This is a Preliminary Official Statement, subject to correction and change. The District has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds, the District will complete and deliver a final Official Statement substantially in this form.

DRAFT DATED 7/15/14

PRELIMINARY OFFICIAL STATEMENT DATED ____________, 2014

$2,105,000(1)
Sheridan School District No. 48J
Yamhill and Polk Counties, Oregon
General Obligation Bonds, Series 2014

DATED: August 26, 2014 (estimated "Date of Delivery") **DUE: June 15, as shown on the inside cover**

PURPOSE— The $2,105,000(1) General Obligation Bonds, Series 2014 (the "Bonds") are being issued by the Sheridan School District No. 48J in Yamhill and Polk Counties, Oregon (the "District"). The Bonds are being issued to finance the costs of capital projects for the District, and to pay the costs of issuance of the Bonds. See "Purpose and Use of Proceeds" herein.

STANDARD & POOR'S RATING— Applied for. See "Oregon School Bond Guaranty" and "Ratings" herein.

BANK QUALIFIED— The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The Bonds will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS— Interest on the Bonds will be paid on December 15, 2014 and semiannually thereafter on December 15 and June 15 of each year to the maturity or earlier redemption of the Bonds. Principal of and interest on the Bonds will be payable by the District's Paying Agent, initially U.S. Bank National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds at the address appearing upon the registration books on the last business day (the "Record Date") of the month preceding a payment date.

MATURITY SCHEDULE— See inside front cover.

REDEMPTION— The Bonds are not subject to optional redemption prior to maturity.

SECURITY— The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and credit and taxing power to pay the Bonds. The District covenants for the benefit of the owners of the Bonds that the District shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the District in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature. The Bonds do not constitute a debt or indebtedness of Yamhill and Polk Counties, the State of Oregon, or any political subdivision thereof other than the District.

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the

State of Oregon

under the provisions of the Oregon School Bond Guaranty Act. See "Oregon School Bond Guaranty" within.

TAX MATTERS— *In the opinion of Mersereau Shannon LLP, Bond Counsel to the District ("Bond Counsel"), assuming compliance with certain covenants of the District, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. See "Tax Matters" herein for a discussion of the opinion of Bond Counsel. In the opinion of Bond Counsel, interest on the Bonds is exempt from Oregon personal income tax under existing law.*

DELIVERY— The Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

(1) Preliminary, subject to change.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PiperJaffray

Sheridan School District No. 48J
Yamhill and Polk Counties, Oregon
General Obligation Bonds, Series 2014

DATED: Date of Delivery **DUE: June 15, as shown below**

MATURITY SCHEDULE —

Due June 15	Amounts[(1)]	Interest Rates	Yields	CUSIP® 984636	Due June 15	Amounts[(1)]	Interest Rates	Yields	CUSIP® 984636
2015	$ 215,000				2019	$ 270,000			
2016	225,000				2020	285,000			
2017	235,000				2021	300,000			
2018	255,000				2022	320,000			

(1) Preliminary, subject to change.

Piper Jaffray & Co. (the "Underwriter") has reviewed the information in this Official Statement in accordance with, and as a 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 District makes no representation regarding the accuracy or completeness of the information provided for matters relating to DTC and its book-entry system, the State and the State School Bond Guaranty, the Paying Agent and the information under the heading "Underwriting." The information and expressions of opinion herein are subject to change without notice, and Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by Standard and Poor's, a division of The McGraw-Hill Companies, Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall 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 prices at which the Bonds are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering prices appearing on this inside cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with the offering of the Bonds, the Underwriter may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the States in which the Bonds have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Preliminary Official Statement has been "deemed final" by the District, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said rule 15c2-12.

Sheridan School District No. 48J

435 South Bridge St
Sheridan, Oregon 97378
(503) 843-2433

Board of Directors

Larry Deibel	Chair
Judy Breeden	Director
Terry Chrisman	Director
Michael Griffith	Director
Jeff Ashlock	Director

School Administrative Staff

Steven Sugg	Superintendent
DeAnn O'Neil	Business Manager

Bond Counsel

Mersereau Shannon LLP
Portland, Oregon
(503) 226-6400

Paying Agent

U.S. Bank National Association
Portland, Oregon
(503) 464-3758

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Appendices:

OFFICIAL STATEMENT
Sheridan School District No. 48J
Yamhill and Polk Counties, Oregon

$2,105,000[(1)]
General Obligation Bonds, Series 2014

Sheridan School District No. 48J in Yamhill and Polk Counties, Oregon (the "District"), a school district duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of $2,105,000[(1)] aggregate principal amount of General Obligation Bonds, Series 2014 (the "Bonds"), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page and appendices, provides information concerning the District and the Bonds.

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as "estimated," "projected," "anticipate," "expect," "intend," "plan," "believe" and similar expressions are intended to identify forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in the entirety by the cautionary statements set forth in this Official Statement.

The information set forth herein has been obtained from the District and other sources that are believed to be reliable. Piper Jaffray & Co. (the "Underwriter") has relied on the District with respect to the accuracy and sufficiency of such information and such information is not to be construed as a representation, warranty or guarantee by the Underwriter.

Description of the Bonds

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on December 15 and June 15 of each year, commencing December 15, 2014, until the maturity or earlier redemption of the Bonds and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registration Features

Paying Agent. The principal of and interest on the Bonds will be payable by U.S. Bank National Association (the "Paying Agent" and "Bond Registrar") to the Depository Trust Company ("DTC"), which, in turn, is obligated to remit such principal and interest to its participants ("DTC Participants") for subsequent disbursement to the persons in whose names such Bonds are registered (the "Beneficial Owners") of the Bonds, as further described in Appendix C attached hereto.

Book-Entry System. The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for DTC. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of $5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. See "Appendix C – Book Entry Only System" for additional information.

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(1) Preliminary, subject to change.

Procedure in the Event of Revisions of Book-Entry Transfer System. If the District discontinues maintaining the Bonds in book-entry only form, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in the Resolution, defined below, regarding registration, transfer and exchange of Bonds shall apply. Thereafter, the principal of the Bonds will be payable upon due presentment and surrender thereof at the principal office of the Bond Registrar; interest on the Bonds will be mailed to the persons in whose names such Bonds are registered, at the address appearing upon the registration books on the last business day of the month preceding a payment date (the "Record Date"), and the Bonds will be transferable as provided in the Resolution.

Redemption Provisions

Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

[*Mandatory Redemption.* If not previously redeemed under the provisions for optional redemption, the Term Bonds maturing on June 15 in the years ____ and ____ are subject to mandatory redemption (in such manner as the Bond Registrar and DTC will determine or by lot by the Paying Agent) on June 15 of the following years in the following principal amounts, at a price of par plus accrued interest to the date of redemption.]

[TO BE PROVIDED IN FINAL OFFICIAL STATEMENT]

Default and Remedies

The occurrence of one or more of the following shall constitute an Event of Default under the Resolution and the Bonds:

a. Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption);

b. Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of sixty (60) days after written notice to the District by the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the sixty (60) day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph; or,

c. The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.

The Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default as described in (a) of this Section.

Upon the occurrence and continuance of any Event of Default the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Resolution or the Bonds or in aid of the exercise of any power granted in the Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration.

No remedy in the Resolution conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by the Resolution or by law.

Authorization for Issuance

Ballot Measure. Article XI, Section 11 of the Oregon Constitution ("Article XI, Section 11"), requires majority voter approval for new or additional *ad valorem* property taxes, except in September and March elections which have the additional requirement that at least 50 percent of registered voters eligible to vote cast a ballot. The ballot measure for the Bonds was approved by a majority of the District's voters at the May 20, 2014 election, which is not subject to the 50 percent turn-out requirement. Final election results were as follows:

Official Voter Tally

	Number of Votes	Percentage of Total Votes
Yes	594	50.7%
No	577	49.3%

Source: Yamhill County Elections Division, June 3, 2014; Polk County Elections Division, June 4, 2014.

The ballot measure authorized the issuance of $2,105,000 aggregate principal amount of general obligation bonds in more than one series and with each series to mature over a period not to exceed 10 years.

Under and in accordance with State laws and provisions, specifically Oregon Revised Statutes ("ORS") Chapter 287A, the Bonds are being issued pursuant to Resolution No. 2013-2014-6 (the "Resolution") adopted by the District's Board of Directors (the "Board") on June 18, 2014.

Purpose and Use of Proceeds

Purpose

The proceeds from the sale of the Bonds will be used to finance capital costs (the "Project") and to pay the costs of issuance of the Bonds.

Specifics on the Project follow:

- Upgrade of the heating and ventilation system at both Faulconer-Chapman School and Sheridan High School.
- Electronic hardware exterior door security upgrades at Faulconer-Chapman School.
- Replacement of single pane windows with new thermal insulated windows at Sheridan High School.
- Restroom remodeling and domestic water distribution improvements at Sheridan High School.
- Improvements to athletic fields including new athletic field lighting, track repair resurfacing, and replacement of stadium roof.
- Upgrades to network server, phone system, and wireless system upgrades at both Faulconer-Chapman School and Sheridan High School.

Sources and Uses of Funds

The proceeds of the Bonds are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds[(1)]		
Par Amount of Bonds	$ 2,105,000	(2)
Original Issue Premium/(Discount)		
Total Sources of Funds	$	
Uses of Funds[(1)]		
Project Requirements	$	
Underwriting, Credit Enhancement (if any) and Issuance Costs		
Total Uses of Funds	$	

(1) Amounts will be provided in the final Official Statement.
(2) Preliminary, subject to change.

Security for the Bonds

General

The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and credit and taxing power to pay the Bonds. The District covenants for the benefit of the owners of the Bonds that the District shall levy annually as provided by law, in addition to its other ad valorem property taxes and outside of the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the District in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds have been fully paid, satisfied and discharged.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

The Bonds do not constitute a debt or indebtedness of Yamhill and Polk Counties (the "Counties"), the State, or any political subdivision thereof other than the District.

Oregon School Bond Guaranty

Guaranty Provisions. Article XI-K of the Constitution of the State of Oregon allows the State to guarantee the general obligation bonded indebtedness of school districts, education service districts, and community college districts (generally "school district" or "school districts") in order to secure lower interest costs on general obligation bonds of such districts. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the "Act"). As provided for in Section 328.326(1)(a) of the Act:

> The State Treasurer may, by issuing a certificate of qualification to a school district, pledge the full faith and credit and taxing power of the state to guarantee full and timely payment of the principal of, either at the stated maturity or by advancement of maturity pursuant to a mandatory sinking fund payment, and interest on school bonds as such payments shall become due, except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the

payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration.

The Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) any bond guaranteed by the State under the Act that is refunded no longer has the benefit of the guaranty from and after the date on which that bond is considered to be paid.

