustments for variances in district size, cost of living, personnel costs and non-personnel cost factors specified in the School Finance Act.

At-Risk Funding = Funding formulas which are based upon the number of district pupils and pupils Statewide eligible for the federal free lunch program.

On-Line Funding	=	Funding for pupils receiving an education predominantly through an on-line program and residing in the State.
State Budget Stabilization Factor	=	A reduction to other existing factors, which does not reduce any base per pupil funding that districts receive through the school finance formula as discussed above.

The School Finance Act provides for a minimum level of Total Program funding of \$5,634.77 per traditional pupil and \$5,913.93 per on-line pupil for FY 2011-12, but limits a district's Total Program per pupil funding to not more than 125% of its prior year's Total Program funding per pupil funding (not including override revenues discussed below). In addition, a district's ability to accept the full amount of Total Program funding may be limited by the constraints on the district's annual revenue and spending growth discussed in "TABOR" below.

A district's Total Program is funded in part by the district, with the State funding the balance. The district's share is the amount raised by the district's mill levy (assuming 100% collection) plus the amount of specific ownership tax revenue paid to the district in the prior fiscal year which is attributable to the district's general fund, excluding any budget election revenue.

Beginning in FY 2007-08, the district's mill levy has been required to be the lowest of (i) the number of mills levied by the district for the immediately preceding property tax year, (ii) the number of mills that will generate property tax revenue in an amount equal to the district's Total Program for the applicable budget year minus the minimum State aid minus the amount of specific ownership tax revenue paid to the district, (iii) for a district that has not obtained voter approval to retain and spend revenues in excess of the property tax revenue limitation imposed on the district by TABOR, the number of mills that may be levied by the district in accordance with TABOR (using in the calculation of local growth as the district's enrollment the district's funded pupil count), or (iv) 27.000 mills. See "TABOR" below.

The State legislature is required to make annual appropriations to fund the State's share of the Total Program of all school districts. The availability of State funds to the District may be affected by actions of the legislature and by the cash position of the State itself. In the event the State's appropriation for its share of the Total Program of all school districts is not sufficient to fund fully the State's share, the Colorado Department of Education is required to submit a request for a supplemental appropriation in an amount which will fund fully the State's 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 funding categories not mandated by the State constitution. Such reductions, or "rescissions," occurred in FY 2001-02, FY 2002-03, FY 2008-09, FY 2009-10 and FY 2010-2011. See "*Historical and Projected Total Program Funding*" below.

Each school district has the discretion, within the limits of existing law, to determine how its Total Program moneys are spent. Prior to FY 2009-10, districts were required to allocate funds to instructional supplies and materials and capital and/or insurance reserves. However, beginning in FY 2009-10, 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. See "*Funds and Accounts – Risk Management Fund – Capital Projects Fund*" below.

There are no restrictions on transferring funds between accounts established and maintained by a district, except that any funds that were remaining in capital/insurance reserves at the end of FY 2008-09 must be used for the purposes intended at the time they were allocated.

Amendment 23. In November of 2000, the State’s voters approved an amendment to the State constitution relating to funding for public schools, commonly referred to as “Amendment 23.” Amendment 23 requires that the base per-pupil funding amount and the funding for categorical programs (such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education): (i) increase by the rate of inflation plus 1% for FY 2001-02 through FY 2010-11, and (ii) increase by at least the rate of inflation each year thereafter. The measure is funded from all revenues collected from 1/3 of 1% of the State’s existing income tax and exempts those funds from the revenue limitations of TABOR. See “TABOR” below. The State legislature may appropriate funds only to increase funding in preschool through 12th grade education or for purposes specifically stated in Amendment 23, including accountable education reform, accountable programs to meet State academic standards, reducing class size, expanding technology education, improving public safety, accountability reporting, performance incentives for teachers and public school building capital construction. The funds may not be used to reduce the current level of general fund appropriations for Total Program funding and categorical programs. Amendment 23 further requires the State to increase its general fund appropriation by at least 5% in each year from FY 2001-02 through FY 2010-11, except in any year in which State personal income grows less than 4.5% between the previous two fiscal years (July 1-June 30), as is currently the case.

Historical and Budgeted Total Program Funding. The following tables summarize funding levels, pupil counts and the components of the District’s actual Total Program funding for the past five fiscal years and budgeted for the current fiscal year:

	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09¹</u>	<u>FY 2009-10¹</u>	<u>FY 2010-11^{1,2}</u>	<u>Budgeted FY 2011-12³</u>
Per pupil formula funding	5,865.00	6,279.02	7,529.78	6,872.52	6,471.52	6,137.37
Funded pupil count	20,206.00	20,502.00	21,041.80	20,996.20	20,796.20	20,860.20
Total Program funding	118,508,190.00	128,732,468.00	137,398,324.80	144,296,804.42	134,583,024.22	128,026,766.00
Change from prior year	6,101,674.94	10,224,278.00	8,665,856.80	6,898,479.62	(9,713,780.20)	(6,556,258.20)
Sources of Total Program Funding:						
Property taxes	29,612,079.81	39,130,088.00	40,468,536.88	49,107,553.08	49,107,553.00	50,426,038.00
Specific ownership taxes	4,508,729.20	5,740,133.00	6,480,041.80	6,880,782.20	6,983,994.00	6,023,933.00
State share	84,387,381.00	83,862,247.00	90,449,746.10	84,978,590.00	78,491,477.00	71,576,795.00
Total Program Funding	118,508,190.01	128,732,468.00	137,398,324.78	140,966,925.28	134,583,024.00	128,026,766.00

¹ Total Program funding for FY 2008-09 and FY 2009-10 are before rescissions.