Regularly Scheduled Debt Service Payments. Each school district with outstanding, unpaid bonds guaranteed under the Act shall transfer moneys sufficient for the scheduled debt service payment to its paying agent at least 15 days before any principal or interest payment date for the bonds. The paying agent may invest the moneys for the benefit of the school district until the payment date. A school district that is unable to transfer the scheduled debt service payment to the paying agent 15 days before the payment date shall immediately notify the paying agent and the State Treasurer. Such notification shall be made to the Office of the State Treasurer as prescribed in the Act. The Act further provides that if sufficient funds are not transferred to the paying agent as required above, the paying agent shall notify the State Treasurer of that failure at least 10 days before the scheduled debt service payment in the manner prescribed in the Act.

Monitoring. Beginning with bonds issued with the guaranty of the State on and after October 30, 2009, a school district with outstanding, unpaid bonds which are guaranteed under the Act, must enter into an agreement with a paying agent under which the paying agent provides the district with notice by January 15 of each year of any required debt service amounts (including any scheduled deposits to a sinking fund for the bonds) due during the following fiscal year. The paying agent must also notify the district of any debt service amounts (including any scheduled deposits to a sinking fund) that must be paid or deposited over the next two fiscal years. In addition, for bonds originally issued as tax credit bonds under the Internal Revenue Code and any bonds resulting from conversion of such bonds ("Qualified Bonds"), the district must provide written verification by May 1 of each year to its paying agent that it has made any required sinking fund deposits. The paying agent must notify the State Treasurer if it does not receive such verification. Further, the district must report to the State Treasurer, at least annually, the amount of moneys paid into its debt service fund to pay the Qualified Bonds and a calculation demonstrating that such deposits are projected to be sufficient to repay the Qualified Bonds in full when payment is due. If annual payments are not made to the debt service fund, the district must demonstrate that the current balance in the fund, plus any scheduled future deposits, will be sufficient to repay the Qualified Bonds when due.

Payment under the Guarantee. If sufficient moneys to pay the scheduled debt service payment have not been transferred to the paying agent, the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the paying agent to make the scheduled debt service payment. If sufficient moneys of the State are not on hand and available at the time the State is required to make a debt service payment under its guaranty on behalf of the school district, the State Treasurer may singly or in combination:

- Obtain from the Common School Fund or from any other State funds that qualify to make a loan under ORS 293.205 to 293.225, a loan sufficient to make the required payment;
- Borrow money, if economical and convenient, as authorized by ORS 286A.045;
- Issue State general obligation bonds as provided for in Article XI-K of the Constitution and the Act; and,
- With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

Any payment of scheduled debt service payments by the State Treasurer on behalf of a school district (i) discharges the obligation of the issuing school district to its bondholders for the payment, and (ii) transfers the rights represented by the general obligation of the school district from the bondholders to the State. If one or more payments are made by the State Treasurer as provided for in the Act, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the school district that issued the bonds that would otherwise be paid to the school district by the State, and (ii) apply any intercepted payments to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the school district to the State arising from those payments, including any interest and penalties, are paid in full. The State has no obligation to the school district or to any person or entity to replace any moneys intercepted under the Act. The authority of the Treasurer to intercept payments under the Act has priority over all claims against money provided by the State to a school district, including a claim based on a funds diversion agreement under ORS 238.698. Additionally, in accordance with the Act, if the State Treasurer determines that it is necessary the State Treasurer shall pursue any legal action, including but not limited to mandamus, against the school district or school district board to compel the school district to (i) levy and provide property tax revenues to pay debt service on its bonds and other obligations when due, and (ii) meet its repayment obligations to the State. The Attorney General shall assist the State Treasurer in pursuing such rights of recovery under the Act.

At all times, the school district shall continue to be responsible for the payment of all debt service payments on its bonds. A school district that issued bonds for which the State makes all or part of a debt service payment shall be responsible for reimbursing all moneys drawn or paid by the State Treasurer on its behalf. In addition the school district shall pay interest to the State on all moneys paid by the State from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer's discretion, to be sufficient to cover the costs of funds to the State plus the costs of administration of the guaranty obligation and of collection of reimbursement.

Guaranty Limit. Under Article XI-K of the State Constitution, the amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of one percent of the real market value (RMV) of all taxable property in the State. The State of Oregon has not issued bonds to provide money to satisfy its guaranty of school bonds participating in the program and does not anticipate the need to issue bonds for this purpose in the future.

As of June 27, 2014 the State had guaranteed the following (not including this bond issue or those issues guaranteed between the date identified above and the date of this issue) under the Guaranty Act:

Number of bond issues guaranteed under the Guaranty Program:	335
Aggregate total principal amount outstanding of bonds guaranteed at	$ 3,683,912,623
Aggregate debt service amount outstanding of bond issues guaranteed at:	$ 5,231,687,781

Guaranty Contact Person. As of the date of this Official Statement, requests for information regarding the Guaranty Program may be directed to:

Ted Wheeler, Oregon State Treasurer
Oregon School Bond Guaranty Program
Office of the State Treasurer
Debt Management Division
350 Winter Street NE, Suite 100
Salem, OR 97301-3896
Phone (503) 378-4930 – Fax (503) 378-2870

State of Oregon – Financial and Operating Information. The most recent Comprehensive Annual Financial Report (the "CAFR") of the State, and its most recent Official Statement for its general obligation debt, are currently on file with the Electronic Municipal Market Access ("EMMA") system, operated by the Municipal Securities Rulemaking Board ("MSRB"). The financial and operating information with respect to the State contained in the CAFR, and such OFFICIAL STATEMENT, are hereby included by reference in this OFFICIAL STATEMENT. Additionally, the CAFR and the most recent OFFICIAL STATEMENT for its general obligation debt are available upon request from the State's contact person as indicated under Guaranty Contact Person above.

As of the date of this Official Statement, the outstanding general obligation bonds of the State are rated "AA+" by Fitch, "Aa1" by Moody's Investors Service, and "AA+" by Standard & Poor's Ratings Group.

State of Oregon – Continuing Disclosure. The State has executed a Master Disclosure Certificate (the "Certificate") for the benefit of registered and beneficial holders of bonds guaranteed under the Guaranty Program and to assist Underwriters of such bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule"). The State, in accordance with the Certificate, will provide annually copies of its most recent CAFR of the State to the Municipal Securities Rulemaking Board through depositing such information with EMMA and to the state information depository, if any, located in the State of Oregon (the "SID"). In addition, the State will provide the MSRB, through EMMA, with any material event notices pertaining to the State of Oregon required under the Rule and pursuant to the Certificate.

Bonded Indebtedness

Debt Limitation

General Obligation Bonds. ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95 percent of the Real Market Value of all taxable properties within the district if the District's voters approve the general obligation bonds. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Bonds are general obligation bonds and are subject to this debt limitation, as shown below:**

Sheridan School District No. 48J
General Obligation Debt Capacity

Real Market Value (Fiscal Year 2014)(1)	$	354,233,420
Debt Capacity		
General Obligation Debt Capacity (7.95% of Real Market Value)	$	28,161,557
Less: Outstanding Debt Subject to Limit		(6,610,000) (2)
Remaining General Obligation Debt Capacity	$	21,551,557
Percent of Capacity Issued		23.47%

(1) The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). *Source: Yamhill and Polk Counties Department of Assessment and Taxation.*

(2) Represents voter-approved, unlimited-tax general obligations of the District, including the Bonds. Preliminary and subject to change. *Source: Sheridan School District No. 48J Audited Financial Reports for the Fiscal Year Ended June 30, 2013, and this issue.*

Full Faith and Credit Obligations/Limited Tax Obligations. School districts, education service districts, community colleges and local governments may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations" in addition to pledging the full faith and credit for voter approved general obligation bonds. The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a school district may issue. Full faith and credit obligations can take the form of certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The full faith and credit of the District is pledged to pay the Bonds in addition to the unlimited property tax authorized by voters. The Bonds are not limited tax obligations.**

Pension Bonds. ORS 238.694 authorizes school districts, education service districts, community colleges and local governments to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the District is not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

Revenue Bonds. The District may issue revenue bonds for any public purpose, which are secured by revenues pursuant to ORS 287A.150. **The Bonds are not revenue bonds.**

Notes. Subject to any applicable limitations imposed by the Oregon Constitution or laws of the State or the resolution of an individual school district, ORS 287A.180 provides that the District may borrow money in anticipation of tax revenues or other monies and to provide interim financing ("notes"). **The Bonds are not notes.**

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
General Obligation Bonds:				
Series 2012	03/27/12	06/15/22	$ 5,570,000	$ 4,505,000
Series 2014 Bonds[(1)]	08/26/14	06/15/22	2,105,000	2,105,000
Total General Obligation Bonds				6,610,000
Full Faith and Credit Obligations:				
Series 2009 (QZAB)	07/29/09	07/29/24	1,000,000	561,694
Total Long-Term Debt				**$ 7,171,694**

(1) This issue. Preliminary, subject to change.

Source: Sheridan School District No. 48J Audited Financial Reports for the Fiscal Year Ended June 30, 2013.

General Obligation Bonds
Projected Debt Service Requirements

Fiscal	Outstanding Bonds		2014 Bonds[(1)]		Total
Year	Principal	Interest	Principal	Interest	Debt Service[(1)]
2015	465,000	$ 127,088	$ 215,000	$ 44,614	$ 851,702
2016	490,000	117,788	225,000	46,850	879,638
2017	515,000	103,088	235,000	42,350	895,438
2018	545,000	92,788	255,000	37,650	930,438
2019	570,000	81,888	270,000	32,550	954,438
2020	605,000	64,788	285,000	27,150	981,938
2021	635,000	49,663	300,000	18,600	1,003,263
2022	680,000	24,263	320,000	9,600	1,033,863
	$ 4,505,000	$ 661,350	$ 2,105,000	$ 259,364	$ 7,530,714

(1) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

Summary of Overlapping Debt
(As of June 25, 2014)

Overlapping Issuer Name	Real Market Value	Percent Overlapping	Gross Direct Debt[1]	Net Direct Debt[2]
Chemeketa Community College	$ 38,940,954,194	0.9100%	$ 1,152,054	$ 741,542
Polk County	5,623,372,633	0.5700%	58,151	54,194
West Valley Fire District	307,403,637	0.8400%	5,667	5,667
Willamette ESD	42,756,129,256	0.8300%	168,412	11,640
Yamhill County	9,653,392,017	3.3400%	23,214	0
			$ 1,407,498	$ 813,043

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.
(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the District's direct debt, including the Bonds, and the estimated portion of the debt of overlapping taxing districts allocated to the District's property owners.

Debt Ratios

Real Market Value	$ 354,233,420	
Estimated Population	7,510	
Per Capita Real Market Value	$ 47,168	
Debt Information	**Gross Direct Debt[1]**	**Net Direct Debt[2]**
District Direct Debt[3]	$ 7,171,694	$ 7,171,694
Overlapping Direct Debt	1,407,498	813,043
Total Direct Debt[3]	$ 8,579,192	$ 7,984,737
Bonded Debt Ratios[3]		
District Direct Debt to Real Market Value	2.02%	2.02%
Total Direct Debt to Real Market Value	2.42%	2.25%
Per Capita District Direct Debt	$ 955	$ 955
Per Capita Total Direct Debt	$ 1,142	$ 1,063

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt.
(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.
(3) Includes the Bonds. Preliminary, subject to change.

Sources: U.S. Census Bureau, Small Area Income and Poverty Estimates, Yamhill and Polk Counties Department of Assessment and Taxation, Debt Management Division, The Office of the State Treasurer and District Audited Financial Reports for the Fiscal Year Ended June 30, 2013.

Debt Payment Record

The District has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

Future Financings

Capital Projects. Other than the Bonds, the District has no authorized but unissued bonds outstanding, nor does it anticipate issuing additional long-term debt within calendar year 2014.

Short-term Notes. The District does not anticipate issuing short-term debt within calendar year 2014.

Revenue Sources

The following section summarizes certain of the major revenue sources of the District.

Oregon School District Funding

Oregon school districts receive revenue from two primary sources: State aid and *ad valorem* property taxes. The following section summarizes these primary revenue sources of the District.

Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years. Local Option Levies for school districts are limited to the lesser of (i) $1,000 per student, or (ii) 20 percent of a district's total state resources.

ORS 327.333 through 327.339 provides local option equalization grants to school districts with Local Option Levies that have a total assessed property value per student less than the total assessed property value per student of a designated target district. For the biennium commencing July 1, 2013, $3,540,000 was appropriated from the State's General Fund to the Department of Education for the Local Option Equalization Grants Account. If the amount of money available is insufficient to make grant payments, the grant payments are to be proportionally reduced.

The District does not currently have a Local Option Levy and has no plans at this time to seek voter approval of a Local Option Levy.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the "Taxable Real Market Value" or "Measure 5 Real Market Value." The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called "Measure 50") assigned each property a value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue ("ODR") appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to $5 per $1,000 and General Government taxes are limited to $10 per $1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2014, there was $68,346 of compression of the District's Permanent Rate due to the tax rate limitation. This compression is taken into account in the State School Fund Distribution Formula described herein (see "State of Oregon Public School Funding – State School Fund").

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Bonds are not subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the $5 per $1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the District.

Taxable Property Values

Fiscal	Real Market Value[1]			Total Assessed Valuation [2]		
Year	Yamhill	Polk	Total District	Yamhill	Polk	Total District
2014	$ 322,438,169	$ 31,795,251	$ 354,233,420	$ 251,642,186	$ 26,685,215	$ 278,327,401
2013	316,781,312	30,299,003	347,080,315	245,804,959	25,350,886	271,155,845
2012	325,308,449	29,812,734	355,121,183	242,161,384	24,783,079	266,944,463
2011	355,477,371	32,515,066	387,992,437	239,563,534	24,765,773	264,329,307
2010	354,991,159	33,013,209	388,004,368	230,747,791	24,171,062	254,918,853
2009	377,924,245	33,304,356	411,228,601	222,790,399	23,038,561	245,828,960

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
(2) Assessed value of property in the District on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

Source: Yamhill and Polk Counties Department of Assessment and Taxation.

The following table presents the Fiscal Year 2014 tax rates for the District and other taxing jurisdictions within Yamhill County that overlap the District. The District's Operating Tax Rate Limit is $4.7882 per $1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

Fiscal Year 2014 Representative Levy Rate
(Rates Per $1,000 of Assessed Value)

General Government	Billing Rate	Bond Levy Rate	Local Option Rate[1]	Consolidated Rate
Yamhill County	$ 2.5775	$ 0.0000	$ 0.0000	$ 2.5775
Yamhill County Extension Service	0.0449	0.0000	0.0000	0.0449
Yamhill County Soil & Water	0.0354	0.0000	0.0000	0.0354
City of Sheridan	2.1307	0.0000	0.0000	2.1307
Sheridan Fire	1.1188	0.0000	0.3500	1.4688
Chemeketa Library District	0.0818	0.0000	0.0000	0.0818
Total General Government	5.9891	0.0000	0.3500	6.3391
Education				
Chemeketa Community College	0.6259	0.2314	0.0000	0.8573
Willamette Regional ESD	0.2967	0.0000	0.0000	0.2967
Sheridan School District 48J	4.7882	3.0769	0.0000	7.8651
Total Education	5.7108	3.3083	0.0000	9.0191
Total Tax Rate	$ 11.6999	$ 3.3083	$ 0.3500	$ 15.3582

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

(1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

Source: Yamhill County Department of Assessment and Taxation. Note that there are 4 tax codes in Yamhill County that overlap the District and Tax Code 48 has the highest property value of these tax codes. Total tax levies in the District range from $11.7587 to $15.3582 per $1,000 of assessed property value.

Tax Collection Record[1]

Yamhill County

Fiscal Year	Percent Collected as of Levy Year[2]	6/30/2013[3]
2013	95.33%	95.33%
2012	95.53%	97.70%
2011	94.97%	98.06%
2010	94.83%	99.12%
2009	95.13%	99.59%
2008	95.92%	99.65%

Polk County

Fiscal Year	Percent Collected as of Levy Year[2]	6/30/2013[3]
2013	95.76%	95.76%
2012	95.48%	97.54%
2011	95.44%	98.48%
2010	95.47%	99.25%
2009	95.06%	99.86%
2008	96.24%	99.93%

(1) Percentage of total tax levy collection in Yamhill and Polk Counties. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
(2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
(3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2013.

Source: Yamhill and Polk Counties Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2014)
Sheridan School District No. 48J

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
Portland General Electric (3)	Electrical Utility	$ 45,061	$ 6,199,000	2.23%
CenturyLink	Telecommunications	28,826	3,965,600	1.42%
Deer Meadows LLC	Assisted living facility	22,309	2,836,500	1.02%
Liberty Realty Enterprises LLC	Manufactured homes	21,119	2,986,581	1.07%
Thomas M & Ella S. Eplin	Property trust	19,299	2,453,148	0.88%
Mortensen Lloyd P Family Trust 75%	Property trust	17,679	2,247,805	0.81%
Northwest Natural Gas Co.	Natural Gas Utility	11,740	1,615,000	0.58%
Acuff Properties LLC	Storage units	9,168	1,168,032	0.42%
Dick Paay Trust	Property trust	8,591	1,106,459	0.40%
Meriwether NW OR Land and Timber LLC	Real Estate Development	8,291	1,054,934	0.38%
Subtotal - ten of District's largest taxpayers			25,633,059	9.21%
All other District's taxpayers			252,694,342	90.79%
Total District			$ 278,327,401	100.00%

Yamhill County

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
Portland General Electric	Electrical Utility	$ 240,993	$ 93,522,000	1.29%
Cascade Steel Rolling Mills	Steel Mill	172,017	66,738,076	0.92%
Willamette Valley Medical Center	Healthcare	157,803	61,223,418	0.85%
Northwest Natural Gas Co.	Natural Gas Utility	92,195	35,769,000	0.49%
SP Fiber Technologies Northwest LLC	Paper Products	90,260	35,018,405	0.48%
Comcast Corporation	Telecommunications	84,746	32,912,800	0.45%
Frontier Communications	Telecommunications	81,336	31,556,000	0.44%
Evergreen Vintage Aircraft Inc.	Aircraft Museum	64,356	24,968,291	0.34%
Allison Inn & Spal LLC Inc.	Hotel	61,089	23,700,702	0.33%
Springbrook Properties Inc.	Retail development	59,114	22,934,841	0.32%
Subtotal -- Ten of County's largest taxpayers			428,343,533	5.91%
All other County's taxpayers			6,816,791,180	94.09%
Total County			$ 7,245,134,713	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.
(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.
(3) Portland General Electric is an electrical utility company with service area covering about 4,000 square miles and a population of about 1,508,000 people. The company generates electricity using hydropower, coal and gas combustion, and wind power. *Source: www.portlandgeneral.com.*

Source: Yamhill County Department of Assessment and Taxation.

Polk County

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
Northwest Natural Gas Co.	Natural Gas Utility	$ 808,755	$ 61,566,000	1.25%
Meriwether NW OR Land and Timber LLC	Real Estate Development	313,134	27,357,023	0.56%
Comcast	Telecommunications	283,411	16,039,700	0.33%
Capital Manor	Real Estate Development	242,967	14,400,150	0.29%
Portland General Electric	Electrical Utility	240,954	23,161,490	0.47%
PacificCorp (PP&L)	Utility	199,994	16,350,000	0.33%
Weyerhaeuser Company	Paper Manufacturing	198,753	16,359,322	0.33%
Elkay Wood Products Company	Timberland	192,741	10,211,010	0.21%
Legacy Oaks LLC	Apartments	186,148	9,696,250	0.20%
Roth IGA Foodliner, Inc.	Grocery store	181,448	10,056,800	0.20%
Subtotal - ten of County's largest taxpayers			205,197,745	4.17%
All other County's taxpayers			4,715,926,031	95.83%
Total County			$ 4,921,123,776	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.
(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Polk County Department of Assessment and Taxation.

State School Funding

One of the largest sources of revenue for school districts and education service districts is State aid appropriated through the Oregon Department of Education ("ODE"). ODE funding supports pre-kindergarten through 12th grade education including funding for operation for the State's 197 school districts and 19 education service districts through the State School Fund ("SSF"). The SSF consists primarily of State General Fund and Lottery Fund revenues.

State School Fund Formula. State aid is provided to school districts pursuant to a formula set by the Legislative Assembly. The objective of the formula is to provide equal funding for all school districts. Available State and local resources determine the actual amount of the allocation. Under the current formula, each student is given a factor as an enrolled student that is then adjusted differently for elementary school districts and high school districts, and subsequently adjusted to include additional factors such as English as a Second Language, Handicapped with an Individualized Education Plan, attending a remote small school, and Impoverished (the "ADMw"). The formula allocates revenues to districts based on the ADMw for each district.

The SSF grant (the "SSF Grant") to each school district is comprised of a general purpose grant, a facility grant, a transportation grant, a small school district supplement grant and a high cost disability grant, minus local revenues. Local revenues include tax offsets, local property taxes for school operations (specifically excluding taxes for voter approved general obligation bonds and, subject to certain limitations, amounts raised from Local Option Levies), Common School Fund, county school fund, Federal Forest Fees (as hereinafter defined) and State timber revenues, and money received in lieu of property taxes.

Under the SSF distribution formula for the general purpose grant, the total ADMw is multiplied by a statewide target grant (currently $4,500). A factor of $25 per year per student that a district's average teachers' experience exceeds the State average is added to (or subtracted from if below the State average) this calculation. The result is multiplied by a funding ratio to arrive at the State's general purpose grant.

The facility grant ($20.0 million in the 2013-15 biennium) is distributed on a first-come, first-served basis to districts in the first year a new school facility is put into use. The grant equals a maximum of 8 percent of total construction costs of new school buildings, specifically excluding the cost of acquiring land, but including the addition of new structures to existing school buildings and pre-manufactured buildings if the new structures are used for instructing students. The transportation grant for each school district is between 70 percent and 90 percent of approved transportation costs, depending upon the ranking of the school district. Such ranking is based upon the approved transportation costs per ADMw. The high cost disability grant is equal to the approved costs of a resident pupil with disabilities for whom the approved costs to the school district of providing special education and related services exceed $30,000.