² Unaudited

³ Includes reduction of budget stabilization factor

Sources: District FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 Budgets; and the District.

The \$6,136.63 per-pupil funding for FY 2011-12 represents a 9.4% decrease in funding. This decrease results from a -0.6% inflation rate plus 1.0% for Amendment 23 less the -10.9% State Budget Stabilization Factor. In addition, a mid-year rescission during FY 2009-10 lowered the actual program funding by \$3,329,906 for FY 2009-10.

Of the \$72,349,524 in State equalization aid received by the District in FY 2010-11, \$66,791,465 was retained in the General Fund (47.3% of the District’s total General Fund revenue), \$4,155,412 was transferred to the Capital Reserve Fund (now the Capital Projects Fund), and \$1,402,647 was transferred to the Independence Academy Charter School. The District has budgeted \$71,576,795 in State equalization aid to be received in FY 2011-12, all of which is to be credited to the General Fund (approximately 49.5% of total General Fund revenue). Beginning with FY 2009-10, mandatory funding of the Capital Projects Fund is no longer required, although the Board continues to fund the Capital Projects Fund with a transfer from the General Fund in the amount of \$4,964,412 as discussed in “Funds and Accounts – *Capital Projects Fund*” below.

State Transportation Aid. The District also is reimbursed by the State for a portion of the costs of transporting pupils to and from school for the previous school year pursuant to the State's Public School Transportation Act. The District received \$1,296,005 in transportation reimbursements (.85% of total General Fund revenue) in FY 2010-11, and has budgeted to receive \$1,246,590 of such funds (.86% of total General Fund revenue) in FY 2011-12.

State Vocational Aid. Vocational funds are made available to the District by the State pursuant to the State's Career Education Act of 1975. The program allows school districts to receive funds upon approval of their local vocational education plans. The District received \$1,398,272 of vocational funds (9.1% of total General Fund revenue) in FY 2010-11, and has budgeted to receive \$1,311,625 of such funds (9.17% of total General Fund revenue) in FY 2011-12.

Special Education Aid. Special education funds are made available to the District by the State pursuant to the State's Handicapped Children's Educational Act of 1973. The District received \$3,728,067 (2.4% of total General Fund revenue) in special education funds in FY 2010-11, and has budgeted to receive \$3,694,942 of such funds (2.56% of total General Fund revenue) in FY 2011-12.

Local Revenue Sources

Ad Valorem Property Taxes. The second major source of revenue to the General Fund is the ad valorem tax annually levied on and against all of the taxable property within the District for operations of certain of its funds. All such taxes are levied and collected in the manner described in "SECURITY AND SOURCES OF PAYMENT – Ad Valorem Property Taxes." The District is required to impose a property tax levy to finance its local share of the Total Program as discussed in "State Revenue Sources – *State Equalization Funding*" above.

Additional taxes ("override revenues") may be levied by a school district with voter approval. In 1996 and 2004, the District's electorate authorized the District to collect override revenues in the amount of \$2.5 million and \$4.0 million per year, respectively. The Board of Education has also authorized seeking voter approval at the November 2011 general election of an override revenue measure of 7 mills for six years, which would realize approximately \$12,500,000 annually in additional General Fund revenues, and then expire.

Beginning in FY 2009-10, a district's override revenues may not exceed the greater of 25% of its Total Program or \$200,000, 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. Accordingly, the District presently has unused override capacity in excess of \$25,000,000. *Override revenues do not affect the State share of Total Program funding that the district is eligible to receive.*

The District received \$58,472,086 in ad valorem property tax revenue for the General Fund (38% of total General Fund revenue) in FY 2010-11, and has budgeted to receive \$58,427,063 in ad valorem property taxes for the General Fund (40.4% of total General Fund revenue) in FY 2011-12. See "SECURITY AND SOURCES OF PAYMENT – District Property Tax Statistics."

The District also may levy ad valorem property taxes to pay its obligations with respect to general obligation indebtedness. Such revenues are deposited in the Bond Redemption Fund. In the Authorizing Resolution, the District has irrevocably covenanted each year to certify a rate of levy for ad valorem taxes to the Board of County Commissioners of Mesa County which, when levied on all taxable property in the District, will raise ad valorem tax revenue sufficient, together with other legally available funds, to pay the principal of and interest on the Bonds when due. See "SECURITY AND SOURCES OF PAYMENT" and "Budgets" hereafter.

Specific Ownership Taxes. An additional source of local revenue received by the District is its proportionate share of the annual specific ownership tax levied by the State and collected by each county in connection with the registration of motor vehicles. The tax is paid in lieu of ad valorem property taxes on all self-propelled equipment, motor vehicles and certain other movable equipment, and is in addition to State registration or license fees. The amount collected by the Mesa County Treasurer is apportioned among all political and governmental subdivisions located within the County on the basis of the amount of ad valorem property taxes levied by such entities within the County during the preceding calendar year. The District received \$7,852,806 of specific ownership tax revenue (5.1% of total General Fund revenue) in FY 2010-11, including both the amount attributable to the taxes levied for the General Fund and the amount attributable to the taxes levied for the Bond Redemption Fund. The District has budgeted to receive \$8,300,652 in specific ownership tax revenue for the General Fund (5.74% of total General Fund revenue) in FY 2011-12.