School districts currently receive 95.5 percent of the total SSF distribution and education service districts ("ESDs") receive the remaining 4.5 percent. Beginning July 1, 2014, school districts may withdraw from their ESD and receive 90 percent of their district's prorated share of State funds allocated to the ESD.

State Legislature

The State has a citizen legislature consisting of the Senate, whose 30 members are elected to serve four-year terms, and the House of Representatives, which has 60 members elected for two-year terms (the "Legislature" or "Legislative Assembly").

The Legislature convenes annually at the State Capitol in Salem, but sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five-day extensions are allowed by a two-thirds vote in each house. The Legislative Assembly convenes on the second Monday in January in odd-numbered years, and in February in even-numbered years.

State Budget

State K-12 Education Budget. SSF funding is set biennially in the State budget adopted by the Legislative Assembly in odd-numbered years (the "Legislatively Adopted Budget"). The State budget covers two fiscal years (a biennium) beginning July 1 of an odd-numbered year to June 30 of the next odd-numbered year, and sets funding for State agencies including ODE. The Legislative Assembly has the power to subsequently approve revisions to the Legislatively Adopted Budget. Such revised State budget is termed the "Legislatively Approved Budget."

The State Constitution requires the Legislative Assembly to balance the State's General Fund budget. The Department of Administrative Services Office of Economic Analysis (the "OEA") produces a forecast of projected revenues (a "Revenue Forecast") for the biennium generally each March, June (May in odd-numbered years), September and December.

Revenue Forecasts are based upon currently available information and upon a wide variety of assumptions. The actual results will be affected by future national and state economic activity and other events. If OEA's assumptions are not realized or if other events occur or fail to occur, the State's financial projections may not be achieved. Copies of the Revenue Forecasts are available from OEA at: *www.oregon.gov/DAS/OEA*.

If, over the course of a biennium, the forecasted revenues decline significantly from the May Revenue Forecast (the "Close of Session Forecast"), the Legislative Assembly may meet to rebalance the budget, the Governor may direct that expenditures be reduced or the Legislative Assembly may adjust the budget when it meets in its regular session at the end of the biennium.

2013-15 Biennium Revenue Forecasts. On May 28, 2014, the OEA released the June 2014 Revenue Forecast. The June 2014 Revenue Forecast for gross General Fund revenues for the 2013-15 biennium was $15.815 billion, up $172.4 million from the Close of Session forecast, and up $33.1 million from the March 2014 Revenue Forecast. The revenue outlook was slightly stronger than the March 2014 Revenue Forecast largely as a result of personal income tax collections outpacing forecasted growth due to a brighter labor market outlook, though they have been somewhat offset by a weaker outlook for other revenue instruments.

State General Fund Forecast Summary
($ in Millions)

	2013-15 Biennium Revenue Forecast			June 2014 Forecast Change From	
	Close of Session	March 2014	June 2014	March 2014	Close of Session
Structural Revenues					
Personal Income Tax	$ 13,558.2	$ 13,771.6	$ 13,816.7	$ 45.0	$ 258.5
Corporate Income Tax	1,056.6	1,005.9	1,007.6	1.7	(49.0)
All Other Revenues	1,027.9	1,004.4	990.7	(13.6)	(37.1)
Gross General Fund Revenues	**15,642.6**	**15,781.9**	**15,815.0**	**33.1**	**172.4**
Beginning Fund Balance	543.5	462.0	486.8	24.8	(56.7)
Offsets and Transfers	(120.8)	(67.3)	(72.7)	(5.4)	48.1
Administrative Actions	(18.2)	(12.7)	(12.7)	0.0	5.6
Legislative Actions	(136.9)	(136.9)	(136.9)	0.0	0.0
Net Available Resources	**$ 15,910.1**	**$ 16,027.0**	**$ 16,079.5**	**$ 52.5**	**$ 169.4**

Source: Oregon Office of Economic Analysis, "Oregon Economic and Revenue Forecast, June 2014." May 28, 2014.

2013-15 Biennial State Budget. The 77th Legislative Assembly adopted its budget (the "Legislatively Adopted Budget") for the 2013-15 biennium which included $59.8 billion in total funds, representing a 3.5% increase over the 2011-13 biennium's Legislatively Adopted total budget of $57.8 billion. The 2013-15 Legislatively Adopted Budget includes $15.6 billion in General Funds, $0.8 billion Lottery Funds, $16.8 billion Federal funds and $26.6 billion Other Funds. The Legislature will convene for a shortened session in February of 2014 and could revise the Legislatively Adopted Budget for the remaining 2013-15 biennium.

2013 State Legislature Special Session. The Governor called the Legislative Assembly into a special session that began on September 30, 2013 and concluded on October 2, 2013 (the "Special Session"). During the Special Session, the Legislative Assembly adopted five bills, which included among other things, a package of bills including changes to Senate Bill 822 ("SB 822") enacted during the 2013 Legislative Session related to PERS. See "Financial Factors – Pension System" herein for information regarding the changes to PERS. Proposed changes or policy assumptions in the final Legislatively Adopted Budget, such as change to PERS, may be subject to legal challenge. The District cannot predict the outcome of these deliberations or their impact on the District's finances.

In the Special Session legislators adopted House Bill 3601, which was signed by the Governor on October 8, 2013, that made several changes to Oregon tax laws estimated to result in approximately $189 million in additional General Fund and Other Fund revenues for the 2013-15 biennium. Legislators also adopted House Bill 5101 which appropriates the additional revenues generated by House Bill 3601 between education, human services, transportation and the emergency board. See "State K-12 Education Funding – 2013 State Legislature Special Session" below for details on the appropriation to the SSF.

State K-12 Education Funding

2013–15 Biennium State School Fund. The 2013-15 Legislatively Adopted Budget included $6.55 billion for the SSF which represented a 13.5% increase over the 2011-13 biennium's Legislatively Adopted total budget of $5.77 billion. Changes to the PERS system approved by SB 822 reduce costs for school districts an additional $200 million. See "Financial Factors – Pension System" herein for more information regarding the changes to the PERS system.

2013 State Legislature Special Session. House Bill 5101 passed during the Special Session appropriates an additional $100 million to the SSF in Fiscal Year 2015. The additional funds are intended to be used by school districts to hire additional teachers or other educational professionals in order to decrease class sizes and add back days to the school year in order to increase instructional time.

Current and historical state funding levels are detailed in the following table.

State K-12 Education Funding
($ in Millions)

Biennium	Fiscal Year	Budget Appropriation
2013-15	2015(1)	$ 3,440
	2014	3,210
2011-13	2013	2,845
	2012	2,868
2009-11	2011	2,813
	2010	2,940
2007-09	2009	2,911
	2008	2,918
2005-07	2007	2,695
	2006	2,567

(1) Preliminary, subject to change. Includes the additional $100 million for Fiscal Year 2014-15 authorized in the Special Session.

Source: Oregon Department of Education, School Finance Office: www.ode.state.or.us/search/results/?id=344.

Impact on the District. ODE provides SSF Grant estimates to each school district. Estimates are generally revised in July, October, February, March and May. The most recent ODE estimates for the District's SSF Grant for Fiscal Years 2014 and 2015 are shown in the following table.

Sheridan School District No. 48J
Historical and Projected Weighted Average Daily Membership and State School Fund Grant
State School Fund Grant Apportionment

	2014	2015
Extended ADMw:		
Current Fiscal Year Estimated ADMw (non-charter)	1,115.2	1,127.8
Prior Fiscal Year Estimated ADMw (non-charter)	1,144.3	1,115.2
Non-Charter Extended ADMw (greater of Current or Prior Year)	1,144.3	1,127.8
Sheridan Japanese School - Current Fiscal Year Estimated ADMw (charter)	91.4	92.5
Sheridan Japanese School - Prior Fiscal Year Estimated ADMw (charter)	90.9	91.4
Sheridan AllPrep Academy - Current Fiscal Year Estimated ADMw (charter)	60.1	63.1
Sheridan AllPrep Academy - Prior Fiscal Year Estimated ADMw (charter)	59.3	60.1
Charter Extended ADMw (greater of Current or Prior Year)	151.5	155.5
Total Extended ADMw (Non-Charter plus Charter)	**1,295.8**	**1,283.3**
Experience Adjustment:		
District Average Teacher Experience	8.82	8.82
State Average Teacher Experience	13.18	13.18
Experience Adjustment (District and State Teacher Experience Difference)	-4.36	-4.36
Local Revenue:		
Property Taxes	$ 1,235,000	$ 1,235,000
Federal Forest Fees	0	0
Common School Fund	101,535	91,221
County School Fund	10,500	10,500
State Managed Timber	0	0
In-lieu of Property Taxes	0	0
Revenue Adjustments	0	0
Local Revenue	$ 1,347,035	$ 1,336,721
Transportation Grant:		
Net Eligible Transportation Costs	$ 420,000	$ 445,000
Grant (70% of Net Eligible Transportation Costs)	$ 294,000	$ 311,500
General Purpose Grant:		
(Extended ADMw x [$4,500 + ($25 x Experience Adjust.)]) x Funding Ratio =	$ 8,280,515	$ 8,580,225
Total Formula Revenue:		
General Purpose Grant + Transportation Grant =	$ 8,574,515	$ 8,891,725
State School Fund Grant:		
Total Formula Revenue - Local Revenue =	$ 7,227,480	$ 7,555,004

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2014 data as of May 9, 2014 and Fiscal Year 2015 data as of July 1, 2014 www.ode.state.or.us/search/results/?id=344.

School districts are required to file their annual audited financials with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. Extensions may be granted by ODE for extenuating circumstances such as natural disasters. Any school district failing to file prior to the deadline and without an extension will not receive SSF payments until after the audit report has been filed. ODE will schedule the payment with the next regularly scheduled SSF payment date.

School districts that do not meet the rules and regulations of the State Board of Education (e.g., there must be at least 265 consecutive calendar days between the first and last instructional day of each school year) are classified as "non-standard." Under ORS 327.103, the Superintendent of Public Instruction may withhold portions of SSF monies otherwise allocated to any district that is non-standard before the beginning of the school year immediately following the date such district was found to be non-standard unless withholding of SSF monies would create an undue hardship or an extension has been granted by the Superintendent of Public Instruction. Such extension may not exceed 12 months. **The District has never been classified as "non-standard."**

State Reserve Funds

The 2007 Legislative Assembly created two budgetary reserve funds, the Rainy Day Fund and the Education Stability Fund. With the approval of three-fifths of each house, the Legislative Assembly may appropriate up to two-thirds of the money in the Rainy Day Fund or Education Stability Fund for use in any biennium if certain economic or revenue triggers occur. The June 2014 Forecast projects that at the end of the 2013-15 biennium the Rainy Day Fund and the Education Stability Fund will have ending fund balances of $210.7 million and $177.7 million, respectively.

Rainy Day Fund. The Rainy Day Fund may be drawn on for any General Fund purpose in the event of a downturn in State revenues. In September 2007 the State made an initial one-time deposit into the Rainy Day Fund of $319.2 million from the corporate income tax credit (known as the "corporate kicker"). The Oregon Rainy Day Fund retains interest earnings in the fund. After the current biennium, the Rainy Day Fund is to receive biennial deposits from the ending General Fund balance in an amount equal to the lesser of (a) the actual General Fund ending balance for the preceding biennium or (b) one percent of the amount of General Fund appropriations for the preceding biennium. The amount deposited to the Rainy Day Fund is capped at 7.5 percent of General Fund revenues for a biennium.

Education Stability Fund. Under the Oregon Constitution, 18 percent of the net proceeds from the State Lottery must be deposited in the Education Stability Fund quarterly. The Education Stability Fund does not retain earnings in the fund. The amount in the Education Stability Fund may not exceed 5% of the amount that was collected as revenues in the State's General Fund during the prior biennium.

Federal Funding

Oregon school districts receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes. The District reported receipt of $1,297,883 of federal funds in Fiscal Year 2013. Of this amount, $828,591 was reported in the District's Special Projects Fund, and $469,292 in the School Nutrition Fund.

Federal Stimulus Funds. The State received funds under the American Recovery and Reinvestment Act of 2009 ("ARRA") to fund education, infrastructure, transportation, energy/environment, research and development, public safety, health services, housing, unemployment, family services and other programs. The total amount awarded statewide was $3.3 billion in a combination of contracts, grants and loans. Education grants totaled $867.6 million and the majority of grants were allocated to qualifying jurisdictions in Fiscal Years 2009, 2010 and 2011.

Federal Forest Fees. In 2000, Congress passed the Secure Rural Schools and Community Self-Determination Act (the "SRS Act") to replace a previous revenue sharing program. The SRS Act provides funding from the federal government to 18 of Oregon's 36 counties for schools, roads, and other purposes ("Federal Forest Fees"). The U.S. Congress has passed several extensions of the SRS Act, the most recent occurring on October 2, 2013 which extended payments through September 30, 2014. Each eligible county was required to elect a payment option:

- A share of the State's 25 percent payment which is based on a seven year rolling average of national forest receipts, distributed among the counties in which the national forest is situated in proportion to acreage of national forest in the affected counties. Payments must be used for public schools and roads however, the State has broad discretion as to how to allocate the payment for public schools and roads, including authorizing the county to make the allocation.

- A share of the "State payment" which is allocated according to federal guidelines to be used for public schools and roads (commonly called title I funds), title II special projects on national forests, and title III county funds to be used for Firewise communities activities, to reimburse counties for emergency services on the national forests and for development of community wildfire protection plans.

Revenue losses from a discontinuation of the SRS Act will be spread across all school districts statewide as Federal Forest Fees are included in local revenue for calculation of SSF Grants (see "State of Oregon Public School Funding – State School Fund" herein).

Construction Excise Tax

School districts may levy a tax for capital improvements on new residential, commercial and industrial development ("Construction Excise Tax"). Affordable housing, public improvements, agricultural buildings, hospitals, private schools, and religious facilities are exempted from the Construction Excise Tax. The Construction Excise Tax is limited to: (i) $1.17 per square foot on residential construction and (ii) 58¢ per square foot on non-residential construction up to the lesser of $29,200 per building permit or $29,200 per structure. The tax rate limits are adjusted annually by the Oregon Department of Revenue for changes in construction costs. The Construction Excise Tax is not subject to voter approval.

Revenue generated through a Construction Excise Tax can be used to acquire land, construct, reconstruct or improve school facilities, acquire or install equipment, furnishings or other tangible property, pay for architectural, engineering, legal or other costs related to capital improvements, any expenditure for assets that have a useful life of more than one year, or the payment of obligations and related costs of issuance that are issued to finance or refinance capital improvements.

The District. The District does not have plans at this time to impose a construction tax levy.

The District

Public School Districts

Under Oregon law (ORS Chapter 332), the District is responsible for educating children residing within the boundaries of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and federal programs.

Under Oregon law, local school districts are subject to supervision by the State. The State Board of Education, a group of seven persons appointed by the Governor, establishes standards for educational programs and facilities, adopts rules of general governance, and prescribes courses of study. The administrative functions of the State Board of Education are handled through the Department of Education, whose executive head is the Deputy Superintendent of Public Instruction. The Deputy Superintendent is appointed by the Governor, who serves as the Superintendent of Public Instruction.

Senate Bill 909 approved by the Legislature in the 2011 legislative session created the Oregon Education Investment Board ("OEIB"), which is chaired by the Governor. The Governor appointed 12 educators and community members to serve on the OEIB. The OEIB appointed Dr. Rudy Crew to serve as Chief Education Officer to help oversee the integrated public education system from pre-kindergarten through college and career readiness. Senate Bill 1581 approved by the Legislature in the 2012 legislative session requires the OEIB to enter into achievement compacts prior to the beginning of each fiscal year with every K-12 school district, education service district, community college, the university system and individual university, and Oregon Health & Science University. Achievement compacts focus on measures of student progress and set goals in order to improve college and career readiness. The District's achievement compact for Fiscal Year 2013-14 was approved by the District's Board of Directors on September 18, 2013.

General Description

The District is located in Yamhill and Polk Counties and includes most of the City of Sheridan and unincorporated areas of the Counties within its boundaries. The District operates a high school, a middle school, an elementary school and an alternative school. Sheridan Japanese School and Sheridan AllPrep Academy are charter schools sponsored by the District. Historical and projected enrollments are shown in the following table:

Historical and Projected Enrollment

Fiscal Year	Average Daily Membership(w) (1)	Enrollment (2)	Teaching Staff (3)	Student to Teacher Ratio
2015 (5)	1,283.3	1,022	51.5	19.8
2014 (4)	1,266.6	1,017	51.5	19.7
2013	1,294.4	1,041	51.5	20.2
2012	1,359.9	1,098	51.5	26.4
2011	1,237.3	989	58.5	21.2
2010	1,437.3	1,164	59.0	24.4
2009	1,190.7	947	58.6	20.3
2008	1,191.8	962	58.6	20.4

(1) Weighted Average Daily Membership is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts.
(2) Enrollment is the number of students attending classes.
(3) Full-time equivalent licensed employees. Includes classroom, music, physical education, special education teachers, librarians and counselors.
(4) Preliminary, subject to change.
(5) Projected.

Source: Sheridan School District No. 48J.

The 2011 Legislature approved two bills which may affect future enrollment within the District. Senate Bill 248 revises kindergarten requirements. Currently, school districts are required to offer free half-day kindergarten and can charge tuition if they choose to offer full-day kindergarten. Beginning July 1, 2015, school districts may choose to offer free full-day kindergarten and receive a full 1.0 ADMw for kindergarten students for purposes of the SSF formula. No additional funds have been identified to pay for the cost of providing full-day kindergarten. At this time, the District cannot predict the impact, if any, this bill will have on enrollment or District funding.

House Bill 3681 creates an open enrollment process which allows students to attend a school district in which they do not reside without the consent of their home school district. Beginning with Fiscal Year 2013, a district's school board will decide how many, if any, non-resident students will be allowed to enroll for the school year. The open enrollment process sunsets on July 1, 2017. In Fiscal Year 2014 the District's Board voted to accept no out of district students and received no applicants. The District's Board voted to accept 10 out of district students in Fiscal Year 2015. Applications were accepted through April 1, 2014.

Staff

As of June 2014, the District had 92 full-time employees and 2 part-time employees.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Oregon School Employees Association	36 (classified)	June 30, 2016
Oregon Education Association	49 (licensed)	June 30, 2015

Source: Sheridan School District No. 48J.

The Board of Directors

The policies of the District are established by an elected five-member Board. The current members of the Board are:

Board of Directors

Name	Position	Occupation	Service Began	Term Expires
Larry Deibel	Chair	Maintenance	May 2005	June 30, 2017
Judy Breeden	Director	Administrative Assistant at Fire Dept.	May 2007	June 30, 2015
Terry Chrisman	Director	Retired	May 2013	June 30, 2017
Michael Griffith	Director	Retired	May 2013	June 30, 2017
Jeff Ashlock	Director	Sales Representative	June 2014	June 30, 2015

Source: Sheridan School District No. 48J.

Key Administrative Officials

The day-to-day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Steven Sugg, Superintendent. Mr. Sugg joined Sheridan School District as Superintendent in 2013 and has 25 years of experience in public education. Along with his experience in Sheridan Mr. Sugg was Assessment and Accountability Coordinator in Sherwood for three years, Sherwood Associate High School Principal for seven years, Philomath Assistant High School Principal for three years and spent 11 years teaching high school mathematics. Mr. Sugg holds a Doctorate Degree from the University of Oregon, Master of Science Degree from Western Oregon University and a Bachelor of Science Degree from Oregon State University.

DeAnn O'Neil, Business Manager. Ms. O'Neil joined the District in December 2001 as the Business Manager. Ms. O'Neil previously worked as the Business Manager for the Falls City School District and Fiscal Clerk for Willamina School District among other positions. She received her education in Accounting at the Trend Business College. Ms. O'Neil completed the Certified School Business Manger training program through the Oregon Association of School Business Officials in 2008.

Financial Factors

Financial Reporting and Accounting Policies

The District's basic financial statements were prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Additional information on the District's accounting methods is available in the District's audited financial statements. A copy of the District's audited financial report for Fiscal Year 2013 is attached hereto as Appendix B.

Auditing

Each Oregon municipal corporation must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Municipalities having annual expenditures of less than $500,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations. School districts are required to file their audit annually with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. See "Revenue Sources – State K-12 Education Funding" herein.

The District audits for the Fiscal Years 2012 and 2013 ("District Audited Financial Statements") were performed by Accuity, LLC, CPAs, Albany, Oregon (the "Auditor"). District audits for the Fiscal Years 2009 through 2011 were performed by Koontz & Perdue, P.C., CPAs, Albany, Oregon. The audit report for Fiscal Year 2013 indicates the financial statements, in all material respects, fairly present the District's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The District has contracted with the Auditor to audit its financial statements for Fiscal Year 2013. The audit review is scheduled to begin in October 2014. The Auditor was not requested to review this Official Statement.

Future financial statements may be obtained from the Electronic Municipal Market Access ("EMMA") system, a centralized repository operated by the Municipal Securities Rulemaking Board ("MSRB"), located at: www.emma.msrb.org.