Miscellaneous Local Revenues. Other local sources of revenue include, among others, income earned on the investment of District moneys. See “Deposit and Investment of District Funds” below.

Federal Revenue Sources

The District also receives federal funds related to special and vocational education, the drug free schools and communities program, the national school lunch and school breakfast programs and various other programs.

Funds and Accounts

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 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 establishes seven fund classifications for school districts. The District currently utilizes most notably the General Fund, the Bond Redemption Fund and the Capital Reserve Special Revenue Fund. In accordance with interpretive regulations of the State Board of Education, the District also currently maintains the Designated Purpose Grants Special Revenue Fund, the Food Service Enterprise Fund, the Physical Activities Special Revenue Fund and the Student Body Activity Agency Fund. The funds currently being utilized by the District are described below.

General Fund. The General Fund is the primary operating fund of the District. It is used to account for all operations except those required to be accounted for in another fund. The General Fund accounts for the District’s ordinary operations financed primarily from property taxes and State aid. It is the most significant fund in relation to the District’s overall operations.

Capital Projects Fund. The Capital Projects Fund (formerly the Capital Reserve Special Revenue Fund) is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay acquisitions or construction of major capital facilities and other capital assets. The primary source of revenue to the Capital Project Fund is a transfer from the General Fund.

Bond Redemption Fund. The Bond Redemption Fund is used for the deposit of the revenues from a property tax levied solely for the purpose of satisfying, when due, the principal and interest obligations on the District’s outstanding general obligation bonded indebtedness. The fund also may include revenues from a tax

levied for the purpose of making payments under certain installment purchase, lease or rental agreements approved by the District's electorate, as well as proceeds from the sale of lands and/or buildings. See also "SECURITY AND SOURCES OF PAYMENT – Custodial Requirement for the Bond Redemption Fund."

Other Funds. The Designated Purpose Grants Special Revenue Fund is a special revenue fund used to maintain a separate accounting for fully funded federal and local grant programs that are restricted as to the type of expenditures for which they may be used, and which may have a different fiscal period than that of the District. The Food Service Enterprise Fund is an enterprise fund used to account for the operation of food services in all schools within the District. The Physical Activities Special Revenue Fund is a special revenue fund used to account for financial transactions of all schools in the District through individual school athletic and activity accounts. The Student Body Activity Agency Fund is a fiduciary fund used to account for assets held by the District as an agent for student clubs and other organizations.

Accounting Records and Financial Statements

The District accounts for its financial operations in compliance with State law, with all records maintained on the District's fully computerized accounting system. In accordance with generally accepted accounting principles ("GAAP"), the financial statements of the District include no additional separate governmental units, agencies or nonprofit corporations except the District's two charter schools, which are separate, independent organizations but are financially dependent on the District. The statutory and contractual financial obligation to the charter schools is a budgeted expenditure in the General Fund, and the budgets for the entire income and expenses of the charter schools are reported as component units of the District. The District does not exercise oversight responsibility over any other entity, nor is the District a component unit of any other governmental entity.

An annual audit of the District's financial affairs is required by State law to be submitted to the Board within five months after the close of the fiscal year and filed with the State Auditor and the State Commissioner of Education within 30 days after receipt thereof by the District. Failure to file an audit report may result in the withholding of the District's property tax revenues by the County Treasurer pending compliance.

The District has received the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (formerly the Municipal Finance Officers Association), as well as the Certificate of Excellence from the Association of School Business Officials International, for each of its Comprehensive Annual Financial Reports since FY 1999.

The District's financial statements for FY 2009-10 were audited by Chadwick, Stienkirchner, Davis & Co., P.C., Certified Public Accountants, Grand Junction, Colorado, and are appended to this Official Statement.

Comparative Operating History of the General Fund

The following table sets forth a summary of the operations of the District's General Fund for the past six fiscal years.

**Five Year Summary of Statement of General Fund Revenues,
Expenditures and Changes in Fund Balance**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> <u>(Unaudited)</u>
REVENUES						
Local sources	40,801,308	51,761,629	57,792,383	59,680,000	66,009,118	68,554,120
State sources	80,581,903	85,268,417	82,989,127	91,618,488	86,654,786	79,686,955
Federal sources	402,885	326,787	481,355	252,993	596,336	6,009,931
TOTAL REVENUES	121,786,096	137,356,833	141,262,865	151,551,481	153,260,240	154,251,006
EXPENDITURES						
Current:						
Instructional services	80,589,134	88,733,844	91,720,427	97,167,630	98,961,841	96,330,488
Instructional support	18,825,993	21,720,229	24,048,933	27,103,902	26,990,229	26,428,412
Business support	20,633,658	22,763,421	24,988,286	25,676,336	26,196,840	26,430,831
Community services	20,362	154,725	125,812	547,622	46,229	42,223
Physical activities	0	0	0	0	0	0
Capital outlay:						
Debt Service:						
Principal	102,784	494,830	109,722	518,376	631,675	700,000
Interest and fiscal charges	24,336	42,904	39,070	22,460	65,579	78,760
TOTAL EXPENDITURES	120,196,267	133,909,953	141,032,250	151,036,326	152,892,393	150,010,714
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,589,829	3,446,880	230,615	515,155	367,847	4,240,292
OTHER FINANCING SOURCES (USES)						
Transfers in	0	0	18,497	0	0	0
Transfers out	(119,600)	(258,000)	(169,600)	(194,600)	(185,190)	(4,290,602)
Issuance of capital lease debt	487,080	0	20,820	0	0	0
TOTAL OTHER SOURCES (USES)	367,480	(258,000)	(130,283)	(194,600)	(185,190)	(4,290,602)
NET CHANGE IN FUND BALANCE	1,957,309	3,188,880	100,332	320,555	182,657	(50,310)
FUND BALANCE - BEGINNING	2,708,989	4,666,298	7,855,178	7,955,510	8,276,065	8,458,722
FUND BALANCE - ENDING	4,666,298	7,855,178	7,955,510	8,276,065	8,458,722	8,408,412