Summaries of the District's Net Assets and Changes in Net Assets follow:

Statement of Net Assets

(Fiscal Years)

Assets	**2009**	**2010**	**2011(1)**	**2012**	**2013**
Current and other assets	$ 2,747,495	$ 3,095,152	$ 2,958,940	$ 3,245,438	$ 2,819,555
Restricted assets	460,061	755,465	1,790,398	1,737,302	1,927,070
Net capital assets	11,284,426	11,304,834	11,527,402	11,164,906	10,769,141
Total Assets	14,491,982	15,155,451	16,276,740	16,147,646	15,515,766
Liabilities					
Current liabilities	913,408	1,214,471	1,734,173	1,792,014	1,843,981
Noncurrent liabilities	7,115,000	7,224,773	6,585,422	6,217,808	5,417,890
Total Liabilities	8,028,408	8,439,244	8,319,595	8,009,822	7,261,871
Net Assets					
Invested in capital assets, net of related debt	3,649,426	3,487,283	4,302,629	4,221,098	4,598,523
Restricted for various purposes	628,862	755,465	1,629,745	1,659,450	1,358,210
Unrestricted	2,185,286	2,473,459	2,024,771	2,257,276	2,297,162
Total Net Assets	**$ 6,463,574**	**$ 6,716,207**	**$ 7,957,145**	**$ 8,137,824**	**$ 8,253,895**

(1) As restated in Fiscal Year 2012.

NOTE: The Net Assets presents information on all the District's assets and liabilities with the difference between the two reported as net assets.

Source: District Audited Financial Statements.

Statement of Revenues, Expenses and Changes in Net Assets
(Fiscal Years)

Revenues:	**2009**	**2010**	**2011[1]**	**2012**	**2013**
Program Revenues:					
Regular programs	$ 377,173	$ 101,930	$ 349,979	$ 197,203	$ 174,485
Special programs	510,872	1,199,825	1,776,721	1,437,214	1,117,947
Student support services	164,630	134,774	164,455	98,063	114,095
Food services	373,395	503,355	459,026	511,292	526,651
General Revenues:					
Property taxes - general	1,057,958	1,068,764	1,104,173	1,523,978	1,110,706
Property taxes - debt service	817,868	902,769	1,029,053	494,588	928,015
State school fund - general support	6,025,739	7,441,887	6,948,240	6,390,912	6,414,701
Common school fund	77,149	71,300	130,255	91,777	105,413
Unrestricted state and local revenue	504,095	126,832	9,111	0	0
Unrestricted grants and contributions	6,322	4,697	5,955	10,015	9,394
Investment earnings	85,250	28,694	23,173	25,418	60,619
Miscellaneous	88,160	77,171	45,081	128,390	91,842
Gain on disposal of assets	15,640	6,341	7,887	7,523	7,385
Total Revenues	10,104,251	11,668,339	12,053,109	10,916,373	10,661,253
Expenses:					
Regular programs	$ 4,158,313	$ 3,843,327	$ 4,134,032	4,042,615	3,872,477
Special programs	1,529,126	2,746,814	2,618,024	2,338,838	2,410,018
Student support services	345,898	407,198	322,624	211,576	433,475
Instructional staff support	392,615	606,384	327,412	290,003	288,930
General administrative support	212,169	342,866	287,834	315,562	286,642
School administrative support	771,603	635,615	654,423	602,843	679,681
Business support services	1,296,699	1,384,245	1,158,666	1,205,117	1,280,693
Central activities support	153,390	159,611	140,828	239,019	221,383
Food services	395,429	450,358	452,268	458,653	515,567
Facilities acquisition and construction	103,115	157,823	21,483	79,765	7,439
Community services	0	0	2,144	500	145
Unallocated depreciation expense	374,000	374,278	370,861	395,405	396,365
Interest on long-term debt	326,144	307,187	321,572	555,798	152,367
Total Expenses	10,058,501	11,415,706	10,812,171	10,735,694	10,545,182
Increase (decrease) in net assets	45,750	252,633	1,240,938	180,679	116,071
Net assets - July 1	6,417,824	6,463,574	6,716,207	7,957,145	8,137,824
Total Net Assets	**$ 6,463,574**	**$ 6,716,207**	**$ 7,957,145**	**$ 8,137,824**	**$ 8,253,895**

(1) As restated in Fiscal Year 2012.

NOTE: The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's net assets changed during a given Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future periods, such as uncollected taxes and earned, but unused, vacation leave.

Source: District Audited Financial Statements.

A five-year summary of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

General Fund Balance Sheet
(Fiscal Years)

Assets	**2009**	**2010**	**2011**	**2012**	**2013**
Cash and cash equivalents	$ 1,651,842	$ 1,686,694	$ 2,184,596	$ 2,458,983	$ 2,023,822
Undistributed taxes with county	24,798	22,191	20,175	35,986	27,567
Accounts receivable	0	64,210	0	0	0
Grants receivable	0	0	45,593	50,300	57,947
Property taxes receivable	85,555	99,087	100,358	147,898	112,499
Prepaid expenses	0	0	0	0	42,105
Total Assets	1,762,195	1,872,182	2,350,722	2,693,167	2,263,940
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 57,224	$ 81,343	$ 148,305	$ 130,901	$ 180,609
ADM payable to charter schools	0	0	120,442	0	0
Accrued liabilities	278,893	416,759	610,670	872,513	786,386
Deferred revenue	75,590	84,579	87,032	103,771	0
Total Liabilities:	411,707	582,681	966,449	1,107,185	966,995
Deferred inflows of resources:					
Unavailable revenue - property taxes	0	0	0	0	106,928
Fund Balances:					
Assigned	0	0	400,000	400,000	400,000
Unreserved	1,350,488	1,289,501	984,273	1,185,982	790,017
Total Fund Balances	1,350,488	1,289,501	1,384,273	1,585,982	1,190,017
Total Liabilities and Fund Balance	$ 1,762,195	$ 1,872,182	$ 2,350,722	$ 2,693,167	$ 2,263,940

Source: District Audited Financial Statements.

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
(Fiscal Years)

Revenues	2009	2010	2011	2012	2013	Unaudited 2014
Local sources	$ 1,168,733	$ 1,156,293	$ 1,182,837	$ 1,592,234	$ 1,171,787	$ 1,298,853
Intermediate sources	9,202	7,726	9,111	4,116	3,209	127,451
State sources	6,401,699	7,221,478	7,104,353	6,740,460	6,520,114	7,561,886
Federal sources	196,082	110,815	0	0	0	0
Total Revenues	7,775,716	8,496,312	8,296,301	8,336,810	7,695,110	8,988,190
Expenditures						
Instruction	4,991,654	5,659,689	5,491,912	5,595,539	5,110,460	5,875,717
Support services	2,859,819	2,847,610	2,585,150	2,600,782	2,901,116	2,859,925
Total Expenditures	7,851,473	8,507,299	8,077,062	8,196,321	8,011,576	8,735,642
Excess (deficiency) of revenues over expenditures	(75,757)	(10,987)	219,239	140,489	(316,466)	252,548
Other Financing Sources (Uses)						
Transfers out	(155,330)	(50,000)	(124,467)	(100,000)	(79,499)	(54,572)
Total Other Financing Sources (Uses)	(155,330)	(50,000)	(124,467)	(100,000)	(79,499)	(54,572)
Net Change in Fund Balances	(231,087)	(60,987)	94,772	40,489	(395,965)	197,976
Fund balance at beginning of year	1,581,575	1,350,488	1,289,501	1,545,493	1,585,982	1,190,017
Ending fund balance	$ 1,350,488	$ 1,289,501	$ 1,384,273	$ 1,585,982	$ 1,190,017	$ 1,387,993

Source: District staff and District Audited Financial Statements.

Budgetary Process

The District prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The District's administrative staff evaluates the budget requests of the various departments of the District to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Directors adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.480.

General Fund Adopted Budget
(Fiscal Years)

Resources		2014		2015
Local Sources	$	1,235,000	$	1,235,000
Intermediate Sources		400,500		297,500
State Sources		7,188,730		7,651,685
Federal Sources		0		0
Miscellaneous		333,000		368,235
Transfers		200,000		200,000
Beginning Fund Balance		1,300,000		1,100,000
Total Resources	**$**	**10,657,230**	**$**	**10,852,420**
Expenditures				
Instruction	$	6,093,475	$	6,196,940
Supporting Services		3,463,755		3,555,480
Community Services		0		0
Transfers		100,000		100,000
Other		800,000		800,000
Contingency		200,000		200,000
Total Expenditures	**$**	**10,657,230**	**$**	**10,852,420**

Source: District Adopted Fiscal Year 2015 Budget.

Investments

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon municipalities to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent.

Municipalities are also authorized to invest approximately $45.6 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports – OSTF Detailed Monthly Reports" at www.ost.state.or.us/about/boards/OSTF/About.htm.

The District has its own investment policy and it conforms with State statutes.

Pension System

General. The District participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all District employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" and "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program employee (participant) contributions fund individual retirement accounts under the separate defined contribution program known as the Individual Account Program (the "IAP"). Participant contributions may be paid by the employee or the employer, depending on the individual contract negotiated between the two. See "Employer Contribution Rates" herein.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Oregon Public Employees Retirement System Board (the "PERB") establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program ("RHIA") described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2012) used for advisory purposes only and valuations as of December 31 of odd-number years (such as 2011) used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the "System Valuation"), and for each participating employer, including the District (the "District Valuation"). Valuations are released nine to eleven months after the valuation date. PERS' current actuary is Milliman, Inc. ("Milliman") which replaced the prior actuary, Mercer (US), Inc. in January 2012.

Valuation Date	Release Date	Rates Effective
December 31, 2009	October 2010	July 1, 2011 – June 30, 2013
December 31, 2010	November 2011	Advisory only
December 31, 2011	October 2012	July 1, 2013 – June 30, 2015
December 31, 2012	November 2013	Advisory only

The 2012 System Valuation indicated that the System-wide funded status increased from approximately 73.4 percent at December 31, 2011 to 81.6 percent (after taking into account certain legislative changes under SB 822 and SB 861, see "Changes to PERS during the 2013 Legislative Session and the 2013 Special Session" below) at December 31, 2012 without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand into Side Accounts (see "Pension Bonds and Side Accounts" herein).

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

District UAL. For the T1/T2 Pension Programs, the District is pooled with other kindergarten through grade 12 public school district and education service district public employers (the "School District Pool"). The District's portion of the School District Pool's assets and liabilities is based on the District's proportionate share of the School District Pool's pooled payroll (the "District Allocated T1/T2 UAL"). Changes in the District's relative growth in payroll will cause the District Allocated T1/T2 UAL to shift. The District Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The District's allocated share of OPSRP's assets and liabilities is based on the District's proportionate share of OPSRP's pooled payroll (the "District Allocated OPSRP UAL"). Changes in the District's relative growth in payroll will cause the District Allocated OPSRP UAL to shift.

The funded status of PERS and of the District as reported by Milliman, will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees Retirement Fund ("OPERF") is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERB.

Significant actuarial assumptions and methods used in the 2011 Valuation include: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8% (the "Assumed Earnings Rate"), (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for the T1/T2 Pension Programs and 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for OPSRP.