Source: The District.

Management's Discussion and Analysis

FY 2009-10. A narrative overview and analysis by District management of the financial activities of the District for FY 2009-10 is included as part of the District's financial statements appended to this Official Statement.

FY 2010-11. Total Program funding for FY 2010-11 decreased \$260,000,000 to \$5,438,295,823, and was further reduced with a State funding rescission totaling \$218,547,920. The decrease was the result of inflation of -.6% plus one percent as required by Amendment 23 and the change in the funded pupil count.

In FY 2010-11, \$16,766,412 of federal grant revenue, along with program costs for Title 1A school-wide grants, were recorded in the Governmental Designated Purpose Grants Special Revenue Fund. Overall, the General Fund reported revenues increased \$990,766 for FY 2010-11 to \$154,251,006 when compared to the previous year. (Note: Transfer to Capital Reserve previously reduced revenue, now is reported as a transfer out.)

Expenditures reported in the General Fund increased \$2,881,679 to \$150,010,714 for FY 2010-11. Overall, the fund balance in the General Fund decreased \$50,310 for FY 2010-11.

The District is seeing an anomaly in its student enrollment populations in the past two years, compared to previous periods. Historically, when unemployment rose in the District's area, student populations fell, as parents moved to areas of the country that offered better financial prospects. If other regions experience a faster rebound from the current widespread economic slowdown, the District could experience a loss of student census and consequent drop in State revenues. Such a drop in State revenues would not affect the general obligation of the District to impose a mill levy to pay the interest on and principal of the Bonds, but it could present short-term financial stress to the District's other operating finances.

District management intends to continue to balance the General Fund's current resources with budgeted expenditures in order to maintain an adequate fund balance. The FY 2011-12 budget was developed by the District's administration in response to school finance program funding cuts by the State and the District's long-term forecast. Administration will continue to make the necessary long-term budgetary adjustments in order to maintain a healthy financial outlook and sound fund balances.

Deposit and Investment of District Funds

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. The District also may invest available funds in accordance with applicable State statutes and Board policy. The investment of the proceeds of the Bonds also is subject to the provisions of the Federal Tax Code and the Authorizing Resolution. See "TAX MATTERS."

Budgets

General Description. The District is required by State law to annually 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 expenditure by fund, including the Bond Redemption Fund, the amounts budgeted to be transferred from the General Fund to the Capital Reserve Fund and the Risk Financing Insurance Reserve Fund, the 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 revenues anticipated for the ensuing fiscal year

classified as to fund and source of income, and the fund balance at the end of the fiscal year. The District operates on a July 1/June 30 fiscal year, which coincides with the State's fiscal year.

No later than 30 days prior to the beginning of each fiscal year, the administrators of the District are required to present the proposed budget to the Board. 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 is required to adopt a final budget for the succeeding year by resolution specifying the amount of money appropriated to each fund. By December 15th, the Board is to certify to the Board of County Commissioners of Mesa County 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 may not expend moneys in excess of the amount appropriated by resolution for a particular fund.

The annual budget for all expenditures and estimated revenues prepared by the Board becomes the financial operating plan for the District after adoption by the Board. The budget may be revised from time to time after following steps required by Board policy and State law, but State law prohibits the board of education of any school district from expending any moneys in excess of the amount appropriated by resolution for a particular fund.

Budgets for all funds are adopted on a basis consistent with GAAP except for certain matters in the Food Service Enterprise Fund in which fixed asset acquisitions are treated as expenditures and depreciation expense is not budgeted.

The District received the Meritorious Budget Award from the Association of School Business Officials International for excellence in the preparation and issuance of its FY 1999-2000 through FY 2010-11 Budgets, and will submit its FY 2011-12 Readopted Budget for such award.

Comparison of FY 2010-11 and FY 2011-12 General Fund Budgets. Set forth hereafter is a summary and comparison of the District's FY 2010-11 and FY 2011-12 General Fund budgets. General Fund revenues and expenses are categorized differently for budget purposes than for financial reporting purposes, and therefore the following budget figures may not be compared directly to the information presented in the historical General Fund financial activity presented above. A comparison of General Fund budget to actual figures for FY 2010-11, as well as further information relating to the General Fund and the other funds of the District, may be found in the District's financial statements appended to this Official Statement.