On September 27, 2013, the PERB adopted revisions to its actuarial assumptions and methods that are incorporated into the 2012 Valuation. These changes include a) moving from the Projected Unit Credit actuarial cost method to the Entry Age Normal method, b) lowering the assumed earnings rate on the investment of present and future assets to 7.75%; c) extending the amortization of the T1/T2 UALs derived from the 2007, 2009 and 2011 valuations to 2033, while maintaining a 20-year amortization period for all other T1/T2 UALs in the future and d) modifying policies associated with the application of the rate collar (see "Contribution Rate Collar" below).

Changes to the actuarial assumptions and methods described above are anticipated to increase employer contribution rates above what they would have been under previous actuarial assumptions and methods for the 2015-17 biennium.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute 6 percent of their annual salary to the IAP. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The District has elected to make the employee contribution.

Contribution Rate Collar. In January 2010 the PERB adopted a rate collar to limit increases in employer contribution rates from biennium to biennium (the "Rate Collar"). The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and Retiree Health Insurance Premium Account ("RHIPA"). Under normal conditions, the Rate Collar is the greater of three percent of payroll (the "3% parameter") or 20 percent of the current base rate (the "20% parameter"). On September 27, 2013, the PERB revised their policy such that if the funded status of an employer or the pool in which the employer participates is below 70 percent (or above 130%), the Rate Collar increases by 0.3 percent of payroll if under the 3% parameter, or two percent of payroll if under the 20 percent parameter, for every percentage point under the 70 percent (or above 130%) funded level (the "Collar Ramp") until it reaches six percent of payroll, or 40% of the current rate base at the 60 percent (or above 140%) funded level (the "Double Rate Collar"). Previous PERB policy had the "Collar Ramp" coming into effect at a funded status below 80% (or above 120%), and the Double Rate Collar coming into effect at a funded status below 70% (or above 130%).

District Contribution Rates. The 2011 District Valuation, released September 28, 2012, contained the District's employer contribution rates for the 2013-15 biennium. However, legislation approved by the 2013 Legislature (SB 822 and SB 861) reduced 2013-15 biennium employer contribution rates for the T1/T2 Pension Programs (see "Changes to PERS during the 2013 Legislative Session and the 2013 Special Session" below). The 2012 District Valuation, released December 2013, contained the District's advisory only contribution rates for the

2015-17 biennium. Actual contribution rates will be set according to the actuarial valuation report as of December 31, 2013.

The District's revised current employer contribution rates for the 2013-15 biennium and advisory only contribution rates for the 2015-17 biennium are provided in the following table.

Sheridan School District No. 48J Pension Contribution Rates

	2013-15 Biennium			2015-17 Biennium (Advisory Only)		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	8.17%	6.27%	9.00%	12.28%	7.36%	11.46%
T1/T2 UAL rate(1)	13.38	13.38	13.38	12.26	12.26	12.26
OPSRP UAL rate	0.15	0.15	0.15	0.60	0.60	0.60
Side account rate relief	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Retiree Healthcare rate (RHIA)(2)	0.59	0.49	0.49	0.56	0.48	0.48
Total net contribution rate	**22.29%**	**20.29%**	**23.02%**	**25.70%**	**20.70%**	**24.80%**

(1) The District's original T1/T2 UAL rate for the 2013-15 biennium was 17.78% per the 2011 District Valuation. SB 822 amended the rate to 13.38% as described above.
(2) Contribution rates to fund RHIA benefits are included in the total District employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits – Retirement Health Insurance Account" below.

Source: 2011 District Valuation, 2012 District Valuation and PERS.

District Contributions. The District's historical and projected annual contributions to PERS are provided in the following table.

Sheridan School District No. 48J Pension Contributions

Fiscal Year	District Contribution
2015(1)	$1,952,665
2014(2)	1,123,650
2013	1,031,155
2012	986,836
2011	929,433
2010	751,599
2009	935,193

(1) Projected.
(2) Estimated.

Source: Sheridan School District No. 48J.

In June 2012, the GASB approved Statements No. 67 and 68 that modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The PERS system will be subject to GASB 67; each participating employer, including the District will be subject to GASB 68. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. GASB 67 is effective for Fiscal Year 2014 and GASB 68 is effective for Fiscal Year 2015. PERS will be contracting with their actuary, Milliman, to provide information for local governments to use in their financial statements.

Changes to PERS during the 2013 Legislative Session and the 2013 Special Session. During the 2013 Legislative Session which was held during the winter and spring of 2013, and a subsequently called special session, which was held in September 2013 (the "Special Session"), the Legislative Assembly made changes to PERS by enacting Senate Bill 822 ("SB 822"), signed by the Governor on May 6, 2013, and SB 861, signed by the

Governor on October 8,. 2013. These bills limited annual cost of living adjustments ("COLAs"), eliminated a benefit increase for out-of-state retirees based on Oregon income tax, excluded salary increases given to pay for insurance costs from the final average salary used to calculate pension benefits, and reduced legislators' participation in PERS. Expenditure reductions from these changes reduced the required employer contribution amount to PERS from all employers by approximately $460 million for the 2013-15 biennium. The changes are estimated to reduce the total accrued actuarial liability of the System by approximately $4.7 billion and reduced employer contribution rates by an average of 4.28 percent of payroll for the 2013-15 biennium. Lawsuits challenging the constitutionality of the changes made by SB 822, however, have been filed in the Oregon Supreme Court. See "Challenges to PERS Reforms" below.

Challenges to PERS Reforms. Several cases have been filed on behalf of PERS retirees and active employees challenging changes to PERS retirement benefits that were enacted by the Legislative Assembly in the 2013 Legislative Session through SB 822 and in the 2013 Special Session in SB 861.

These cases have been filed directly with the Oregon Supreme Court as provided by the legislation. The petitioners allege that the enacted legislation constitutes a breach of contract as well as an impairment of contract and a taking of property rights in violation of the Oregon and United States constitutions. The Oregon Supreme Court appointed a Special Master to prepare a report and findings of fact for the Supreme Court. The Special Master's Final Report and Findings of fact were presented to the court on April 30, 2014. The Oregon Supreme Court will begin the process of setting a schedule for the docketing of this case now that it has received the Special Master's Report. There is no required timeframe for the Oregon Supreme Court to issue its ruling in this matter.

If SB 822 or SB 861 is enjoined or held unconstitutional, the anticipated savings from the PERS changes that were calculated as part of the 2013-15 Legislative Adopted Budget and reflected in the funded status for PERS and the District in the 2012 System Valuation and the 2012 District Valuation, respectively, may not be realized.

The District cannot predict whether any legislation, or any related actions of the PERB, would withstand any legal challenges.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2012 System Valuation, this program had a UAL of approximately $180.2 million.

GASB 45. GASB 45 requires the District to determine the extent of its liabilities for post employment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current District employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The District implemented this pronouncement for the fiscal year ended June 30, 2010.

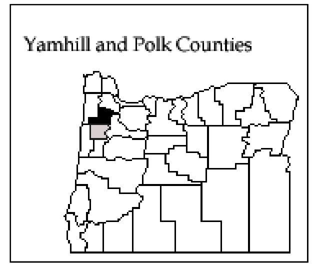
The District's auditor, Accuity, LLC, examined the District's potential liability under ORS 243.303 and determined it was not material. As a result, no liability was recorded in the financial statements.

Risk Management

The District is exposed to various risks of loss. A description of the risks is provided in the District's audited financial statements. The audited financial statement for Fiscal Year 2013 is attached hereto as Appendix B.

Demographic Information

General



The District is located in Yamhill County (91% of District's Real Market Value) and Polk County (9% of District's Real Market Value) and includes the majority of the City of Sheridan within its boundaries.

Historical data have been collected from generally accepted standard sources, usually from public bodies. This statement bases information on the Yamhill County and the City of Sheridan (the "City").

Population

The following table shows the historical population for the State, Yamhill County, Polk County and the City of Sheridan:

Population

July 1(1)	State of Oregon	Yamhill County	Polk County	City of Sheridan
2013	3,919,020	101,400	77,065	6,180
2012	3,883,735	100,550	76,625	6,180
2011	3,857,625	99,850	75,965	6,125
2010	3,837,300	99,405	75,495	6,125
2009	3,823,465	95,250	68,785	6,020
2008	3,791,075	94,325	68,235	6,020
2007	3,745,455	93,085	67,505	5,865
2006	3,690,505	91,675	66,670	5,785
2005	3,631,440	90,310	65,670	5,785
2004	3,582,600	89,200	64,950	5,620
2003	3,541,500	88,150	64,000	5,620
April 1(2)				
2010	3,831,074	99,193	75,403	6,127
2000	3,421,399	84,992	62,380	5,561
1990	2,842,321	65,551	49,541	3,979

(1) Source: Center for Population Research and Census, Portland State University.

(2) Source: U.S. Census Count on April 1.

Economic Overview

Agriculture is Yamhill County's primary industry. The County ranks eighth out of Oregon's 36 counties in annual market value of its agricultural production. The County is also the heart of Oregon's wine industry, with the largest concentration of wineries in any county of the state. A third of the County is covered with commercial timber. Non-seasonal industries include higher education, a steel rolling mill, electronic and dental equipment manufacturing, an international airline and helicopter company, a newsprint mill, and government.

The number of acres harvested and gross farm sales in Yamhill County are as follows:

Yamhill County
Harvested Acreage and Gross Farm Sales

		Gross Farm Sales ($ in thousands)		
Year	Harvested Acreage	Crop Sales	Animal Products Sales	Total Gross Farm Sales
2012	102,403	$ 222,647	$ 47,192	$ 269,839
2011	99,627	216,596	46,372	262,968
2010	96,934	177,351	39,364	216,715
2009	97,436	189,220	33,344	222,564
2008	97,004	244,237	39,664	283,901
2007	95,944	254,673	41,432	296,106

Top Commodities in
Yamhill County (2012)

Rank	Commodity	Sales
1	Nursery Crops	$ 82,158,000
2	Wine Grapes	28,594,000
3	Tall Fescue	24,117,280
4	Dairy Products	22,540,000
5	Perennial Ryegrass	12,712,000

Source: Oregon State University Extension Service's Oregon Agriculture Information Network, Harvested Acreage Summary Report, Gross Farm Sales Reports, Commodity Report; April 23, 2013.

Income. Historical personal income and per capita income levels for the County and the State are shown below:

Total Personal and Per Capita Income

	Yamhill County				State of Oregon			
Year	Personal Income ($000 Omitted)	Dividends, Interest, Rent ($000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income ($000 Omitted)	Dividends, Interest, Rent ($000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2013	N/A	N/A	N/A	N/A	$ 158,116,922	$ 30,453,196	$ 40,233	$ 7,749
2012	$ 3,547,595	$ 607,384	$ 35,386	$ 6,058	152,721,624	27,452,959	39,166	7,040
2011	3,398,043	542,692	33,980	5,427	145,299,628	26,016,176	37,527	6,719
2010	3,201,600	507,578	32,207	5,106	142,113,170	24,256,410	35,906	6,320
2009	3,155,779	520,275	31,991	5,274	138,453,340	24,211,582	35,159	6,357
2008	3,226,638	621,622	33,081	6,373	139,306,268	30,226,072	37,407	8,020

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 2014.