General Fund Budget Comparison

	FY 2010-11 Budget	FY 2011-12 Budget	Percent Change
REVENUES:			
Property Tax	50,576,038	50,576,038	0.00%
Specific Ownership	9,960,630	8,300,652	-16.67%
Interest	336,400	200,000	-40.55%
Other Local	1,638,000	1,285,000	-21.55%
Override Election 1996	4,002,595	4,002,595	0.00%
Override Election 2004	3,998,430	3,998,430	0.00%
State	82,589,447	75,557,253	-8.51%
Glade Park Community School		(130,849)	
Independence Academy Charter	(1,404,661)	(1,332,055)	-5.17%
Mesa Valley Vision	1,464,286	1,542,887	5.37%
Mineral Lease	400,000	433,000	8.25%
Federal	62,511	60,000	-4.02%
Total Revenue	153,623,676	144,492,951	-5.94%
EXPENDITURES:			
Instructional Programs	95,271,104	91,618,954	-3.83%
Pupil Support Services	13,532,977	12,857,922	-4.99%
General Administration Support Services	1,638,236	1,600,582	-2.30%
School Administration Support Services	10,944,992	10,266,723	-6.20%
Business Support Services	22,582,888	20,392,722	-9.70%
Central Support Services	3,566,614	3,427,184	-3.91%
Community Services & Other Support Services	16,500	16,500	0.00%
Transfer to Other Funds	6,040,602*	4,860,602	-19.53%
Total Expenditures	153,593,913	145,041,189	-5.57%
GAAP Basis Result of Operations	29,763	(548,238)	-1942.01%
GAAP Basis Fund Balance (Deficit) at Beginning of Year	8,233,734	7,284,593	-11.53%
GAAP Basis Fund Balance (Deficit) at End of Year	8,263,497	6,736,355	-18.48%
Reserves/Designations:			
Inventories	(250,000)	(250,000)	0.00%
Encumbrances	(300,000)	(300,000)	0.00%
Unreserved/Undesignated Fund Balance	7,713,497	6,186,355	-19.80%
Beginning Fund Balance	7,678,889	7,284,593	-5.13%
Revenue	153,623,676	144,492,951	-5.94%
Total Appropriation	161,302,565	151,777,544	-5.91%

*CDE guidelines changed Capital Projects/Insurance allocations to a transfer which changes how it is shown.

Sources: District FY 2010-11 and FY 2011-12 Budgets

TABOR

Article X, Section 20 of the Colorado Constitution, referred to therein as the “Taxpayers Bill of Rights” and commonly referred to as “TABOR,” limits the ability of the State and local governments such as the District to increase revenues, debt and spending and restricts property, income and other taxes. Generally, TABOR limits most percentage increases in spending and property tax revenues to the prior year’s amounts, adjusted for inflation, local growth and voter approved changes. Local growth for school districts is defined as the percentage change in student enrollment. In addition, TABOR requires that the State and local governments obtain voter approval for certain tax or tax rate increases and 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,” except for refinancing debt at a lower interest rate (such as the Bonds) or adding new employees to existing pension plans. TABOR also requires the District to establish and maintain an emergency reserve equal to 3% of fiscal year spending (as defined in TABOR) excluding bonded debt service. Such reserve is recorded as a reservation of the fund balance in the General Fund.

In 1998 the District’s electorate authorized the District to collect, retain and expend all revenues and other funds collected during fiscal year 1999 and each subsequent year from any source notwithstanding the limitations of TABOR, commonly referred to as “De-Brucing.” The District remains otherwise subject to TABOR with respect to general mill levy increase restrictions and to the issuance of any new multiple fiscal year direct or indirect debt or other financial obligations.

Many of the provisions of TABOR are ambiguous. Several lawsuits have been filed regarding TABOR, and certain of its provisions have been judicially interpreted. Future litigation regarding TABOR could raise questions which bear upon the operations and financial condition of school districts, including the District.

Risk Management

Insurance. The District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The District participates as a member of the Colorado School District Self-Insurance Pool which provides the District with general, property and vehicle liability insurance. Other miscellaneous insurances are purchased from commercial insurance companies. Over the last seven years, the District has made significant steps toward self-insurance in an effort to save premium costs. Beginning in June 2004, the District began to self-insure worker's compensation. The District self-insures for vehicle comprehensive and collision coverage.

The District has established an Insurance Reserve Internal Service Fund to finance the costs of insurance premiums and uninsured claims and losses. Various risk control techniques, including job safety, accident prevention training, and loss control programs have been utilized to minimize accident related losses. The District has also designed and implemented an Emergency Response Plan to address school safety issues.

During 2002, the District established a self-insured employee benefit dental plan. In January 2004, the District established a self-insured employee benefit medical plan. Premiums paid by employees and District contributions are remitted to internal service funds by the fund that pays the salary expenditure. Payments of dental

or medical claims, reinsurance and administrative costs are expenses of the internal service funds. A separate Dental Insurance Internal Service Fund and Medical Insurance Internal Service Fund account for the transactions related to the dental plan and medical plan and reserves to cover future losses.

In the opinion of the District management, the District's insurance coverage described above provides adequate insurance protection for the District. However, there can be no assurance that the District will continue to maintain this level of coverage.

Governmental Immunity. The Colorado Governmental Immunity Act (the "Immunity Act"), provides, in part, that public entities shall be immune from liability in all claims for injury except for these exceptions set forth in the Immunity Act. The two major exceptions which apply to school districts are (i) the operation of motor vehicles and (ii) having a physical "dangerous condition" in a school district facility. The Immunity Act also generally limits the maximum amount that may be recovered to \$150,000 for injury to one person in a single occurrence, and \$600,000 for an injury to two or more persons in a single occurrence, except that no person may recover in excess of \$150,000. The Immunity Act also specifies the sources from which judgments against public entities may be collected, and provides that public entities are not liable for punitive or exemplary damages. The District is a "public entity" within the meaning of the Immunity Act.

DISTRICT DEBT STRUCTURE

Required Elections

The State constitution requires that, except for refinancing bonded debt at a lower interest rate (as in the case of the Bonds), the District must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocable and held for payments in all future fiscal years. See "DISTRICT FINANCIAL INFORMATION – TABOR." In addition, Title 22, Article 42, C.R.S., provides that the District may not issue any debt for capital improvement purposes unless the proposition to create the debt has first been submitted to and approved by the eligible electors of the District.

General Obligation Debt

Limitations on District Bonded Indebtedness. The State constitution provides that the State legislature shall establish limitations on the authority of any political subdivision to incur general obligation indebtedness in any form. Bonded indebtedness of school districts is limited by Section 22-42-104, C.R.S., to the greater of the following certified amounts: (i) 20% of the latest valuation for assessment of the taxable property within the District; or (ii) 6% of the most recent determination of the actual value of the taxable property within the District. The validity of bonded indebtedness incurred in any year is not affected by a subsequent reduction in the limit of bonded indebtedness caused by a decrease in the valuation for assessment or actual value of taxable property within the District. For a discussion of the assessed and actual valuation of property within the District, see "SECURITY AND SOURCES OF PAYMENT – Ad Valorem Property Taxes."

The District's current debt limit is \$347,317,098 (based on the District's preliminary 2011 net assessed valuation), and upon issuance and delivery of the Bonds, the District's total outstanding debt will be \$114,060,000,* or approximately 32.8% of such debt limit. Any obligations which are currently outstanding but

* Preliminary, subject to change.

have been refunded by the placement of moneys or securities in escrow in amounts verified to be sufficient to pay the refunded bonds are not included in determining compliance with the debt limitation.

Outstanding General Obligation Debt. The following table sets forth the District's general obligation debt currently outstanding and to be outstanding following the issuance of the Bonds and the defeasance of the Refunded Bonds. The Series 2004A Bonds were authorized by the District's electorate on November 2, 2004. The Series 2004 Bonds and the Bonds, being refunding bonds, did not require voter approval as discussed in "Required Elections" above.

	Before Issuance of the Bonds¹	After Issuance of the Bonds¹
General Obligation Refunding Bonds, Series 2004	\$ 17,285,000	\$ 17,285,000
General Obligation Bonds, Series 2004A	96,775,000 ¹	46,505,000 ¹
The Bonds	0	50,725,000
TOTALS	\$ 114,060,000	\$ 114,515,000

¹ Assuming the Bonds have a Dated Date before December 1, 2011

The estimated debt service for the District's outstanding bonds following the issuance of the Bonds and the defeasance of the Refunded Bonds is set forth in "THE BONDS – Debt Service Requirements."

Other Financial Obligations

The District also has the authority to enter into obligations which do not extend beyond the current fiscal year and to incur certain other obligations, none of which constitute indebtedness or multiple fiscal-year financial obligations which require prior voter approval under the laws and Constitution of the State of Colorado. These typically take the form of "annual appropriation" lease-purchase arrangements.

The District presently maintains two such leases for energy-savings improvements installed in certain District facilities. The leases are "performance contract" leases, with annual payments based on energy savings realized by the improvements. One lease is in the amount of \$1,068,207 with a nominal term of fifteen (15) years and an interest rate of 5.27%. The second lease is in the amount of \$8,451,898 with a nominal term of fifteen (15) years and an interest rate of 3.55%. These leases, which have a total annual payment of \$797,000, will expire in 2025.

The District also has three annual appropriation equipment leases for copiers, desktop computers and laptop computers. These leases have terms of four and five years, with each lease scheduled to run through about 2014. Annual payments on these leases total \$887,660.

In order to alleviate cash flow problems, Colorado state law provides that for any month in which a school district can demonstrate that a General Fund cash deficit will exist for that month, the State Treasurer may approve an interest-free loan to such district out of the State's General Fund. All such loans must be repaid by June 25th of the State's fiscal year in which the loan was made. A lien in the amount of the loan attaches to such district's property tax revenues, except for bond redemption revenues, collected during the State's fiscal year in which the loan is made, and has priority over all other expenditures from that revenue until the loan is repaid in full. The Colorado State Treasurer has historically issued notes to provide the funds used to make the interest-free loans authorized by statute. The District availed itself of such an interest-free loan in early 2011, for the first time in six years, and does anticipate needing to do so in the future if State revenues continue to fall short. The 2011 loan was repaid in 2011 as local property tax revenues were collected.

* Preliminary; subject to change

State Intercept Program

The State Intercept Program, established in 1991 pursuant to Section 22-41-110, C.R.S. (the “State Intercept Act”), applies to certain general obligation bonds and lease or installment purchase obligations issued or entered into, as the case may be, by a school district on or after July 1, 1991, and to obligations of a school district in connection with a loan received under the renewable energy and energy efficiency for schools loan program created in Section 22-92-104, C.R.S. (“Qualifying Obligations”).

Under this program, unless a school district has opted out of the program with respect to any particular Qualifying Obligation, as discussed below, whenever the paying agent with respect to a Qualifying Obligation has not received payment of principal or interest on a Qualifying Obligation on the business day immediately prior to the date on which such payment is due, the paying agent is to so notify the State Treasurer and the school district of such payment status, whereupon the State Treasurer is to immediately contact the school district and determine whether it will make the payment by the date on which it is due. If the school district indicates that it will not make the payment by the date on which it is due, the State Treasurer is to forward to the paying agent, in immediately available funds, the amount necessary to make such payment, which amounts are to be applied by the paying agent solely to the payment of the principal or interest on such Qualifying Obligation.

Amounts forwarded by the State Treasurer on behalf of a school district pursuant to the State Intercept Program are to be recovered by the State Treasurer by withholding amounts from the school district’s payments of the State’s share of the school district’s Total Program and from property tax and specific ownership tax revenues collected by the county treasurer on behalf of the school district, except that the State Treasurer may not recover amounts from property tax revenues that are pledged to pay notes or bonds issued by the school district. The total amount withheld in a month from the State’s share of Total Program and the tax revenues due to the school district for each occasion on which the State Treasurer forwards an amount under the State Intercept Program may not exceed 1/12 of the amount forwarded, except that the State Treasurer, in one or more months during the 12 month withholding period, may withhold more than 1/12 of the amount forwarded if the school district, in one or more months during the 12 month withholding period, receives Total Program and tax revenues in an amount that is less than 1/12 of the amount forwarded. The State Treasurer may not withhold for more than 12 consecutive months for each occasion on which the State Treasurer forwards amounts under the State Intercept Program. A school district may elect to make early repayment of all or any portion of an amount forwarded by the State Treasurer on its behalf.

The State covenants in the State Intercept Act with the purchasers and owners of Qualifying Obligations that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend the State Intercept Act so as to limit or impair the rights and remedies granted to the purchasers and owners thereunder. This covenant by its terms may not be deemed or construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to school districts or the manner of payment or the timing thereof. The State Intercept Act further provides that it may not be deemed or construed as creating a debt of the State with respect to any Qualifying Obligation within the meaning of any State constitutional provision or creating any liability except as specifically provided therein.

Whenever the State Treasurer is required to make a payment in respect of a Qualifying Obligation, the Colorado Department of Education is to initiate an audit of the affected school district to determine the reason for the nonpayment and to assist the school district, if necessary, in developing and implementing measures to assure that future payments will be made when due. In addition, if the State is required to make a payment on a Qualifying Obligation and withhold amounts from the school district’s equalization program funding and from the school

district's unpledged tax revenues because of the school district's failure to collect property taxes levied in accordance with law for the school district's bond redemption fund, the school district may transfer, or instruct the third-party custodian that administers the school district's bond redemption fund to transfer, any such delinquent property taxes later collected from the school district's bond redemption fund to its general fund.

A school district may opt out of the State Intercept Program as to particular Qualifying Obligations by adopting a resolution, prior to issuance or incurrence of the Qualifying Obligations to which it applies, stating that it will not accept payment by the State Treasurer in respect of such Qualifying Obligation, and providing written notice to the State Treasurer of its refusal to accept the such payment. The school district may thereafter rescind such election by written notice of such rescission to the State Treasurer.

The Bonds and other outstanding general obligation bonds of the District are subject to the State Intercept Program. See also "SECURITY AND SOURCES OF PAYMENT – State Intercept Program."

Estimated Overlapping General Obligation Debt

Various other public entities currently encompass some or all of the property within the District or issued general obligation indebtedness during the time that certain property within the District was also within but has since been excluded from such other entity. Under State law such excluded property remains subject to a tax levy imposed to repay such indebtedness. The following table sets forth the portion of the general obligation of such overlapping entities which is allocable to properties within the District. Various other entities also overlap the District but currently have no general obligation debt outstanding.

<u>Overlapping Entity</u>	<u>Outstanding General Obligation Debt</u>	<u>Estimated Current District Portion¹</u>	
		<u>Percent</u>	<u>Amount</u>
City of Grand Junction	0.00	100%	0.00
Town of Fruita	0.00	100%	0.00
Town of Palisade	0.00	100%	0.00
Ute Water Conservancy District	0.00	100%	0.00
Ridges Metro District	770,000	100%	770,000.00
TOTAL	770,000		770,000.00

Source: Compilations of the City of Grand Junction and Mesa County, and consultation with certain Towns and Districts, and Mesa County Assessor.

General Obligation Debt Ratios

Set forth in the following table are selected general obligation debt ratios for the District both prior to and following the issuance of the Bonds.

Selected District Debt Ratios

	<u>Prior to Issuance of the Bonds</u>	<u>After Issuance of the Bonds*</u>
General Obligation Debt of the District	114,060,000	114,515,000
Estimated Overlapping Debt ¹	770,000	770,000
District and Overlapping Debt	114,830,000	115,285,000
District Preliminary 2011 Net Assessed Valuation ²	1,761,043,650	1,761,043,650
District Preliminary 2011 Statutory "Actual" Value ²	13,561,420,360	13,561,769,510
District Estimated Population as of June 2010	138,788	138,788
Ratio of District Debt to:		
Preliminary 2011 Net Assessed Valuation	1:15.4	1:15.4
Preliminary 2011 Statutory "Actual" Value	1:119	1:118
Ratio of District and Overlapping Debt to:		
Preliminary 2011 Net Assessed Valuation	1:15.3	1:15.3
Preliminary 2011 Statutory "Actual" Value	1:118.1	1:117.6
District Debt Per Capita	822	825
District and Overlapping Debt Per Capita	827	831

¹ See "Estimated Overlapping General Obligation Debt" above.

² Preliminary values as certified by the Mesa County Assessor on August 25, 2011, which are subject to adjustment until December 10, 2010.

Sources: Mesa County Assessor's office, and the District.

LITIGATION

As of the date of this Official Statement, there is, to the knowledge of the District officials responsible for the issuance of the Bonds, no pending or threatened litigation which either questions the validity of the Bonds or of any proceedings of the District concerning the issuance or sale thereof, nor is there, in the opinion of District management, any claim or pending or threatened litigation involving the District or its employees that would, if resolved adversely to the District, have a material adverse impact on the operations or financial condition of the District.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Rider & Quesenberry, LLP, Grand Junction, Colorado, Bond Counsel, whose opinion is expected to be delivered substantially in the form set forth in "APPENDIX E – FORM OF OPINION OF BOND COUNSEL." Certain matters will be passed upon for the District by Hoskin, Farina & Kampf, P.C., Grand Junction, Colorado, general counsel to the District. Rider & Quesenberry, LLP, Grand Junction, Colorado, is advising the District in its preparation of this Official Statement in connection with the issuance of the Bonds.

* Preliminary; subject to change.

TAX MATTERS

Generally. In the opinion of Rider & Quesenberry, LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds 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 opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Federal Tax Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. 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 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds 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 Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. 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 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, 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 Bonds.

In the opinion of Bond Counsel, under existing statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Colorado or any other state or jurisdiction.

Original Issue Premium. The Bonds are being sold at a premium, and are thus considered "Premium Bonds." An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the 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 Bond 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 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with 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 Bond.

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 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder 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 Federal Tax Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds 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 above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds 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 Bonds. 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 Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds 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 issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

RATINGS

Moody's Investors Service ("Moody's") has assigned to the Bonds the ratings shown on the cover page hereof without taking into account the availability of the State Intercept Program as security for the Bonds and, in the case of Moody's, taking into account the availability of the State Intercept Program as security for the Bonds. See "SECURITY AND SOURCES OF PAYMENT – State Intercept Program" and "DISTRICT DEBT STRUCTURE – State Intercept Program."

The ratings reflect only the view of the respective rating agencies, from whom an explanation of the significance of its rating may be obtained. The District has furnished to the rating agencies certain information and materials relating to the Bonds, including certain information and materials which have not been included in this Official Statement. There is no assurance that the currently assigned ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agent if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased from the District by the Underwriter at an aggregate purchase price of \$57,721,199.50* (constituting the aggregate principal amount of the Bonds plus an original issue premium of \$7,286,199.50* and less an underwriting discount of \$290,056.00*) pursuant to the terms of a bond purchase agreement between the District and the Underwriter (the "Bond Purchase Agreement"). The Bond Purchase

* Preliminary; subject to change.

Agreement requires the Underwriter to purchase all of the Bonds if any are purchased, and provides that the obligation to purchase the Bonds is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the cover page of this Official Statement.

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

INDEPENDENT AUDITORS

The financial statements of the District appended to this Official Statement have been audited by Chadwick, Steinkirchner , Davis & Co., P.C., independent certified public accountants, to the extent and for the period indicated in their report thereon. Chadwick, Steinkirchner , Davis & Co., P.C. has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report, nor has Chadwick, Steinkirchner , Davis & Co., P.C. performed any procedures relating to this Official Statement.

VERIFICATION OF MATHEMATICAL ACCURACY

A portion of the net proceeds of the Bonds will be deposited to an irrevocable Escrow Account to be established pursuant to the Refunding Escrow Agreement to be entered into by and between the District and Wells Fargo Bank, N.A., Denver, Colorado, as Escrow Agent, and utilized, together with any earnings on such deposits, to redeem and pay the Refunded Bonds in accordance with the schedule set forth in the Refunding Escrow Agreement. Causey, Demgen and Moore, Inc., Denver, Colorado, certified public accountants, will verify from the information provided to them the mathematical accuracy, as of the Dated Date, of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits to be held in escrow will be sufficient to pay, when due, the principal of and interest with respect to the Refunded Bonds in accordance with such payment schedule. No opinion will be expressed as to the assumptions provided to such firm, or as to the exemption from taxation of the interest on the Bonds. See also “APPLICATION OF BOND PROCEEDS.”

CONTINUING DISCLOSURE

In accordance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the District will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually to the MSRB through its EMMA system certain financial information and operating data concerning the District, and to provide contemporaneous notice of the occurrence of certain events affecting the Bonds. See “APPENDIX D – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Undertaking.

Failure of the District to comply with the Continuing Disclosure Undertaking does not constitute an event of default under the Authorizing Resolution, but the Continuing Disclosure Undertaking provides that the Owners of the Bonds will have the right to seek a court order directing the appropriate party to perform its obligations thereunder.

The District believes that it is in compliance with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

MISCELLANEOUS

The appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents summarized in this Official Statement do not purport to be comprehensive or definitive. All references herein to these documents and any other documents, statutes, reports or other instruments described herein are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Bonds, copies of the foregoing may be obtained from the District or the Underwriter. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

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 Bond.

MESA COUNTY VALLEY SCHOOL DISTRICT NO. 51

By _____
President, Board of Education