Employment. Non-farm employment within Yamhill County is described in the following tables:

Yamhill County
Labor Force Summary (1)
(by place of residence)

							2014 Change from				
	2009	2010	2011	2012	2013	2014 (2)	2009	2010	2011	2012	2013
Civilian Labor Force	48,331	48,136	48,915	48,611	47,881	47,717	-614	-419	-1,198	-894	-164
Unemployment	5,509	5,078	4,568	4,136	3,562	3,155	-2,354	-1,923	-1,413	-981	-407
Percent of Labor Force	11.4%	10.5%	9.3%	8.5%	7.4%	6.6%	xx	xx	xx	xx	xx
Total Employment	42,822	43,058	44,347	44,475	44,319	44,562	1,740	1,504	215	87	243

Non-Agricultural Wage & Salary Employment (3)

							2014 Change from				
	2009	2010	2011	2012	2013	2014 (2)	2009	2010	2011	2012	2013
Total Nonfarm Payroll Employment	29,710	29,350	29,490	30,130	30,750	31,450	1,740	2,100	1,960	1,320	700
Total Private	24,810	24,470	24,860	25,470	26,190	26,880	2,070	2,410	2,020	1,410	690
Natural resources and mining	170	160	180	160	170	170	0	10	-10	10	0
Construction	1,390	1,220	1,280	1,200	1,220	1,270	-120	50	-10	70	50
Manufacturing	5,840	5,700	5,580	6,160	6,450	6,410	570	710	830	250	-40
Trade, transportation, and utilities	4,350	4,190	4,280	4,350	4,490	4,520	170	330	240	170	30
Information	190	190	180	170	180	150	-40	-40	-30	-20	-30
Financial activities	1,200	1,160	1,120	1,070	1,070	1,070	-130	-90	-50	0	0
Professional and business services	1,500	1,480	1,560	1,730	1,760	1,710	210	230	150	-20	-50
Educational and health services	6,520	6,540	6,960	6,620	6,750	7,440	920	900	480	820	690
Leisure and hospitality	2,670	2,840	2,740	3,010	3,080	3,120	450	280	380	110	40
Other services	980	990	990	1,020	1,040	1020	40	30	30	0	-20
Government	4,910	4,880	4,630	4,660	4,560	4,570	-340	-310	-60	-90	10

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.
(2) Data for month of April 2014; preliminary and subject to change.
(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, June 2014.

Major Employers in the City of Sheridan

Company	Service	No. Employees
Federal Correction Institution	Prison	460
Delphi Schools, Inc.	Boarding school	150
Sheridan School District No. 48J	K-12 Public Education	120
Sheridan Fire District	Fire protection	70
Sheridan Care Center	Nursing home	42
Pacific Wood Preserving of Oregon, Inc.	Wood preserving	35
Pacific Fir Lumber Company	Planing mills	31
Mid-Columbia Transportation Co.	School buses	17
City of Sheridan	Government	17

Source: Hoover's business database; Oregon Employment Department; June 18, 2014.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family residential building permits in the City of Sheridan are listed below:

City of Sheridan
Residential Building Permits

	New Single Family	
Year	Number	Construction Cost
2014 (1)	4	$ 680,092
2013	15	2,094,890
2012	1	136,643
2011	1	118,831
2010	7	908,788
2009	5	693,988

(1) As of May 1, 2014.
Source: U.S. Census Bureau, June 18, 2014.

Higher Education. George Fox University, in Newberg, is a private Christian university which offers bachelor, master, and doctoral degree programs. Portland Community College operates a campus in Newberg. It is a public community college offering associate degrees and technical programs. The college provides general education courses, occupational and technical preparatory training, lower division college transfer courses, skills upgrading, and employee technical training.

Transportation: The District is located off of Highway 18 near Pacific Highway 99W. Community air transportation is available at the McMinnville Municipal Airport and Salem Municipal Airport. Commercial air transportation is available at Portland International Airport ("PDX"). Operated by the Port of Portland, PDX is served by 17 scheduled passenger air carriers and three charter services. Fourteen cargo carriers service PDX.

Local public bus transportation is provided by the Yamhill County Transit Area ("YCTA") which operates bus routes Monday through Saturday throughout Yamhill County. YCTA provide bus routes which connect to the Portland metropolitan area and Salem. Dial-A-Ride is a curb-to-curb service available for anyone unable to access YCTA's fixed routes because of mobility limitations, or those whose origins and/or destinations are not within close proximity to fixed routes.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State's office that that do not qualify for the ballot, the District does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The District also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the District's charter and ordinances. Consequently, the District does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

Referendum

"Referendum" generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure's effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2012 general election, the requirement was eight percent (116,284 signatures) for a constitutional amendment measure and six percent (87,213 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years. The next general election for which statewide initiative petitions may be filed will be in November 2014.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Historical Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2004	6	2
2006	10	3
2008	8	0
2010	4	2
2012	7	2

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.
Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue them conform to the Bonds and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the Bonds nor the power and authority of the District to issue the Bonds. There is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

Under the Oregon law local public bodies, such as the District, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed $500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to $666,700. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from $1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to $1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009 are as follows: (a) $100,000, adjusted as described below, to any single claimant, and (b) $500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Tax Matters

Tax Exemption

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the execution and delivery of the Bonds in order for interest on the Bonds to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the issue date of the Bonds. These requirements include limitations on the use of proceeds of the Bonds, limitations on the investment of proceeds of the Bonds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds of the Bonds be rebated on a periodic basis to the United States under certain circumstances and certain other matters. The District has covenanted to comply with all applicable requirements (the "Tax Covenants.")

In the opinion of Mersereau Shannon LLP, Bond Counsel, under existing law and assuming compliance by the District with certain tax covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of determining the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

Bond Counsel's opinion is subject to the condition that the District comply with the Tax Covenants and, in addition, will rely on representations by the District and its advisors with respect to matters solely within the knowledge of the District and its advisors, which Bond Counsel has not independently verified. If the District fails to comply with the Tax Covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could be included in gross income for federal tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

Bond Counsel expresses no opinion on any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Bonds may affect the tax status of the Bonds.

Although Bond Counsel has rendered an opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations, recipients of Social Security and Railroad Retirement benefits, foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors with respect to all possible collateral consequences and as to the treatment of interest on the Bonds under the tax laws of any state other than Oregon.

Bond Counsel's opinion is not a guarantee of result and is not binding on the Internal Revenue Service ("IRS"); rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the District's compliance with its covenants. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. The commencement of an audit could adversely affect the market value and liquidity of the bonds, regardless of the ultimate outcome.

[Premium

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on that Bond. A purchaser of a Bond must amortize any premium over that Bond's term using constant yield principals, based on the Bond's yield to maturity. As premium is amortized, the purchaser's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such Bonds.]

[Original Issue Discount

The initial public offering price of certain Bonds (the "Original Issue Discount Bonds"), may be less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Bond and (ii) the initial public offering price of that Original Issue Discount Bond constitutes original issue discount with respect to that Original Issue Discount Bond in the hands of the owner who purchased that Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Bond equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Bond prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Bond in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Bonds should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Bonds.]

Oregon State Tax Exemption

In the opinion of Bond Counsel, interest on the Bonds is exempt from Oregon personal income tax imposed under existing law.

Qualified Tax-Exempt Obligations

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Future and Proposed Federal Legislation

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, alter or amend the current federal and state tax status of the Bonds, adversely affect the marketability or market value of the Bonds or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of the interest on the Bonds. Such proposals, if enacted into law, could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing the full benefit of the tax exemption of interest on 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. Other proposals have been made that could significantly reduce the benefit or otherwise affect the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such proposals, clarification of the Code or court decisions may also affect the market price for or marketability of the Bonds. It cannot be predicted whether any regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Prospective purchases of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Bonds. Pursuant to the Rule, the District has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. Beginning July 1, 2009, Continuing Disclosure is required to be filed through the MSRB's EMMA system. The District has entered into prior undertakings to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2003, and General Obligation Refunding Bonds, Series 2012. The District's undertaking for its General Obligation Refunding Bonds, Series 2012 requires its annual financial information filing within 270 days of the end of the Fiscal Year (March 27). The District entered into a limited undertaking to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2003. The undertaking requires the District provide annual disclosure upon request and notification of material events in a timely manner.

Compliance with Prior Undertakings – General Obligation Bonds, Series 2003. The District failed to file material event notices in a timely manner for rating changes relating to Oregon School Bond Guaranty Program and FSA insurance. The District filed these notices on February 29, 2012.

Compliance with Prior Undertakings – General Obligation Refunding Bonds, Series 2012. The District failed to make its Continuing Disclosure filing for Fiscal Years 2012 and 2013 prior to the deadline. The District subsequently made its Fiscal Years 2012 and 2013 Continuing Disclosure filing on ______, 2014.

The District has implemented new procedures to maintain compliance in the future. [Need documentation of specific procedures put in place] A copy of the form of the District's Continuing Disclosure Certificate for the Bonds is attached hereto as Appendix D.

Preliminary Official Statement

The District has executed a "deemed final" letter that deemed final the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, insurance, and other terms of the securities depending on such matters). The District has also represented to the Underwriter that the information in this Preliminary Official Statement, except for matters relating to DTC and its book-entry system, the State and the State School Bond Guaranty, the Paying Agent, the information under the heading "Underwriting" and the statement regarding the Underwriter in the second italicized paragraph on page ii, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Ratings

As noted on the cover page of this Official Statement, Standard & Poor's Ratings Services, a Division of Standard & Poor's Financial Services LLC, has assigned its underlying ratings of "__" to the Bonds. Standard & Poor's has also assigned its rating of "AA+" to the Bonds based on the District's participation in the Oregon School Bond Guaranty program. See "Security for the Bonds – Oregon School Bond Guaranty" herein. The ratings will reflect only the views of the rating agency and an explanation of the significance of the ratings may be obtained from the rating agency. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being purchased by the Underwriter. The purchase contract provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a price of ______ percent of the par value of the Bonds. The purchase contract provides that the Bonds will be reoffered at an average price of ______ percent of the par value of the Bonds. After the initial public offering, the public offering prices may be varied from time to time.

The Underwriter has entered into an agreement (the "Agreement") with Pershing LLC ("Pershing"), a subsidiary of the Bank of New York Mellon Corporation, for the distribution of certain municipal securities offerings allocated to Piper at the original offering prices. Under the Agreement, if applicable to the Bonds, the Underwriter will share with Pershing a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

The Underwriter of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Concluding Statement

The information contained herein should not be construed as representing all conditions affecting the District or the Bonds. Additional information may be obtained from the District. The statements relating to the Resolution are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The information assembled herein is not to be construed as a contract with Owners of the Bonds.

Appendix A

Form of Bond Counsel Opinion

Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2013 Fiscal Year.

Appendix C

Book Entry Only System

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[**6**. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[**9.** A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate