

NEW ISSUE
BOOK-ENTRY-ONLY
BANK QUALIFIED

S&P GLOBAL RATINGS PROGRAMMATIC RATING: “AA+”
S&P GLOBAL RATINGS UNDERLYING RATING: “A”
SEE “RATINGS” HEREIN

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, as bond counsel (“Bond Counsel”), under existing laws, interest on each series of the 2026 Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and in effect on the date of issuance of the 2026 Bonds (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax. However, such interest is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Bond Counsel under existing laws, interest on each series of the 2026 Bonds is exempt from income taxation in the State of Indiana except the State financial institutions tax. Each series of the 2026 Bonds have been designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code. See “TAX MATTERS” herein.

\$3,700,000*
NORTHEAST SULLIVAN MULTI-SCHOOL BUILDING CORPORATION
(Sullivan County, Indiana)
FIRST MORTGAGE BONDS, SERIES 2026A

\$5,345,000*
NORTHEAST SULLIVAN MULTI-SCHOOL BUILDING CORPORATION
(Sullivan County, Indiana)
FIRST MORTGAGE BONDS, SERIES 2026B

Dated: Date of Delivery

Due: January 15 and July 15; As shown on the inside front cover

The Northeast Sullivan Multi-School Building Corporation First Mortgage Bonds, Series 2026A (the “2026A Bonds”) and the Northeast Sullivan Multi-School Building Corporation First Mortgage Bonds, Series 2026B (the “2026B Bonds”) (the 2026A Bonds and the 2026B Bonds, collectively, the “2026 Bonds”) are being issued pursuant to a Trust Indenture, dated as of July 1, 2001 (the “Original Indenture”), as supplemented and amended by a First Supplemental Trust Indenture, dated as of November 1, 2011 (the “First Supplemental Indenture”), a Second Supplemental Trust Indenture, dated as of January 15, 2013 (the “Second Supplemental Indenture”), a Third Supplemental Trust Indenture, dated as of May 15, 2013 (the “Third Supplemental Indenture”), a Fourth Supplemental Trust Indenture, dated as of September 15, 2017 (the “Fourth Supplemental Indenture”), a Fifth Supplemental Trust Indenture, dated as of November 15, 2018 (the “Fifth Supplemental Indenture”), and a Sixth Supplemental Trust Indenture, dated as of _____, 2026 (the “Sixth Supplemental Indenture”) (the Original Indenture, as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the the Sixth Supplemental Indenture, the “Indenture”), each of which is by and between the Northeast Sullivan Multi-School Building Corporation (the “Building Corporation”) and The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana (ultimate successor trustee to Fifth Third Bank, Indiana), as trustee, registrar and paying agent (the “Trustee,” “Registrar” or “Paying Agent”), and will pay interest semi-annually on January 15 and July 15 of each year commencing July 15, 2027. The 2026 Bonds will be issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). Purchases of beneficial interests in the 2026 Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interest in the 2026 Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the 2026 Bonds. Principal and semi-annual interest will be disbursed on behalf of the Building Corporation by the Trustee. Interest on the 2026 Bonds will be paid by check, mailed one business day prior to the interest payment date, or if payment is made to a depository, by wire of immediately available funds. The principal of the 2026 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent. Interest on, together with the principal of, the 2026 Bonds will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the 2026 Bonds. The final disbursement of such payments to the Beneficial Owners of the 2026 Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See “THE 2026 BONDS - Book-Entry Only System.” The 2026 Bonds are subject to optional redemption prior to maturity, and may be subject to mandatory sinking fund redemption prior to maturity, as described herein.

The proceeds from the 2026A Bonds will be used by the Building Corporation for the purpose of procuring funds to pay (a) the Northeast School Corporation, Sullivan County, Indiana (the “School Corporation”), as a partial reimbursement for improvements made by the School Corporation to the existing North Central High School and its related outdoor facilities and site improvements since all of the foregoing has been owned by the Building Corporation, (b) a partial payment to the School Corporation for the extension of the ownership of the existing North Central High School and its related outdoor facilities and site improvements and the real property on which all of the existing North Central High School and its related outdoor facilities and site improvements are located (collectively, the “Leased Premises” or the “Premises”), (c) a portion of the 2026A North Central High School Facility and Site Improvement Project, as described in the resolution adopted by the Board of School Trustees of the School Corporation on May 11, 2026, and (d) all or any portion of the issuance of the 2026A Bonds (clauses (a) through and including (d), collectively, the “2026A Corporation Project”) The School Corporation will

* Preliminary, subject to change.

use the proceeds it receives from the Building Corporation to pay (a) all or a portion of the 2026A North Central High School Facility and Site Improvement Project, and (b) all of the costs of issuance of the 2026A Bonds not paid by the Building Corporation (clauses (a) and (b), collectively, the “2026A School Corporation Project”) (the 2026A Corporation Project and the 2026A School Corporation Project, collectively, the “2026A Project”).

The proceeds from the 2026B Bonds will be used by the Building Corporation for the purpose of procuring funds to pay (a) the School Corporation as a partial reimbursement for improvements made by the School Corporation to the Leased Premises since all of the Leased Premises has been owned by the Building Corporation, (b) a partial payment to the School Corporation for the extension of the ownership of the Leased Premises, (c) a portion of the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project, as described in the resolution adopted by the Board of School Trustees of the School Corporation on May 11, 2026, and (d) all or any portion of the issuance of the 2026B Bonds (clauses (a) through and including (d), collectively, the “2026B Corporation Project”). The School Corporation will use the proceeds it receives from the Building Corporation to pay (a) all or a portion of the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project, and (b) all of the costs of issuance of the 2026B Bonds not paid by the Building Corporation (clauses (a) and (b), collectively, the “2026B School Corporation Project”) (the 2026B Corporation Project and the 2026B School Corporation Project, collectively, the “2026B Project”) (the 2026A Project and the 2026B Project, collectively, the “2026 Projects”).

The 2026 Bonds, together with the Building Corporation’s First Mortgage Bonds, Series 2017 (the “2017 Bonds”), the Building Corporation’s First Mortgage Bonds, Series 2018 (the “2018 Bonds”), and any additional parity bonds issued under the Indenture (collectively, the “Additional Bonds”) (the 2017 Bonds, the 2018 Bonds, the 2026 Bonds and the Additional Bonds, collectively, the “Bonds”), constitute valid and legally binding obligations of the Building Corporation and are payable solely from certain sources of income of the Building Corporation which have been specifically pledged for the payment thereof including lease rental payments received from the School Corporation under the terms of a Lease Agreement, dated as of May 14, 2001 (the “Original Lease”), as supplemented and amended by an Addendum to Lease, dated as of July 1, 2001 (the “Addendum”), an Amendment to Lease, dated as of November 1, 2011 (the “First Amendment”), a Second Amendment to Lease, dated as of December 17, 2012 (the “Second Amendment”), an Addendum to Second Amendment to Lease, dated as of January 15, 2013 (the “Addendum to Second Amendment”), a Third Amendment to Lease, dated as of April 15, 2013 (the “Third Amendment”), an Addendum to Third Amendment to Lease, dated as of May 15, 2013 (the “Addendum to Third Amendment”), a Fourth Amendment to Lease, dated as of August 14, 2017 (the “Fourth Amendment”), an Addendum to Fourth Amendment to Lease, dated as of September 15, 2017 (the “Addendum to Fourth Amendment”), a Fifth Amendment to Lease, dated as of September 17, 2018 (the “Fifth Amendment to Lease”), an Addendum to Fifth Amendment to Lease, dated as of November 15, 2018 (the “Addendum to Fifth Amendment to Lease”), a Sixth Amendment to Lease, dated as of June 15, 2026 (the “Sixth Amendment to Lease”), and an Addendum to Sixth Amendment to Lease, dated as of _____, 2026 (the “Addendum to Sixth Amendment to Lease”) (the Original Lease, as supplemented and amended by the Addendum to Lease, the First Amendment to Lease, the Second Amendment to Lease, the Addendum to Second Amendment to Lease, the Third Amendment to Lease, the Addendum to Third Amendment to Lease, the Fourth Amendment to Lease, the Addendum to Fourth Amendment to Lease, the Fifth Amendment to Lease, the Addendum to Fifth Amendment to Lease, the Sixth Amendment to Lease and the Addendum to Sixth Amendment to Lease, the “Lease”), which rental payments are payable from ad valorem taxes to be levied and collected on all taxable property within the School Corporation and which rental payments will be paid directly to the Trustee. See “Circuit Breaker Tax Credit” herein.

The 2026 Bonds are offered when, as and if issued by the School Corporation and received by Stifel, Nicolaus & Company, Incorporated, as the underwriter (the “Underwriter”), subject to prior sale, the withdrawal, or modification of the offer without notice, and to the unqualified approval as to the legality of the 2026 Bonds by Bond Counsel. Certain legal matters will be passed on for the Building Corporation and the School Corporation by Taft Stettinius & Hollister LLP, Indianapolis, Indiana, counsel to the Underwriter. It is expected that the 2026 Bonds will be delivered through The Depository Trust Company in New York, New York, on or about _____, 2026.

STIFEL

_____, 2026

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

\$3,700,000*
NORTHEAST SULLIVAN MULTI-SCHOOL BUILDING CORPORATION
(Sullivan County, Indiana)
FIRST MORTGAGE BONDS, SERIES 2026A

MATURITY SCHEDULE
Base CUSIP⁽¹⁾ _____

<u>Date*</u>	<u>Principal*</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Date*</u>	<u>Principal*</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP</u>
7/15/27					1/15/35				
1/15/28					7/15/35				
7/15/28					1/15/36				
1/15/29					7/15/36				
7/15/29					1/15/37				
1/15/30					7/15/37				
7/15/30					1/15/38				
1/15/31					7/15/38				
7/15/31					1/15/39				
1/15/32					7/15/39				
7/15/32					1/15/40				
1/15/33					7/15/40				
7/15/33					1/15/41				
1/15/34					7/15/41				
7/15/34					1/15/42				

\$5,345,000*
NORTHEAST SULLIVAN MULTI-SCHOOL BUILDING CORPORATION
(Sullivan County, Indiana)
FIRST MORTGAGE BONDS, SERIES 2026B

MATURITY SCHEDULE
Base CUSIP⁽¹⁾ _____

<u>Date*</u>	<u>Principal*</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Date*</u>	<u>Principal*</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP</u>
7/15/27					1/15/35				
1/15/28					7/15/35				
7/15/28					1/15/36				
1/15/29					7/15/36				
7/15/29					1/15/37				
1/15/30					7/15/37				
7/15/30					1/15/38				
1/15/31					7/15/38				
7/15/31					1/15/39				
1/15/32					7/15/39				
7/15/32					1/15/40				
1/15/33					7/15/40				
7/15/33					1/15/41				
1/15/34					7/15/41				
7/15/34					1/15/42				

(1) Copyright 2026 CUSIP Global Services. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc.

* Preliminary, subject to change.

PROJECT PERSONNEL

Names and positions of officials who have taken part in the planning of the 2026 Projects and the 2026 Bonds are:

Building Corporation Directors

James D. Scott, President
Jeremy Swalls, Vice President
S. Joseph Freeze, Secretary/Treasurer

Board of School Trustees

Donald Ransford, President
Jeri Greve, Vice President
Robert D. Case, Secretary
Kara Harris, Member
Ashley Trench, Member

School Administration

Dr. Dustin Hitt, Superintendent
Angel Riley, Chief Financial Officer

Bond Counsel

Barnes & Thornburg LLP
Indianapolis, Indiana

Municipal Advisor

Therber & Brock
Carmel, Indiana

Underwriter

Stifel, Nicolaus & Company, Incorporated
Indianapolis, Indiana

Underwriter Counsel

Taft Stettinius & Hollister LLP
Indianapolis, Indiana

Trustee, Registrar and Paying Agent

The Bank of New York Mellon
Trust Company, N.A.

No dealer, broker, salesman or other person has been authorized by the Building Corporation or the School Corporation to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Building Corporation or the School Corporation. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the securities described herein by any person in a jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Building Corporation, the School Corporation and by other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the Building Corporation or the School Corporation since the date of this Official Statement.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE 2026 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE SCHOOL CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE 2026 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in Securities and Exchange Commission Rule 15c2-12, as amended, the School Corporation will enter into a Continuing Disclosure Contract (the "Contract"). For a description of the Contract, see Appendix D – "CONTINUING DISCLOSURE CONTRACT."

TABLE OF CONTENTS

Introduction.....	1
The Leased Premises.....	2
Purpose of Issues.....	2
Estimated Sources and Uses of Funds – 2026A Bonds.....	4
Estimated Sources and Uses of Funds – 2026B Bonds.....	4
Schedule of Debt Service Requirements and Lease Payments – 2026A Bonds.....	5
Schedule of Debt Service Requirements and Lease Payments – 2026B Bonds.....	6
The 2026 Bonds.....	7
Additional Bonds.....	11
Sources of Payment and Security for the Bonds.....	11
Procedures for Property Tax Assessment, Tax Levy and Collection.....	12
Circuit Breaker Tax Credit.....	15
Estimated Circuit Breaker Tax Credit For the School Corporation.....	16
Intercept Program.....	17
Continuing Disclosure.....	18
The Building Corporation.....	18
Litigation.....	18
Summary of Certain Provisions of the Trust Indenture.....	19
Summary of Certain Provisions of the Lease.....	27
Tax Matters.....	29
Original Issue Discount.....	30
Amortizable Bond Premium.....	30
Legal Opinions and Enforceability of Remedies.....	31
Underwriting.....	32
Municipal Advisor.....	32
Ratings.....	33
Statement of Issuer.....	33
Northeast School Corporation.....	A-1
General Information About the Area.....	B-1
Form of Opinion of Bond Counsel.....	C-1
Continuing Disclosure Contract.....	D-1
State Board of Accounts Audit for the Period July 1, 2023 to June 30, 2025.....	E-1

\$3,700,000*
NORTHEAST SULLIVAN MULTI-SCHOOL BUILDING CORPORATION
(Sullivan County, Indiana)
FIRST MORTGAGE BONDS, SERIES 2026A

\$5,345,000*
NORTHEAST SULLIVAN MULTI-SCHOOL BUILDING CORPORATION
(Sullivan County, Indiana)
FIRST MORTGAGE BONDS, SERIES 2026B

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided to set forth certain information concerning the sale and delivery of the The Northeast Sullivan Multi-School Building Corporation First Mortgage Bonds, Series 2026A (the “2026A Bonds”) and the Northeast Sullivan Multi-School Building Corporation First Mortgage Bonds, Series 2026B (the “2026B Bonds”) (the 2026A Bonds and the 2026B Bonds, collectively, the “2026 Bonds”). The 2026 Bonds will be issued under the provisions of the Indiana Code, Title 20, Article 47, Chapter 3, and Chapter 4, each as amended, and in accordance with the terms of a Trust Indenture, dated as of July 1, 2001 (the “Original Indenture”), as supplemented and amended by a First Supplemental Trust Indenture, dated as of November 1, 2011 (the “First Supplemental Indenture”), a Second Supplemental Trust Indenture, dated as of January 15, 2013 (the “Second Supplemental Indenture”), a Third Supplemental Trust Indenture, dated as of May 15, 2013 (the “Third Supplemental Indenture”), a Fourth Supplemental Trust Indenture, dated as of September 15, 2017 (the “Fourth Supplemental Indenture”), a Fifth Supplemental Trust Indenture, dated as of November 15, 2018 (the “Fifth Supplemental Indenture”), and a Sixth Supplemental Trust Indenture, dated as of _____, 2026 (the “Sixth Supplemental Indenture”) (the Original Indenture, as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the the Sixth Supplemental Indenture, the “Indenture”), each of which is by and between the Northeast Sullivan Multi-School Building Corporation (the “Building Corporation”) and The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana (ultimate successor trustee to Fifth Third Bank, Indiana), as trustee, registrar and paying agent (the “Trustee,” “Registrar” or “Paying Agent”).

Each series of the 2026 Bonds have been designated “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2026 Bonds (the “Code”).

The 2026 Bonds will be issued on parity with the Building Corporation’s First Mortgage Bonds, Series 2017 (the “2017 Bonds”), the Building Corporation’s First Mortgage Bonds, Series 2018 (the “2018 Bonds”), and any additional parity bonds issued under the Indenture (collectively, the “Additional Bonds”) (the 2017 Bonds, the 2018 Bonds, the 2026 Bonds and the Additional Bonds, collectively, the “Bonds”).

The Building Corporation was organized for the purpose of acquiring, owning and leasing facilities and equipment to the Northeast School Corporation, Sullivan County, Indiana (the “School Corporation”).

* Preliminary, subject to change.

The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Terms not defined in this Official Statement shall have the meaning set forth in the respective documents.

Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

THE LEASED PREMISES

The property subject to the Lease Agreement, dated as of May 14, 2001 (the “Original Lease”), as supplemented and amended by an Addendum to Lease, dated as of July 1, 2001 (the “Addendum”), an Amendment to Lease, dated as of November 1, 2011 (the “First Amendment”), a Second Amendment to Lease, dated as of December 17, 2012 (the “Second Amendment”), an Addendum to Second Amendment to Lease, dated as of January 15, 2013 (the “Addendum to Second Amendment”), a Third Amendment to Lease, dated as of April 15, 2013 (the “Third Amendment”), an Addendum to Third Amendment to Lease, dated as of May 15, 2013 (the “Addendum to Third Amendment”), a Fourth Amendment to Lease, dated as of August 14, 2017 (the “Fourth Amendment”), an Addendum to Fourth Amendment to Lease, dated as of September 15, 2017 (the “Addendum to Fourth Amendment”), a Fifth Amendment to Lease, dated as of September 17, 2018 (the “Fifth Amendment to Lease”), an Addendum to Fifth Amendment to Lease, dated as of November 15, 2018 (the “Addendum to Fifth Amendment to Lease”), a Sixth Amendment to Lease, dated as of June 15, 2026 (the “Sixth Amendment to Lease”), and an Addendum to Sixth Amendment to Lease, dated as of _____, 2026 (the “Addendum to Sixth Amendment to Lease”) (the Original Lease, as supplemented and amended by the Addendum to Lease, the First Amendment to Lease, the Second Amendment to Lease, the Addendum to Second Amendment to Lease, the Third Amendment to Lease, the Addendum to Third Amendment to Lease, the Fourth Amendment to Lease, the Addendum to Fourth Amendment to Lease, the Fifth Amendment to Lease, the Addendum to Fifth Amendment to Lease, the Sixth Amendment to Lease and the Addendum to Sixth Amendment to Lease, the “Lease”), each of which is by and between the Building Corporation, as lessor, and the School Corporation, as lessee, consists of the existing North Central High School, its related outdoor facilities and the real property on which the North Central High School and outdoor facilities are located, all of which is located in Sullivan County, Indiana, as more specifically described in the Lease (collectively, the “Leased Premises” or the “Premises”).

PURPOSE OF ISSUES

The proceeds from the 2026A Bonds will be used by the Building Corporation for the purpose of procuring funds to pay (a) the School Corporation as a partial reimbursement for improvements made by the School Corporation to the Leased Premises since the Leased Premises has been owned by the Building Corporation, (b) a partial payment to the School Corporation for the extension of the ownership of the Leased Premises, (c) a portion of the 2026A North Central High School Facility and Site Improvement Project, as described in the resolution adopted by the Board of School Trustees of the School Corporation on May 11, 2026, and in this Official Statement, and (d) all or any portion of the issuance of the 2026A Bonds (clauses (a) through and including (d), collectively, the “2026A Corporation Project”). The School Corporation will use the proceeds it receives from the Building Corporation to pay (a) all or a portion of the 2026A North Central High School Facility and Site Improvement Project, and (b) all of the costs of issuance of the 2026A Bonds not paid by the Building Corporation (clauses (a) and (b), collectively, the “2026A School Corporation Project”) (the 2026A Corporation Project and the 2026A School Corporation Project, collectively, the “2026A Project”).

The proceeds from the 2026B Bonds will be used by the Building Corporation for the purpose of procuring funds to pay (a) the School Corporation as a partial reimbursement for improvements made by the School Corporation to the Leased Premises since all of the Leased Premises has been owned by the Building Corporation, (b) a partial payment to the School Corporation for the extension of the ownership of the Leased Premises, (c) a portion of the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project, as described in the resolution adopted by the Board of School Trustees of the School Corporation on May 11, 2026, and in this Official Statement, and (d) all or any portion of the issuance of the 2026B Bonds (clauses (a) through and

including (d), collectively, the “2026B Corporation Project”). The School Corporation will use the proceeds it receives from the Building Corporation to pay (a) all or a portion of the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project, and (b) all of the costs of issuance of the 2026B Bonds not paid by the Building Corporation (clauses (a) and (b), collectively, the “2026B School Corporation Project”) (the 2026B Corporation Project and the 2026B School Corporation Project, collectively, the “2026B Project”) (the 2026A Project and the 2026B Project, collectively, the “2026 Projects”).

The 2026A North Central High School Facility and Site Improvement Project consists of all or any portion of (i) general facility improvement, renovation and equipping projects at the existing North Central High School, including, but not limited to, restoration, replacement and/or repair of all or any portion of the existing roofing system, installation of a new speaker and intercom system throughout the facility, repair and restoration of the foundation of the facility to address damage caused by poor site drainage, renovation, updating and remodeling of the home economic room and related areas, upgrade of all or any portion of the electrical, plumbing, heating and cooling, technology and/or security systems, painting of all or any portion of the interior and/or exterior of the facility, replacement, restoration and/or repair of all or a portion of the asphalt parking lots and access roads, installation of replacement and/or additional signage to improve site identification and site improvements to improve drainage around the building, (ii) installation of updated and upgraded playground equipment at one or both of the existing elementary schools and replacement of the fencing at one or more of such playgrounds and the existing high school along the highway, (iii) equipment acquisition and/or installation projects at one or more facilities operated by the School Corporation or otherwise used by the School Corporation in any of its operations, (iv) acquisition of one or more buses and/or vehicles to be used by the School Corporation, (v) other miscellaneous facility improvements, equipping and land improvements and/or acquisition projects throughout the geographical boundaries of the School Corporation, and (vi) all projects related to any of the projects described in any of clauses (i) through and including (v). The 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project consists of all or any portion of (i) certain updates, renovations and/or improvements to all or any portion of the outdoor facilities operated by the School Corporation, including, but not limited to, installation of an artificial turf system on the existing high school football field, installation of upgraded LED lighting at one or more of the existing athletic fields and installation of fencing around one or more of the existing athletic fields, (ii) the construction and equipping of an agricultural center building that will either be a separate building located on the existing high school campus or will be an addition to the existing high school, which upon completion is currently anticipated to contain approximately 2,500 square and include areas both for classroom instruction and use for FFA and other agricultural activities by the School Corporation’s students, (iii) equipment acquisition and/or installation projects at one or more facilities operated by the School Corporation or otherwise used by the School Corporation in any of its operations, (iv) acquisition of one or more buses and/or vehicles to be used by the School Corporation, (v) other miscellaneous facility improvements, equipping and land improvements and/or acquisition projects throughout the geographical boundaries of the School Corporation, and (vi) all projects related to any of the projects described in any of clauses (i) through and including (v).

The bids for both the 2026A North Central High School Facility and Site Improvement Project and the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project were received by the School Corporation and Hannig Construction, as the construction manager as constructor for each project, on September 11, 2026, and the Board of School Trustees of the School Corporation approved the guaranteed maximum price for each project on September 29, 2026. It is currently anticipated that construction for both the 2026A North Central High School Facility and Site Improvement Project and the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project will commence no later than November, 2026, and be substantially completed by July 1, 2027. Because the Building Corporation is reimbursing the School Corporation for prior improvements made by the School Corporation to the Leased Premises since the Building Corporation has owned the Leased Premises and paying the School Corporation for the extension of the ownership of the Leased Premises by the Building Corporation beyond the current term, all of which will continue to be used and occupied by the School Corporation during the entire period of the 2026A North Central High School Facility and Site Improvement Project and the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project, the completion of neither all or any portion of the 2026A North Central High School Facility and Site Improvement Project nor all or any portion of the 2026B Outdoor Extra-Curricular/Co-Curricular Facility

and Site Improvement Project is required for the commencement of the Increased Rent (as hereinafter defined) which in turn will be used to pay the principal of, and interest on, the 2026 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS – 2026A BONDS

The estimated sources and uses of funds relating to the cost of the the 2026A Project, and the sale and delivery of the 2026A Bonds, are shown below:

Sources of Funds*

Principal Amount of 2026A Bonds

Original Issue Premium

Total

Uses of Funds

Construction and Related Costs

Costs of Issuance

Underwriter's Discount

Total

ESTIMATED SOURCES AND USES OF FUNDS – 2026B BONDS

The estimated sources and uses of funds relating to the cost of the the 2026B Project, and the sale and delivery of the 2026B Bonds, are shown below:

Sources of Funds*

Principal Amount of 2026B Bonds

Original Issue Premium

Total

Uses of Funds

Construction and Related Costs

Costs of Issuance

Underwriter's Discount

Total

* Preliminary, subject to change.

SCHEDULE OF DEBT SERVICE REQUIREMENTS AND LEASE PAYMENTS – 2026A BONDS

<u>Payment Date*</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>2026A Increased Lease Rental Payment⁽¹⁾</u>
7/15/27					
1/15/28					
7/15/28					
1/15/29					
7/15/29					
1/15/30					
7/15/30					
1/15/31					
7/15/31					
1/15/32					
7/15/32					
1/15/33					
7/15/33					
1/15/34					
7/15/34					
1/15/35					
7/15/35					
1/15/36					
7/15/36					
1/15/37					
7/15/37					
1/15/38					
7/15/38					
1/15/39					
7/15/39					
1/15/40					
7/15/40					
1/15/41					
7/15/41					
1/15/42					
	<u>\$3,700,000.00*</u>				

- (1) 2026A Increased Lease Rental payments are due on June 30 and December 30 of each year prior to the July 15 and January 15 payments on the 2026A Bonds, respectively. 2026A Increased Lease Rental payments include amounts for trustee fees and other properly payable costs associated with the 2026A Bonds.
- * Preliminary, subject to change.

SCHEDULE OF DEBT SERVICE REQUIREMENTS AND LEASE PAYMENTS – 2026B BONDS

Payment <u>Date*</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	2026B Increased Lease <u>Rental Payment</u> ⁽¹⁾
7/15/27					
1/15/28					
7/15/28					
1/15/29					
7/15/29					
1/15/30					
7/15/30					
1/15/31					
7/15/31					
1/15/32					
7/15/32					
1/15/33					
7/15/33					
1/15/34					
7/15/34					
1/15/35					
7/15/35					
1/15/36					
7/15/36					
1/15/37					
7/15/37					
1/15/38					
7/15/38					
1/15/39					
7/15/39					
1/15/40					
7/15/40					
1/15/41					
7/15/41					
1/15/42					
	<u>\$5,345,000.00*</u>				

(1) 2026B Increased Lease Rental payments are due on June 30 and December 30 of each year prior to the July 15 and January 15 payments on the 2026B Bonds, respectively. 2026B Increased Lease Rental payments include amounts for trustee fees and other properly payable costs associated with the 2026B Bonds.

* Preliminary, subject to change.

THE 2026 BONDS

General

Each series of the 2026 Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple of that amount, will be dated as of the date of delivery of the 2026 Bonds, and will mature on January 15 and July 15 on the dates and in the amounts and bear interest at the rates set forth on the inside front cover page of this Official Statement.

Interest on the 2026 Bonds, payable on January 15 and July 15, commencing July 15, 2027, will be paid by check mailed to the registered owners or by wire transfer of immediately available funds on the interest payment date to the person in whose name each bond is registered on the first day of the month of the interest payment date. Payment shall be made to the person or depository in whose name the Bond is registered on the first day of the month of each interest payment date.

Principal of the 2026 Bonds will be payable at designated corporate trust office of the Trustee as designated from time to time. Interest will be paid on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

So long as The Depository Trust Company (“DTC”) or its nominee is the registered owner of either series of the 2026 Bonds, principal of and interest on such series of the 2026 Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein.)

Book-Entry Only System

DTC will act as securities depository of the 2026 Bonds. The 2026 Bonds 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 2026 Bond certificate will be issued for each maturity of each series of the 2026 Bonds and will be deposited with DTC.

DTC, the world’s largest 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 S&P Global Ratings (“S&P”) rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2026 Bond (“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 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Bonds 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 2026 Bonds 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 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2026 Bond documents. For example, Beneficial Owners of the 2026 Bonds may wish to ascertain that the nominee holding the 2026 Bond for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Building Corporation 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 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, interest and other payments on the 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Building Corporation or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Building Corporation or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, interest and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Building Corporation or the Paying 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.

DTC may discontinue providing its services as depository with respect to the 2026 Bonds at any time by giving reasonable notice to the Building Corporation, the School Corporation, the Trustee, the Registrar or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the 2026 Bonds are required to be printed and delivered.

The Building Corporation or the School Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the 2026 Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-system has been obtained from sources that each of the Building Corporation and the School Corporation believes to be reliable, but none of the Building Corporation, the School Corporation, the Trustee, the Registrar, the Paying Agent or the Underwriter takes responsibility for the accuracy thereof.

Disclaimer

THE INFORMATION PROVIDED ABOVE UNDER "THE 2026 BONDS – Book-Entry Only System" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE BUILDING CORPORATION, THE SCHOOL CORPORATION, THE TRUSTEE, THE REGISTRAR, THE PAYING AGENT OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Building Corporation, the School Corporation, the Trustee, the Registrar and the Paying Agent will have no responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any 2026 Bonds;
- (ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any notice with respect to any 2026 Bond including, without limitation, any notice of redemption;
- (iii) the payment to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any amount with respect to the principal of or premium, if any, or interest on any 2026 Bond; or
- (iv) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system described under this caption, the Building Corporation, the Trustee, the Registrar and the Paying Agent may treat DTC as, and deem DTC to be, the absolute owner of the 2026 Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of and premium, if any, and interest on the 2026 Bonds;
- (ii) giving notices of redemption and other matters with respect to the 2026 Bonds;
- (iii) registering transfers with respect to the 2026 Bonds; and
- (iv) the selection of 2026 Bonds for redemption.

Redemption of Bonds

Optional Redemption

The 2026A Bonds maturing on or after _____ are redeemable prior to maturity, at the option of the Building Corporation, in whole or in part, in such order of maturity as determined by the Building Corporation, and by lot within maturities, on any date not earlier than _____, at par plus accrued interest to the date fixed for redemption.

The 2026B Bonds maturing on or after _____ are redeemable prior to maturity, at the option of the Building Corporation, in whole or in part, in such order of maturity as determined by the Building Corporation, and by lot within maturities, on any date not earlier than _____, at par plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

All or any portion of the 2026A Bonds may be issued as term bonds subject to mandatory sinking fund requirements if so determined by the Building Corporation and the Underwriter at the time the 2026A Bonds are sold.

All or any portion of the 2026B Bonds may be issued as term bonds subject to mandatory sinking fund requirements if so determined by the Building Corporation and the Underwriter at the time the 2026B Bonds are sold.

Notice and Effect of Redemption

Notice of redemption shall be given by the Trustee by mailing a copy of the redemption notice, by first class mail, at least thirty (30) days but no more than sixty (60) days prior to the redemption date to the registered owners of the 2026 Bonds to be redeemed as the names appear on the registration book of the Trustee as of the date of mailing the notice. Any defect in that notice shall not affect the validity of the proceedings for the redemption of any other Bonds for which notice has been properly given.

With respect to any optional redemption of the 2026 Bonds, unless moneys sufficient to pay the principal of, and premium, if any, and interest on the 2026 Bonds to be redeemed has been received by the Trustee prior to the giving of such notice of redemption, such notice will state that said redemption is conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received by the redemption date, such notice will be of no force and effect, the Trustee will not redeem such 2026 Bonds, the redemption price will not be due and payable and the Trustee will give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such 2026 Bonds will not be redeemed and that the failure to redeem such 2026 Bonds will not constitute an event of default under the Indenture. Moneys need not be on deposit with the Trustee prior to the mailing of the notice of redemption of the 2026 Bonds pursuant to the Indenture.

If notice of redemption has been given and provisions for payment for the redemption price, premium, if any, and accrued interest has been made, the 2026 Bonds to be redeemed shall be due and payable on the redemption date at the redemption price, and from and, after the redemption date, interest on the 2026 Bonds will cease to accrue, and the 2026 Bonds will no longer be deemed outstanding.

Registration, Transfer and Exchange

The 2026 Bonds will be registrable at and may be transferable by the registered owners at the designated corporate trust office of the Registrar upon surrender and cancellation and on presentation of a duly executed written instrument of transfer. A new 2026 Bond or bonds of the same aggregate principal amount, maturity and series and in authorized denominations will be issued to the transferee or transferees in exchange therefor.

If any 2026 Bond is mutilated, lost, stolen or destroyed the Registrar shall certify and deliver, subject to the provisions of the Trust Indenture, a replacement 2026 Bond or bonds of like denomination and tenor. In the case of destruction, theft or loss, the applicant for a substituted 2026 Bond shall furnish to the Building Corporation and the Registrar evidence of the destruction of such 2026 Bond so destroyed, which evidence must be satisfactory to the Registrar, in its discretion, and such applicant shall also furnish indemnity satisfactory to its discretion. The Registrar shall have the right to require the payment of the expense of issuing such replacement prior to the delivery of a new 2026 Bond.

ADDITIONAL BONDS

The Building Corporation may issue Additional Bonds for certain other limited purposes. Any series of Additional Bonds shall have maturities, interest rates, interest payment dates, denominations and other terms as provided in the supplemental indenture entered into in connection with the issuance of such Additional Bonds, provided that such terms and provisions shall not be otherwise inconsistent with the Indenture. All Bonds, including, but not limited to the Additional Bonds, are all to be equally and ratably secured and entitled to the protection given under the Indenture including, but not limited to, payments under the Indenture.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are obligations of the Building Corporation payable solely from and secured exclusively by a first mortgage lien on and security interest in the Mortgaged Property. The “Mortgaged Property” consists of (i) the Premises, (ii) all right, title and interest of the Corporation in the Lease and any other leases entered into by the Building Corporation and the School Corporation and pledged to the Trustee as a part of the Mortgaged Property, including, but not limited to, the lease rental payments to be paid by the School Corporation directly to the Trustee as instructed by the Building Corporation under the Lease, (iii) all of the right, title and interest in and to the proceeds from the sale of all or any property subject to the lien of the Indenture, and (iv) all proceeds of the Bonds and certain other cash and securities now or hereafter held in certain funds and accounts created and established by the Indenture (except the Rebate Fund, as hereafter defined).

The rent in amounts required to be paid under the Lease and sufficient to pay the principal of, and interest on, all of the outstanding 2013A Bonds, 2013B Bonds, 2017 Bonds and 2018 Bonds (the “Existing Rent”) has been paid on time and in the required amounts by the School Corporation. Pursuant to the Lease, the School Corporation is obligated to pay (a) the increased rent on a semi-annual basis directly to the Trustee on each June 30 and December 30 of each year in the amounts and on the dates shown on the schedules entitled “SCHEDULE OF DEBT SERVICE REQUIREMENTS AND LEASE PAYMENTS – 2026A BONDS” of this Official Statement (the “2026A Increased Rent”), and (b) the increased rent on a semi-annual basis directly to the Trustee on each June 30 and December 30 of each year in the amounts and on the dates shown on the schedules entitled “SCHEDULE OF DEBT SERVICE REQUIREMENTS AND LEASE PAYMENTS – 2026B BONDS” of this Official Statement (the “2026B Increased Rent”) (the 2026A Increased Rent and the 2026B Increased Rent, collectively, the “Increased Rent”) (the Existing Rent and the Increased Rent, collectively, the “Rent”). The Increased Rent paid under the Lease will begin on June 30, 2027, and will end when the term of the Lease ends, which is _____, _____. Because the Building Corporation is reimbursing the School Corporation for prior improvements made by the School Corporation to the Leased Premises since the Building Corporation has owned the Leased Premises and paying the School Corporation for the extension of the ownership of the Leased Premises by the Building Corporation beyond the current term, all of which will continue to be used and occupied by the School Corporation during the entire period of the 2026A North Central High School Facility and Site Improvement Project and the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project, the completion of neither all or any portion of the 2026A North Central High School Facility and Site Improvement Project nor all or any portion of the of the 2026B Outdoor Extra-Curricular/Co-Curricular Facility and Site Improvement Project is required for the commencement of the Increased Rent which in turn will be used to pay the principal of, and interest on, the 2026 Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” in this Official Statement.

The Lease provides that, in the event the Premises are partially or totally destroyed, whether by fire or any other casualty, so as to render the same unfit, in whole or part, for use by the School Corporation: (i) it will then be the obligation of the Building Corporation to restore and rebuild the Premises as promptly as may be done, unavoidable strikes and other causes beyond the control of the Building Corporation excepted; provided, the Building Corporation will not be obligated to expend on such restoration or rebuilding more than the amount of the proceeds received by the Building Corporation from the insurance provided for in the Lease, and provided further, the Building Corporation will not be required to rebuild or restore the Premises if the School Corporation instructs the Building Corporation not to undertake such work because the School Corporation anticipates that either the cost of such work exceeds the amount of insurance proceeds and other amounts available for such purpose, or the work cannot be completed within the period covered by rental value insurance; and (ii) as long as the rental interruption insurance as described below is in full force and effect, then the Rent will be abated, for the period during which the Premises or any part thereof is unfit for use by the School Corporation, in proportion to the percentage of the area of Premises which is unfit for use by the School Corporation.

In accordance with the Lease, the School Corporation, at its own expense, is required to keep the Premises insured against physical loss or damage, however caused, with such exceptions as are ordinarily required by insurers of buildings or improvements of a similar type, which insurance will be in an amount at least equal to the greater of the option to purchase price and one hundred percent (100%) of the full replacement cost of the Premises. The School Corporation will also, at its own expense, maintain rent or rental value insurance in an amount equal to the full rental value of the Premises for a period of two (2) years against physical loss or damage.

For a more detailed discussion of certain provisions of the Lease, see “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” herein.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

The lease rental payments are payable from ad valorem property taxes required by law to be levied by or on behalf of the School Corporation in an amount sufficient to pay debt service as it becomes due and payable, subject to the Circuit Breaker Tax Credit described herein. Article 10, Section 1 of the Constitution of the State of Indiana (“Constitutional Provision”) provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer’s property tax liability to a specified percentage of the gross assessed value of the taxpayer’s real and personal property. The Indiana General Assembly enacted legislation (Indiana Code Title 6, Article 1.1, Chapter 20.6, as amended), which implements the Constitutional Provision and provides taxpayers with a tax credit for all property taxes in an amount that exceeds a certain percentage of the gross assessed value of eligible property. See “CIRCUIT BREAKER TAX CREDIT” herein for further details on the levy and collection of property taxes.

Real and personal property in the State is assessed each year as of January 1. Before August 1 of each year, the county auditor must submit a certified statement of the assessed value of each taxing unit for the ensuing year to the Department of Local Government Finance (“DLGF”). The DLGF shall make the certified statement available on its gateway website located at <https://gateway.ifionline.org/> (“Gateway”). The county auditor may submit an amended certified statement at any time before the preceding year, the date by which the DLGF must certify the taxing units’ budgets.

The certified statement of assessed value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31) and to set tax rates and levies. In preparing the taxing unit’s estimated budget, the governing body must consider the net property tax revenue that will be collected by the taxing unit during the ensuing year, after taking into account the DLGF’s estimate of the amount by which the taxing unit’s distribution of property taxes will be reduced by the application of the Circuit Breaker Tax Credit (as defined in the summary of “CIRCUIT BREAKER TAX CREDIT” herein), after taking into account the DLGF’s estimate of the maximum amount of net property tax revenue and miscellaneous revenue that the taxing unit will receive in the ensuing year end after taking into account all payments for debt service obligations that are

to be made by the taxing unit during the ensuing year. Before August 1 of each year, the DLGF shall provide to each taxing unit, an estimate of the amount by which the taxing unit's distribution of property taxes will be reduced.

The taxing unit must submit the following information to the DLGF via Gateway: (i) its estimated budget; (ii) the estimated maximum permissible tax levy, as determined by the DLGF; (iii) the current and proposed tax levies of each fund; (iv) the percentage change between the current and proposed tax levies of each fund; (v) the estimated amount, determined by the DLGF, by which the taxing unit's property taxes may be reduced by the Circuit Breaker Tax Credit; (vi) the amounts of excess levy appeals to be requested, if any; (vii) the time and place at which the taxing unit will conduct a public hearing related to the information submitted to Gateway; (viii) the time and place at which the taxing unit or appropriate fiscal body will meet to fix the budget, tax rate and levy of the taxing unit; and (ix) the date, time, and place of the final adoption of the budget, tax rate, and levy. The taxing unit must submit the information listed in (i) – (ix) above on Gateway at least ten (10) days prior to the date of the public hearing. The public hearing must be completed at least ten days before the taxing unit meets to fix the budget, tax rate and tax levy which by statute must each be established no later than November 1. The taxing unit must file the adopted budget with the DLGF within five days after adoption.

The budget, tax levy and tax rate of each taxing unit are subject to review by the DLGF, and the DLGF shall certify the tax rates and tax levies for all funds of taxing units subject to the DLGF's review. The DLGF may not increase a taxing district's budget by fund, tax rate or tax levy to an amount which exceeds the amount originally fixed by the taxing unit unless the taxing unit meets all of the following: (i) the increase is requested in writing by the taxing unit; (ii) the requested increase is published on the DLGF's advertising internet website; (iii) notice is given to the county fiscal body of the DLGF's correction; (iv) the request includes the corrected budget, tax rate, or levy, as applicable, and the time and place of the public meeting; and (v) the political subdivision adopts the needed changes to its budget, tax levy, or rate in a public meeting of the governing body.

The DLGF may not approve a levy for lease payments by a school corporation to a building corporation if: (i) there are no bonds of the building corporation outstanding; and (ii) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested. However, the DLGF may increase the school corporation's tax rate and levy if the tax rate and levy proposed by the school corporation are not sufficient to make its lease rental payments.

The DLGF must complete its review and certification of budgets, tax rates and levies by December 31 of the calendar year immediately preceding the ensuing calendar year unless a taxing unit in the county is issuing debt after December 1 in the year preceding the budget year or intends to file a levy shortfall appeal.

On or before March 15, the County Auditor prepares the tax duplicate, which is a roll of property taxes payable in that year. The County Auditor publishes a notice of the tax rate in accordance with Indiana statutes. The County Treasurer mails tax statements at least 15 days prior to the date that the first installment is due (due dates may be delayed due to a general reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10 unless the mailing of tax bills is delayed or a later due date is established by order of the DLGF. If an installment of property taxes is not completely paid on or before the due date, a penalty of ten percent (10%) of the amount delinquent is added to the amount due; unless the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the delinquent taxes. On May 11 and November 11 of each year after one year of delinquency, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after fifteen (15) months of delinquency. The County Auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and on or about December 31 after the November 10 payment date.

Personal property values are assessed January 1 of every year and are self-reported by property owners to county assessors using prescribed forms. The completed personal property return must be filed with the county assessors no later than May 15. Pursuant to State law, personal property is assessed at its actual historical cost less depreciation, in accordance with 50 IAC 4.2, the DLGF's Rules for the Assessment of Tangible Personal Property.

Pursuant to Indiana Code § 6-1.1-3-7.2, as amended, State law automatically exempts from property taxation the acquisition cost of a taxpayer's total business personal property in a county if the total business personal property is less than eighty thousand dollars (\$80,000) for the 2026 assessment date and less than two million dollars (\$2,000,000) for assessment dates thereafter.

Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2021 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4 and the 2021 Real Property Assessment Guidelines ("Guidelines"), as published by the DLGF. In the case of agricultural land, true tax value shall be the value determined in accordance with the Guidelines and Indiana Code § 6-1.1-4-13, as amended, which shall mean the "market value-in-use" of a property for its current use, as reflected by the utility received by the owner or by a similar user from the property. Except for agricultural land, as discussed below, the Manual permits assessing officials in each county to choose one of three standard approaches to determine market value-in-use, which are the cost approach, the sales comparison approach or the income approach. The Guidelines provide each of the approaches to determine "market value-in-use and the reconciliation of these approaches shall be applied in accordance with generally recognized appraisal principals." In accordance with Indiana Code § 6-1.1-4-4.2(a), as amended, for the cyclical reassessment (2022-2026), the county assessor was required to submit the reassessment plan to the DLGF before May 1, 2021, and the DLGF was required to approve the reassessment plan before January 1, 2022. The reassessment of twenty five percent (25%) of the parcels had to be complete by January 1, 2023. The reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county. All real property in each group of parcels shall be reassessed under a county's reassessment plan once during each four (4) year cycle. The reassessment of a group of parcels in a particular class of real property shall begin on May 1 of a year and must be completed on or before January 1 of the year after the year in which the reassessment of the group of parcels begins. All real property assessments are revalued annually to reflect market value based upon comparable sales ("Trending"). "Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization areas, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, hydroelectric systems, geothermal devices and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the assessed value used to determine tax rates.

Over the past few years of the Indiana General Assembly sessions, including the recently completed session, proposed legislation has been introduced and/or passed out of committee and at least one chamber that has contained numerous provisions related to property taxation and local income taxation, which if enacted into law, could adversely affect political subdivisions in the State in a variety of ways, including, but not limited to, impacting the amount of ad valorem property taxes to be collected, and the amount of local income taxes to be received, by local governmental entities in future years. For example, Senate Enrolled Act No. 1 (2025) ("SEA 1") was recently adopted by the General Assembly and signed into law which provides for increases in the homestead deduction for real property owners and provides a new deduction for real property owners of non-homestead residential property, agricultural property, and long-term care facilities, all of which are phased in over the next five years, commencing in 2026. While it is currently anticipated that some of the changes in SEA 1 will result in a decreased in assessed valuation, which may require an increase in property tax rate, it is uncertain at this time what impact, if any, SEA 1 or any legislation enacted in any future session may have on the property assessment process or the amount of ad valorem property taxes to be collected, or local income taxes to be received, by local governmental entities in future years. Neither the Building Corporation, the School Corporation nor their advisors assume any responsibility for assessing the potential risk of any such legislation that may impact the Bonds or the operations of the School Corporation. The purchasers of the 2026 Bonds should consult their own advisors regarding risks associated with such proposed current or future legislation.

CIRCUIT BREAKER TAX CREDIT

Changes in assessed values of real property occur periodically as a result of general reassessments, as well as when changes occur in the property value due to new construction or demolition of improvements. When a change in assessed value occurs, a written notification is sent to the affected property owner. If the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located by June 15 of the assessment year if the written notification is provided to the taxpayer before May 1 of that year, or June 15 of year in which the tax bill is mailed by the county treasurer if the notice is provided on or after May 1 of the assessment year, whichever is earlier. While the appeal is pending, the taxpayer may pay taxes based on the current year's tax rate and the previous or current year's assessed value. For all appeals except an appeal on the assessed value of the property, the taxpayer may appeal not later than three years after the taxes were first due.

Article 10, Section 1 of the Constitution of the State of Indiana (the "Constitutional Provision") provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer's property tax liability to a specified percentage of the gross assessed value of the taxpayer's real and personal property. Indiana Code 6-1.1-20.6, as amended (the "Statute"), authorizes such limits in the form of a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (the "Circuit Breaker Tax Credit"). For property assessed as a homestead (as defined in Indiana Code § 6-1.1-12-37, as amended), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value of the homestead. Property taxes attributable to the gross assessed value of other residential property, agricultural property, and long-term care facilities are limited to 2% of the gross assessed value, property taxes attributable to other non-residential real property and personal property are limited to 3% of the gross assessed value. The Statute and other additional Indiana laws provide additional property tax credits, limits and deductions for property taxes paid by homesteads and certain real property owners based on certain demographic categories.

If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. School corporations are authorized to impose a referendum tax levy, if approved by voters, to replace property tax revenue that the school corporation will not receive due to the application of the Circuit Breaker Tax Credit. Otherwise, school corporations and other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute.

The Statute requires political subdivisions to fully fund the payment of Debt Service Obligations, regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. For school corporations, any shortfall could also be funded through the State Intercept Program (See "State Intercept Program" herein); however, application of the State Intercept Program will result in a shortfall in distributions to the school corporation's education fund and school corporations are encouraged by the DLGF to fund any shortfall directly from the school corporation's other legally available funds to avoid the application of the State Intercept Program. Upon: (i) the failure of a political subdivision to pay any of its Debt Service Obligations; and (ii) notification of that event to the treasurer of the State by a claimant; the treasurer of State is required to pay the unpaid Debt Service Obligations from money in the possession of the State that would otherwise be available to the political subdivision under any other law. A deduction must be made from any other undistributed funds of the political subdivision in possession of the State.

Pursuant to Indiana Code § 6-1.1-20.6-9.9, as amended, if a school corporation has sufficient Circuit Breaker Tax Credit losses in any year from 2014 through 2026, and has such annual losses timely certified by the DLGF, it will be an eligible school corporation for such year that it submitted the request for a determination (an “Eligible School Corporation”). An Eligible School Corporation may allocate its Circuit Breaker Tax Credit loss proportionately across all school corporation property tax funds, including the debt service fund, and is exempt from the protected taxes requirement described below. The School Corporation did not use the exemption in 2026.

After December, 31, 2023, if a School Corporation issues new bonds or enters into a new lease rental agreement after July 1, 2023, for which the school corporation is imposing or will impose a debt service levy other than: (A) to refinance or renew prior bond or lease rental obligations existing before January 1, 2024, but only if the refinancing or renewal is for a lower interest rate; or (B) for indebtedness that is approved in a local public question or referendum under Indiana Code 6-1.1-20, as amended, or any other law, the school corporation will not be eligible to allocate its Circuit Breaker Tax Credit loss proportionately.

Except for an Eligible School Corporation, the Statute categorizes property taxes levied to pay Debt Service Obligations as “protected taxes,” regardless of whether the property taxes were approved at a referendum, and all other property taxes as “unprotected taxes.” The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The School Corporation may allocate the reduction by using a combination of unprotected taxes of the political subdivision in those taxing districts in which the Circuit Breaker Tax Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

If the allocation of property tax reductions to funds receiving only unprotected taxes is insufficient to offset the amount of the Circuit Breaker Tax Credit or if there is not a fund receiving only unprotected taxes from which to distribute revenue, the revenue for a fund receiving protected taxes will also be reduced. If a fund receiving protected taxes is reduced, the Statute provides that a political subdivision may transfer money from any other available source in order to meet its Debt Service Obligations. The amount of this transfer is limited to the amount by which the protected taxes are insufficient to meet Debt Service Obligations.

The allocation of property tax reductions to funds may impact the ability of political subdivisions to provide existing levels of service, and in extreme cases, the ability to make debt service or lease rental payments.

The School Corporation cannot predict the timing, likelihood or impact on property tax collections of any future actions taken, amendments to the Constitution of the State or legislation enacted, regulations or rulings promulgated or issued to implement any such regulations, statutes or the Constitutional Provision described above or of future property tax reform in general. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes by the School Corporation.

ESTIMATED CIRCUIT BREAKER TAX CREDIT FOR THE SCHOOL CORPORATION

According to the DLGF, the Circuit Breaker Tax Credit allocable to the School Corporation for budget years 2024, 2025 and 2026 are \$124,284, \$101,030 and \$149,764, respectively. These estimates do not include the estimated debt service on the 2026 Bonds and the estimated Increased Rent paid under the Lease securing the 2026 Bonds.

The Circuit Breaker Tax Credit amounts above do not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly in the future. The effects of these changes could affect the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units or the reduction in local option income taxes applied to property tax relief could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax

Credit, and the resulting increase could be material. Pursuant to SEA 1 (2025), as amended in 2026, the local income tax authorized pursuant to Indiana Code 6-3.6-5, as amended, that is utilized for property tax relief expires beginning in 2029, which may increase circuit breaker tax credits in 2029 and thereafter.

INTERCEPT PROGRAM

Indiana Code Title 20, Article 48, Chapter 1, Section 11, as amended (the “Act”), requires the DLGF to review levies and appropriations of school corporations for debt service or lease rental payments that are payable in the succeeding calendar year. In the event a school corporation fails to levy and appropriate sufficient funds for such purpose for the next succeeding calendar year, the DLGF must establish levies and appropriations which are sufficient to pay such obligations.

The Act further provides that upon failure of any school corporation to make a debt service or lease rental payment when due and upon notice and claim being filed with the Treasurer of the State of Indiana (the “State Treasurer”), (a) the State Treasurer must immediately contact the school corporation and the person or entity filing the claim to confirm whether the school corporation is unable to make the required payment on the due date, (b) if confirmed, the State Treasurer must notify the Budget Director of the State of Indiana (the “State Budget Director”), the Auditor of the State of Indiana (the “State Auditor”) and any department or agency of the State of Indiana responsible for distributing funds appropriated by the Indiana General Assembly (the “General Assembly”) to provide the State Treasurer with available funds in order for the State Treasurer to fulfill his/her obligations under the Act, (c) within three (3) days, excluding Saturdays, Sundays and legal holidays, of receiving the notice from the State Treasurer, the State Budget Director, the State Auditor and any department or agency of the State of Indiana responsible for distributing funds appropriated by the General Assembly must provide the State Treasurer with available funds in order for the State Treasurer to fulfill his/her obligations under the Act, and (d) the State Treasurer must make such payment to the claimant from such funds within five (5) days, excluding Saturdays, Sundays and legal holidays of the claim being filed with the State Treasurer (clauses (a) through and including (d), collectively, the “State Intercept Program”). The funds to make such payment will be from the following sources, in the following amount and in the following order of priority: (i) first, from amounts appropriated by the General Assembly for distribution to the school corporation from State funds in the current fiscal year of the State of Indiana, which begins on July 1 and ends on the immediately following June 30, (ii) second, to the extent the amounts described in clause (i) are insufficient, from any remaining amounts appropriated by the General Assembly for distribution for tuition support in the current State fiscal year which are in excess of the aggregate amount of tuition support needed for distribution to all school corporations during the current State fiscal year, and (iii) third, to the extent the amounts described in clauses (i) and (ii) are insufficient and the General Assembly has adopted a biennial budget appropriating amounts in the immediately succeeding State fiscal year for distribution to the school corporation from State funds, then from such fund or account, as determined by the State Budget Director in an amount not to exceed the amount to be distributed to the school corporation in the immediately succeeding State fiscal year. If any such payment is made by the State Treasurer pursuant to the State Intercept Program, then the State will recover such amounts by deducting such amount from the future State distributions to be made to the school corporation.

Estimated 2026 State Grants	\$6,833,180*
Estimated Combined Maximum Annual Debt Service of the School Corporation (estimated for the year 2027)	\$2,695,637*
State distributions required to provide one and one half times coverage	\$4,043,456*
State distributions above one and one half times coverage amount	\$2,789,724*

Source: School Corporation Annual Financial Reports (Forms 9) prepared by School Officials for the Division of School Finance

In accordance with the Indenture, the Trustee is required to immediately notify and demand payment from the State Treasurer if the School Corporation defaults on its payment of the Rent. While the above description is based upon enacted legislation, the General Assembly may make amendments to the Act or such other statutes, and, therefore, there is no assurance regarding future events.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “Rule”), the School Corporation will enter into a Continuing Disclosure Contract (the “Contract”), to be dated the date of the issuance of the 2026 Bonds. The form of the Contract is attached to this Official Statement as Appendix D.

In order to assist the Underwriter in complying with the Underwriter’s obligations pursuant to the SEC Rule, the School Corporation represents that in the previous five (5) years it has fully complied with its previous undertakings. The School Corporation has retained the Municipal Advisor as its dissemination agent to ensure compliance in the future.

THE BUILDING CORPORATION

The Building Corporation was organized for not-for-profit purposes including the erecting and leasing of school buildings to the School Corporation. During its existence, the Building Corporation will operate entirely without profit to the Building Corporation, its officers and directors. The officers and directors of the Building Corporation serve without compensation.

LITIGATION

To the knowledge of the Building Corporation and the School Corporation, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the levy and collection of taxes to pay the rent to be paid under the Lease, contesting or questioning the proceedings or authority under which the Lease were authorized, the validity of the Lease, or concerning the issuance, validity and delivery of the 2026 Bonds. Certificates to such effect will be delivered at the time of the original delivery of the 2026 Bonds.

* Preliminary, subject to change.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

THE FOLLOWING IS A SUMMARY OF CERTAIN PROVISIONS CONTAINED IN THE INDENTURE. THIS SUMMARY DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE INDENTURE. CAPITALIZED TERMS NOT DEFINED IN THIS SUMMARY WILL HAVE THE MEANINGS SET FORTH ELSEWHERE IN THIS OFFICIAL STATEMENT.

Creation of Funds and Accounts

The Indenture establishes the following funds and accounts to be held by the Trustee:

- (i) Project Fund;
- (ii) Sinking Fund;
- (iii) Rebate Fund;
- (iv) Operation Fund; and
- (v) Redemption Fund.

Operation of Funds and Accounts

Project Fund. On the date of issuance of the 2026 Bonds, the Project Fund will consist of a 2026A Reimbursement/Lease Extension Account and a 2026B Reimbursement/Lease Extension Account. All of the proceeds of the 2026A Bonds received by the Building Corporation in an amount equal to \$ _____ shall be deposited with the Trustee in trust in the 2026A Reimbursement/Lease Extension Account, and all of the proceeds of the 2026B Bonds received by the Building Corporation in an amount equal to \$ _____ shall be deposited with the Trustee in trust in the 2026B Reimbursement/Lease Extension Account. The Trustee shall immediately transfer all 2026A Bond proceeds deposited into the 2026A Reimbursement/Lease Extension Account to the School Corporation as partial reimbursement for expenses paid by the School Corporation in connection with improvements at the Leased Premises and as partial payment to the School Corporation for an extension of the ownership of the Leased Premises by the Building Corporation, as identified in the letter to be delivered by the School Corporation to the Corporation and the Trustee on the date of issuance of the 2026A Bonds, and all 2026B Bond proceeds deposited into the 2026B Reimbursement/Lease Extension Account to the School Corporation as partial reimbursement for expenses paid by the School Corporation in connection with improvements at the Leased Premises and as partial payment to the School Corporation for an extension of the ownership of the Leased Premises by the Building Corporation, as identified in the letter to be delivered by the School Corporation to the Corporation and the Trustee on the date of issuance of the 2026B Bonds.

Sinking Fund. The Trustee will deposit in the Sinking Fund from each rental payment received by the Trustee pursuant to the Lease, and from proceeds of rental value insurance which represents lease rental payments under the Lease, all of such rental payment or if less an amount which, when added to the amount in the Sinking Fund on the deposit date, equals the sum of (i) principal due on the Bonds on the next principal payment date or sinking fund redemption date and (ii) interest on the Bonds due within 20 days after the date such rental payment becomes due. Any portion of a rental payment remaining after such deposit will be deposited by the Trustee in the Operation Fund. The Trustee will pay from the Sinking Fund the principal of the Bonds at maturity or upon mandatory sinking fund redemption and the interest on the Bonds as the same falls due. Investment earnings may be used for deposits in the Rebate Fund.

Rebate Fund. The Indenture creates and establishes within the Rebate Fund a separate account designated as the 2026A Rebate Account and a separate account designated as the 2026B Rebate Account. If, in order to maintain the exclusion of interest on the 2026 Bonds from gross income for federal income tax purposes under Section 103 of the Code, the Corporation is required to rebate portions of the investment earnings to the United States

government, the Corporation shall annually cause to be computed the amount required to be so rebated, or, if the provisions of Section 148(f)(4)(C)(vii) of the Code apply, the Corporation shall semi-annually cause to be computed the amount of the penalty to be paid in lieu of rebate. Upon receipt of such computation, the Trustee shall at the direction of the Corporation deposit such amount in the 2026A Rebate Account or the 2026B Rebate Account from the Operation Fund or investment earnings on the Sinking Fund. The Trustee shall pay required rebates or penalties from the 2026A Rebate Account or the 2026B Rebate Account as directed by the Corporation and as required by Section 148 of the Code. Such payments shall be made by the Trustee without any further authorization or direction other than stated herein.

Operation Fund. The Operation Fund will be used only for the payment of necessary incidental expenses of the Building Corporation, such as Trustee's, Registrar's and Paying Agent's fees, expenses incurred in connection with any continuing disclosure obligations, the payment of any rebate or penalties to the United States government, to transfer funds to the Redemption Fund if so directed by the Building Corporation, the payment of principal of and premium, if any, and interest on the Bonds upon redemption or the purchase price of Bonds purchased as provided in the Indenture, and if the amount in the Sinking Fund at any time is less than the required amount, the Trustee will transfer funds from the Operation Fund to the Sinking Fund in an amount sufficient to raise the amount in the Sinking Fund to the required amount. Incidental expenses will be paid by the Trustee upon the presentation of an affidavit (except in the case of amounts owing to the Trustee, which may be withdrawn from the Fund when due without presentation of an affidavit) stating the character of the expenditure, the amount thereof and to whom due.

Notwithstanding anything herein to the contrary, upon receipt by the Trustee of a Request for Release of Funds, as defined below, the Trustee will as soon thereafter as practical release to the School Corporation funds in the Operation Fund in accord with such Request. For these purposes, a "Request for Release of Funds" means a written request made by the School Corporation which (i) is signed by an appropriate representative of the School Corporation, (ii) sets forth the amount requested to be released from the Operation Fund to the School Corporation, and (iii) includes a statement, accompanied by supporting schedules prepared by an accountant or firm of accountants which verify the statement, that the balance to be held in the Operation Fund immediately after such amount is released to the School Corporation is expected to be sufficient to meet the known and anticipated payments and transfers to be satisfied from the Operation Fund in the succeeding eighteen months. The supporting schedules will identify with particularity the anticipated sources and applications of funds. The statement and supporting schedules required by clause (iii) above will not include anticipated investment earnings based on assumptions about reinvestment rates, but may include known investment earnings scheduled to be received on then current investments, and will include any known or anticipated gain or loss from the disposition of investments. Notwithstanding the foregoing provisions of this paragraph, the Trustee will not so release funds from the Operation Fund to the School Corporation during any time that there exists an uncured or unwaived event of default under the Indenture, or an event which with notice or lapse of time or both would become such an event of default, or if the Trustee determines that the information set forth in the Request for Release of Funds (including the supporting schedules) is not reasonably consistent with the books and records of the Trustee or is otherwise not accurate or appropriate.

Redemption Fund. The Trustee and the Building Corporation will use funds in the Redemption Fund to call the Bonds for redemption or to purchase the Bonds.

Investment of Funds. All funds will be invested by the Trustee in Qualified Investments, defined in the Indenture as (i) non-callable obligations of, or unconditionally guaranteed by, the Department of the Treasury of the United States of America ("Government Obligations"), (ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (iii) money market funds which are rated in the highest rating category by Standard & Poor's Ratings Services, which funds may be funds of the Trustee, (iv) certificates of deposit issued by a commercial bank, organized under the laws of the United States of America or any state thereof, which are fully insured by the Federal Deposit Insurance Corporation, (v) repurchase agreements that are fully collateralized by Government Obligations based upon the market value of such obligations on the day such agreement becomes effective, which obligations are in possession of the Trustee or its agent and are free and clear of all security interests, liens or other rights of any third party, (vi) any obligation the interest on which is excludable from gross income for federal tax purposes under Section 103 of the Code, other than a specified private

activity bond as defined in Section 57(a)(5)(C) of the Code, and which is rated in one of the two highest rating categories by Standard and Poor's Ratings Services, (vii) commercial paper (having original maturities of not more than 270 days) rated "A-1" by Standard and Poor's Ratings Services and "Prime-1" by Moody's Investors Services, Inc., (viii) any guaranteed investment contract or investment agreement of financial institutions which is rated in the highest rating category by Standard and Poor's Ratings Services, or (ix) such other investments approved in writing by Financial Guaranty for so long as the Policy remains in full force and effect. Investment earnings will be allocated to the fund or account to which the earnings are allocable. Funds invested for the Sinking Fund and Rebate Fund will mature prior to the time the funds invested will be needed for payment of principal of and interest on the Bonds or rebate to the United States government. The Trustee is authorized to sell any securities so acquired from time to time in order to make required payments from a particular fund or account.

Redemption of Bonds. Whenever the amounts contained in the Sinking Fund, Redemption Fund and Operation Fund are sufficient, together with any other funds deposited with the Trustee by the Building Corporation (other than amounts deposited into the Rebate Fund), to redeem, upon the next redemption date, all Bonds then outstanding under the Indenture, after accounting for the intervening uses of such amounts, the Trustee will apply the amounts in such funds to the redemption of the Bonds.

Purchase of Bonds. At the request of the Building Corporation, the Trustee will remove funds from the Operation Fund or the Redemption Fund to be used for the redemption of the Bonds or for the purchase of the Bonds.

Additional Bonds

Additional Bonds may be issued under the Indenture on a parity with the 2017 Bonds, the 2018 Bonds, the 2026 Bonds and all other Bonds issued under the Indenture. Additional Bonds will be limited to amounts which can be repaid, along with all outstanding Bonds, from lease rentals paid by the School Corporation pursuant to the Lease.

Covenants of the Building Corporation

In the Indenture, the Building Corporation makes certain covenants to the Trustee for the benefit of Bondholders, including but not limited to the following.

Title to Mortgaged Property. The Building Corporation covenants that it will preserve good and indefeasible title to the Mortgaged Property. The Building Corporation also covenants that it will not suffer any lien or charge equal or prior to the lien created by the Indenture to be enforced or to exist against the Mortgaged Property or any part thereof, except the lien of current taxes not yet due.

Corporate Existence. The Building Corporation covenants that it will maintain its corporate existence. Nothing in the Indenture prevents any consolidation or merger of the Building Corporation with or into, or any conveyance or transfer subject to the Indenture of all the Mortgaged Property as an entirety to, any other Building Corporation; provided, however, that such consolidation, merger, conveyance or transfer must not impair the lien of the Indenture or any of the rights or powers of the Trustee or the registered owners under the Indenture; and provided, further, that upon any such consolidation, merger, conveyance or transfer, the due and punctual payment of the principal of and interest on all Bonds, and the performance and observance of all terms and covenants and conditions of the Indenture and of the Lease to be kept or performed by the Building Corporation, must be assumed by the Building Corporation formed by such consolidation or into which such merger has been made, or to which the Mortgaged Property has been so conveyed and transferred.

Books of Record and Account. The Building Corporation covenants that proper books of record and account will be kept in which full, true and correct entries will be made of all dealings or transactions of or in relation to the properties, business and affairs of the Building Corporation. The Building Corporation will from time to time furnish the Trustee such information as to the property of the Building Corporation as the Trustee reasonably requests and such other information and reports as the Indenture requires.

Incurring Indebtedness. The Building Corporation covenants that it will not incur any indebtedness other than the 2017 Bonds, the 2018 Bonds and the 2026 Bonds except Additional Bonds as permitted by the Indenture or

indebtedness payable from income of the Building Corporation from some source other than the rental payments under the Lease pledged under the Indenture as long as any Bonds are outstanding under the Indenture.

Lease. The Building Corporation covenants that it has entered into a valid and binding Lease and will not modify or amend the terms of the Lease which would substantially impair or reduce the security of the owners of the Bonds or agree to a reduction of the lease rental other than in connection with a partial or total refunding of the Bonds or upon compliance with the other provisions of the Indenture.

Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Building Corporation represents, covenants and agrees that, among other things, it will not take any action or fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code, nor will the Building Corporation act in any other manner which would adversely affect such exclusion. The Building Corporation is not required to comply with one or more of these tax covenants to the extent the Building Corporation receives an opinion of nationally recognized bond counsel to the effect that any tax covenant is unnecessary to preserve the exclusion of interest on the Bonds from gross income under federal income tax law.

Insurance

Insurance. In the Lease, the School Corporation has agreed to carry (i) insurance on the Mortgaged Property against physical loss or damage; (ii) rent or rental value insurance; and (iii) combined bodily injury insurance, including accidental death and property damage with references to the Mortgaged Property in an amount not less than One Million Dollars (\$1,000,000) CSL on account of each occurrence. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Insurance” in this Official Statement.

Use of Proceeds from Insurance. Subject to the terms of the Lease, the proceeds of such insurance (other than rental value insurance which represents lease rental payments) received by the Trustee will be applied to the repair, replacement or reconstruction of the damaged or destroyed property. In the event the Building Corporation does not commence to repair, replace or reconstruct the Mortgaged Property within 90 days after damage or destruction, or the Building Corporation abandons or fails diligently to pursue the same, the Trustee may make or complete such repairs, replacements or reconstructions, unless the School Corporation instructs the Building Corporation not to undertake such work in accordance with the Lease (which may occur if, for example, the School Corporation anticipates that the cost of such repair, replacement or reconstruction exceeds the amount of insurance proceeds and other amounts available for such purpose, or that the repair, replacement or reconstruction cannot be completed within the period covered by rental value insurance). If the Building Corporation does not proceed in good faith with repair, replacement or reconstruction for 120 days or if the School Corporation instructs the Building Corporation not to undertake such work in accordance with the Lease, the Trustee, upon receipt of the insurance moneys, must (unless the Trustee proceeds to make such repairs, replacements or reconstructions) apply the proceeds in the following manner: (i) if the proceeds are sufficient to redeem all the Bonds then outstanding under the Indenture, the Trustee will apply the proceeds to the redemption of such Bonds in an extraordinary prepayment in the manner provided in the Indenture as if redemption had been at the option of the Building Corporation, but without premium or penalty, and (ii) if the proceeds are not sufficient to redeem all the Bonds then outstanding under the Indenture, the Trustee will apply the proceeds to the partial redemption of outstanding Bonds in an extraordinary prepayment, without premium or penalty, in the manner provided by the Indenture in the case of proceeds from the sale of the Mortgaged Property, as described below under the heading “Events of Default and Remedies--Application of Proceeds from Sale of Mortgaged Property” in this heading of the Official Statement. Furthermore, if at any time the Mortgaged Property is totally or substantially destroyed and the amount of insurance money is sufficient to redeem all the Bonds then outstanding and such Bonds are then subject to redemption, the Building Corporation, at the written request of the School Corporation, will direct the Trustee to use said moneys for the purpose of redeeming all such Bonds outstanding at the then current redemption price. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Damage and Destruction of Leased Premises; Abatement of Rent” in this Official Statement.

Mortgaged Property

Unless an event of default under the Indenture has occurred and continues beyond any applicable grace period, the Building Corporation may remain in full possession, enjoyment and control of all of the Mortgaged Property. While in possession of the Mortgaged Property and not in default under the Indenture, the Building Corporation may alter, change, add to, repair or replace any of the Mortgaged Property, provided that the Building Corporation maintains and preserves the value of the Mortgaged Property from substantial impairment or reduction so that the security of the Bonds outstanding under the Indenture is not thereby substantially impaired or reduced.

The Trustee has full power and authority to release from the lien of the Indenture, in the manner and subject to the conditions as the Trustee deems proper, such portion of the Mortgaged Property that has become unfit or unnecessary for use. The proceeds from all sales of such Mortgaged Property which, within 90 days after receipt, are not invested in other property which becomes subject to the lien of the Indenture will be deposited in the Operation Fund.

Events of Default and Remedies

Events of Default. The following are each an “event of default” under the Indenture:

- (i) Default in the payment on the due date of the interest on any Bond outstanding under the Indenture;
- (ii) Default in the payment on the due date of the principal of or premium on any such Bond, whether at the stated maturity thereof, or upon proceedings for the redemption thereof, or upon the maturity thereof by declaration;
- (iii) Default in the performance or observance of any other of the covenants or agreements of the Building Corporation in the Indenture or in the Bonds, and the continuance thereof for a period of 60 days after written notice thereof to the Building Corporation by the Trustee;
- (iv) The Building Corporation: (a) admits in writing its inability to pay its debts generally as they become due, (b) files a petition in bankruptcy, (c) makes an assignment for the benefit of its creditors, or (d) consents to or fails to contest the appointment of a receiver or trustee for itself or of the whole or any substantial part of the Mortgaged Property;
- (v) (a) The Building Corporation is adjudged insolvent by a court of competent jurisdiction; (b) the Building Corporation, on a petition in bankruptcy filed against the Building Corporation, is adjudged a bankrupt; or (c) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the Building Corporation, a receiver or trustee of the Building Corporation or of the whole or any substantial part of the Mortgaged Property, and any of the aforesaid adjudications, orders, judgments or decrees is not vacated, set aside or stayed within 60 days from the date of entry thereof;
- (vi) Any judgment is recovered against the Building Corporation or any attachment or other court process issues that becomes or creates a lien upon any of its property, and such judgment, attachment or court process is not discharged or effectually secured within 60 days;
- (vii) The Building Corporation files a petition under the provisions of the United States Bankruptcy Code, or files an answer seeking the relief provided in said Bankruptcy Code;
- (viii) A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against the Building Corporation under the provisions of said Bankruptcy Code, and such judgment, order or decree is not vacated, set aside or stayed within 120 days from the date of the entry thereof;
- (ix) Under the provisions of any other law now or hereafter existing for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Building Corporation or of the whole or any substantial part of the Mortgaged Property, and such custody or control is not terminated within 120 days from the date of assumption of such custody or control;

(x) Failure of the Building Corporation to bring suit to mandate the School Corporation to levy a tax to pay the rental provided in the Lease, or such other action to enforce the Lease as is reasonably requested by the Trustee, if such rental is more than 60 days in default; or

(xi) Any failure to pay the lease rental provided under the Lease within 60 days after it is due.

Remedies. In the case of the happening and continuance of any of the events of default, the Trustee, by notice in writing mailed to the Building Corporation, may, and upon written request of the registered owners of 25% in principal amount of the Bonds then outstanding under the Indenture must, declare the principal of all such Bonds, and the interest accrued thereon, immediately due and payable. However, the registered owners of a majority in principal amount of all outstanding Bonds, by written notice to the Building Corporation and to the Trustee, may annul each declaration and destroy its effect at any time before any sale under the Indenture if all agreements with respect to which default has been made are fully performed and all such defaults are cured, and all arrears of interest upon all Bonds outstanding and the reasonable expenses and charges of the Trustee, the Registrar and Paying Agent, its agents and attorneys, and all other indebtedness secured by the Indenture, except the principal of any Bonds not then due by their terms and interest accrued thereon since the then last Interest Payment Date, are paid or the amount thereof is paid to the Trustee for the benefit of those entitled thereto. Interest shall be payable on overdue principal at the rate of interest set forth in each Bond.

Upon the occurrence of one or more events of default, the Building Corporation, upon demand of the Trustee, must surrender to the Trustee the actual possession of all the Mortgaged Property. In such event, the Trustee may, but is under no obligation to: (i) hold, operate and manage the same, and from time to time to make all needed repairs and such extensions, additions or improvements as the Trustee deems wise; (ii) receive the rents, revenues, issues, earnings, income, profits and proceeds thereof and out of the same pay all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, any charges of the Trustee, the Registrar and Paying Agent under the Indenture, any taxes and assessments and other charges prior to the lien of the Indenture which the Trustee may deem it wise to pay, and all expenses in connection therewith; and (iii) apply the remainder of the moneys so received by the Trustee, first, to the payment of the installments of interest which are due and unpaid in the order of their maturity, and next, if the principal of the Bonds is due, to the payment of the principal thereof and the accrued interest thereon pro rata, without any preference or priority whatsoever except as aforesaid. Whenever all that is due upon the Bonds outstanding under the Indenture and installments of interest and under any of the terms of the Indenture have been paid, and all defaults made good, the Trustee will surrender possession to the Building Corporation, its successors or assigns.

Upon the occurrence of any one or more events of default, the Trustee may, if at the time such action is lawful, sell all the Mortgaged Property as an entirety, or in such parts or parcels as the registered owners of a majority in principal amount of the Bonds outstanding under the Indenture may in writing request, or in the absence of such request as the Trustee may determine, at public auction.

In case of the happening and continuance of any event of default, the Trustee may, and will upon the written request of the registered owners of at least 25% in principal amount of the Bonds then outstanding under the Indenture and upon being indemnified to its reasonable satisfaction, proceed to protect and enforce its rights and the rights of the registered owners of the Bonds by suit or suits in equity or at law, in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the Indenture or in aid of any power granted in the Indenture, or for any foreclosure of or under the Indenture, or for the enforcement of any other appropriate legal or equitable remedy.

Notwithstanding anything contained in the Indenture to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any law, statute, regulation or similar requirement relating to the environment, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action.

Application of Proceeds from Sale of Mortgaged Property. The proceeds of any sale, together with any other amounts of cash which may then be held by the Trustee as a part of the Mortgaged Property, will be applied as follows:

- (i) to the payment of all costs and expenses of sale, and of all costs of the suit or suits wherein such sale may have been ordered and to the creation of a reserve for anticipated fees, costs and expenses;
- (ii) to the payment of all other expenses of the trust created by the Indenture, with interest thereon at the highest rate of interest on any of the Bonds issued under the Indenture when sold, whether or not then outstanding;
- (iii) to the payment of all the principal and accumulated and unpaid interest on the Bonds then outstanding under the Indenture in full, if said proceeds are sufficient, but if not sufficient, then to the payment thereof ratably without preference or priority of any one Bond over any other or of interest over principal, or of principal over interest, or of any installment of interest over any other installment of interest; and
- (iv) any surplus thereof remaining, to the Building Corporation, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Limitation on Rights of Bondholders. No owner of any Bond outstanding under the Indenture has the right to institute any proceeding at law or in equity for the foreclosure of the Indenture, or for the appointment of a receiver, or for any other remedy under the Indenture, without first giving notice in writing to the Trustee of the occurrence and continuance of an event of default, and unless the registered owners of at least 25% in principal amount of the then outstanding Bonds have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name, and without also having offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred by the Trustee; and such notice, request and offer of indemnity may be required by the Trustee as conditions precedent to the execution of the powers and trusts of the Indenture or to the institution of any suit, action or proceeding at law or in equity for the foreclosure thereof, for the appointment of a receiver, or for any other remedy under the Indenture, or otherwise, in case of any such default.

No one or more registered owners of the Bonds outstanding under the Indenture has any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by such owner's or owners' action, or to enforce any right thereunder except in the manner therein provided, and all proceedings at law or in equity must be instituted, had and maintained in the manner therein provided, and for the equal benefit of all registered owners of outstanding Bonds. However, the right of any registered owner of any Bond outstanding under the Indenture to receive payment of the principal of and interest on such Bond on or after the respective due dates therein expressed, or to institute suit for the recovery of any such payment on or after such respective dates, will not be impaired or affected without the consent of such registered owner.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Bond secured thereby, or because of the creation of any indebtedness thereby secured, may be had against any incorporator, member, officer, director, employee, or agent, present or future, of the Building Corporation or of any successor Building Corporation, either directly or through the Building Corporation, by the enforcement of any assessment or by any legal or equitable proceeding or by virtue of any statute or otherwise.

Supplemental Indentures

The Building Corporation, Trustee, and the Registrar and Paying Agent may, without notice to or consent of any Bondholder, enter into supplemental indentures:

- (i) to cure any ambiguity or formal defect or omission in the Indenture, or in any supplemental indenture; or
- (ii) to grant to or confer upon the Trustee, for the benefit of the registered owners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the registered owners or the Trustee; or
- (iii) to provide for the issuance of Additional Bonds as provided in the Indenture, or
- (iv) to procure a rating on the Bonds from a nationally recognized securities rating agency designated in such supplemental indenture, if such supplemental indenture will not adversely affect the owners of the Bonds; or
- (v) to secure or maintain bond insurance with respect to the Bonds; or
- (vi) to provide for the refunding or advance refunding of the Bonds; or
- (vii) to evidence the appointment of a separate or co-trustee or the succession of a new Trustee or Paying Agent; or
- (viii) to make any other change which, in the determination of the Building Corporation and the School Corporation in their sole discretion, is not to the prejudice of the owners of the Bonds.

In addition, the registered owners of not less than 66-2/3% in aggregate principal amount of the Bonds then outstanding under the Indenture may consent to and approve supplemental indentures as are deemed necessary or desirable by the Building Corporation for the purpose of modifying or amending in any particular any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that such supplemental indenture does not effect:

- (i) an extension of the maturity of the principal of or interest or premium, if any, on any Bond, or an advancement of the earliest redemption date on any Bond, without the consent of the holder of each Bond so affected; or
- (ii) a reduction in the principal amount of any Bond or the rate of interest thereon or the premium payable upon redemption thereof, or a change in the monetary medium in which such amounts are payable, without the consent of the holder of each Bond so affected; or
- (iii) the creation of a lien upon the Mortgaged Property ranking prior to or on a parity with the lien created by the Indenture, without the consent of the holders of all Bonds then outstanding; or
- (iv) a preference or priority of any Bond over any other Bond, without the consent of the holders of all Bonds then outstanding; or
- (v) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, without the consent of the holders of all Bonds then outstanding.

Notwithstanding the foregoing, the rights, duties and obligations of the Building Corporation and of the registered owners of the Bonds, and the terms and provisions of the Bonds and the Indenture, or any supplemental indenture, may be modified or amended in any respect with the consent of the Building Corporation and the consent of the registered owners of all the Bonds then outstanding under the Indenture.

Defeasance

If, when the Bonds outstanding under the Indenture or a portion thereof have become due and payable in accordance with their terms or have been duly called for redemption or irrevocable instructions to call such Bonds or any portion thereof for redemption have been given by the Building Corporation to the Trustee, and the whole

amount of the principal, premium, if any, and the interest so due and payable upon such Bonds or any portion thereof then outstanding are paid or (i) sufficient money, or (ii) noncallable Government Obligations, the principal of and the interest on which when due, without reinvestment, will provide sufficient money, are held for such purpose under the provisions of the Indenture, and provision is also made for paying all Trustee's and Paying Agents' fees and expenses and other sums payable under the Indenture by the Building Corporation, the Building Corporation shall be released from all liability on such Bonds or portion thereof and such Bonds shall no longer be deemed to be outstanding under the Indenture. In the event the foregoing applies to all Bonds secured by the Indenture, the right, title and interest of the Trustee will thereupon cease, determine and become void.

Upon any such termination of the Trustee's title, on demand of the Building Corporation, the Trustee will turn over to the Building Corporation or to such officer, board or body as may then be entitled by law to receive the same, any surplus in the Sinking Fund and in the Operation Fund and all balances remaining in any other funds or accounts, other than moneys and obligations held for the redemption or payment of the Bonds.

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

THE FOLLOWING IS A BRIEF SUMMARY OF CERTAIN PROVISIONS CONTAINED IN THE LEASE. THIS SUMMARY DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE LEASE. CAPITALIZED TERMS NOT DEFINED IN THIS SUMMARY WILL HAVE THE MEANINGS SET FORTH ELSEWHERE IN THIS OFFICIAL STATEMENT.

General, Term and Rent

In the Lease, the Building Corporation leases to the School Corporation the Leased Premises. Except upon the occurrence and continuation of an event of default under the Lease, the term of the Lease will end on December 31, _____. The School Corporation may renew for a further like or lesser term upon the same or like conditions established in the Lease.

Under the Lease, the School Corporation agrees to pay the Building Corporation lease rental at the rate per year during the term of the Lease in amounts sufficient to pay the principal of, and interest on the Bonds issued and outstanding under the Indenture (the "Rent" or "Annual Rent"). Each rental installment is payable in advance in semi-annual installments on June 30 and December 30 of each year, with the next rental installment due after the issuance of the 2026 Bonds on December 30, 2026. All Annual Rent payable under the terms of the Lease are paid by the School Corporation to the Trustee.

The Lease provides that the School Corporation will pay as further rental for the Leased Premises all taxes and assessments levied against or on account of the Premises or the receipt of lease rental payments, and amounts required to be paid, after taking into account other available money, to the United States government to prevent the Bonds from becoming arbitrage bonds under Section 148 of the Code.

Operation, Maintenance and Repair of Leased Premises

The Lease provides that the School Corporation will operate, maintain and repair the Premises in good repair, working order and condition at its own expense. At the end of the term of the Lease, the School Corporation will deliver the Leased Premises to the Building Corporation in as good condition as at the beginning of the term of this Lease, reasonable wear and tear excepted.

The School Corporation may, at its own expense, install on any of the Leased Premises personal property which is not an addition or improvement to, modification of or substitution for the facilities comprising the Leased Premises, which will be the sole property of the School Corporation and in which the Building Corporation will have no interest. This additional property of the School Corporation may be modified or removed at any time if the School Corporation is not in default under the Lease.

Insurance

The School Corporation, at its own expense, will keep the Leased Premises insured against physical loss or damage in an amount at least equal to 100% of the full replacement cost of the Leased Premises, with such exceptions as are ordinarily required by insurers of similar facilities. During the full term of this Lease, the School Corporation will also, at its own expense, carry combined bodily injury insurance, including accidental death, and property damage with references to the Leased Premises in an amount not less than One Million Dollars (\$1,000,000) CSL on account of each occurrence. The School Corporation will also, at its own expense, maintain rent or rental value insurance in an amount equal to the full rental value of the Leased Premises for a period of two years against physical loss or damage.

Damage and Destruction of Leased Premises; Abatement of Rent

The Lease provides that, in the event the Leased Premises are partially or totally destroyed, whether by fire or any other casualty, so as to render the same unfit, in whole or part, for use by the School Corporation: (i) it will then be the obligation of the Building Corporation to restore and rebuild the Leased Premises as promptly as may be done, unavoidable strikes and other causes beyond the control of the Building Corporation excepted; provided, the Building Corporation will not be obligated to expend on such restoration or rebuilding more than the amount of the proceeds received by the Building Corporation from the insurance provided for in the Lease, and provided further, the Building Corporation will not be required to rebuild or restore the Leased Premises if the School Corporation instructs the Building Corporation not to undertake such work because the School Corporation anticipates that either the cost of such work exceeds the amount of insurance proceeds and other amounts available for such purpose, or the work cannot be completed within the period covered by rental value insurance; and (ii) if rental interruption insurance is in full force and effect as described above on the date of such damage or destruction, the Rent will be abated, for the period during which the Leased Premises or any part thereof is unfit for use by the School Corporation, in proportion to the percentage of the area of the Leased Premises which is unfit for use by the School Corporation as it relates to the entire Leased Premises. If the School Corporation so instructs the Building Corporation not to undertake such work, the School Corporation will use the insurance proceeds and other amounts available to exercise its option to purchase under the Lease. (See “Option to Purchase Leased Premises” below)

In certain circumstances, proceeds of insurance may be used for redemption of Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE – Insurance - Use of Proceeds from Insurance” in this Official Statement.

Option to Purchase Leased Premises

The School Corporation has the right and option, on any date prior to the expiration of the Lease, to purchase the Leased Premises at a price equal to the amount required to enable the Building Corporation to pay or defease all indebtedness related to the Leased Premises, including the Bonds as determined by the Building Corporation and the Trustee, and to enable the Building Corporation to liquidate, if the Building Corporation is to be liquidated, by paying the expense and charges of liquidation, and to pay the cost of transferring the Leased Premises.

Transfer of Ownership to School Corporation

In the event the School Corporation has not exercised its option to purchase all of the Leased Premises, or its option to renew the Lease, then upon expiration of the Lease and full performance by the School Corporation of its obligations under the Lease, the Leased Premises will become the absolute property of the School Corporation.

Defaults

The Lease provides that if the School Corporation defaults (i) in the payment of any rentals or other sums payable to the Building Corporation under the Lease, or (ii) in the observance of any other covenant, agreement or condition thereof and such default continues for sixty (60) days after written notice to correct the same, the Building Corporation may protect and enforce its rights by suit in equity or at law in any court of competent jurisdiction, or may authorize or delegate the authority to file a suit, or the Building Corporation, at its option and without further notice, may terminate the estate and interest of the School Corporation thereunder, and the Building Corporation may resume possession of the Leased Premises. The exercise by the Building Corporation of its right to terminate the Lease will not release the School Corporation from the performance of any obligation under the Lease maturing prior to the Building Corporation's actual entry into possession.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana ("Bond Counsel"), under existing laws, interest on the 2026 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2026 Bonds (the "Code"). This opinion is based on certain covenants and representations of the Building Corporation and the School Corporation and is conditioned on continuing compliance therewith (the "Tax Covenants"). In the opinion of Bond Counsel under existing laws, interest on the 2026 Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See Appendix C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the 2026 Bonds as a condition to the excludability of the interest on the 2026 Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the 2026 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the 2026 Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Bonds would be materially and adversely affected. It is not an event of default if interest on the 2026 Bonds is not excludable from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the 2026 Bonds.

The interest on the 2026 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. However, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax.

Each series of the the 2026 Bonds have been designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the 2026 Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the other tax consequences of owning the 2026 Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the 2026 Bonds. Prospective purchasers of the 2026 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the 2026 Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the 2026A Bonds maturing on _____, _____, and _____, _____ (the “2026A Discount Bonds”), and the initial public offering prices of the 2026B Bonds maturing on _____, _____, and _____, _____ (the “2026B Discount Bonds”) (the 2026A Discount Bonds and the 2026B Discount Bonds, collectively, the “Discount Bonds”), are less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the inside front cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the “Issue Price” for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as “original issue discount.” The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 15 and July 15 (with straight line interpolation between compounding dates). An owner who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity will treat the accrued amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner’s tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

The original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The initial public offering prices of the 2026A Bonds maturing on _____, _____, and _____, _____ (the “2026A Premium Bonds”), and the initial public offering prices of the 2026B Bonds maturing on _____, _____, and _____, _____ (the “2026B Premium Bonds”) (the 2026A Premium Bonds and the 2026B Premium Bonds, collectively, the “Premium Bonds”), are greater than the principal amount payable at maturity or earlier call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner’s basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the

disposition of the Premium Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules of determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the 2026 Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The enforceability of the rights and remedies of the Trustee or the registered owners of the 2026 Bonds and the availability of remedies to any party seeking to enforce the rights available thereunder and under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the enforceability of the rights and remedies under the 2026 Bonds and the Indenture and the availability of remedies to any party seeking to enforce the rights thereunder may be limited. Under federal and State environmental laws, certain liens may be imposed on property of the Building Corporation or the School Corporation from time to time, but neither the Building Corporation nor the School Corporation has any reason to believe, under existing law, that any such lien would have priority over the lien on the property taxes pledged to the owners of the 2026 Bonds.

The various legal opinions to be delivered concurrently with the delivery of the 2026 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). These exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the School Corporation and the State), in a manner consistent with the public health and welfare. The enforceability of the 2026 Bonds, the Indenture and the Lease and the availability of remedies to a party seeking to enforce the lien on the trust estate in a situation where such enforcement or availability may adversely affect public health and welfare may be subject to these police powers.

UNDERWRITING

The 2026A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, as the underwriter (the “Underwriter”), for the amount equal to \$_____, which represents principal amount of the 2026A Bonds less the Underwriter’s discount of \$_____ plus net original issue premium of \$_____. The Underwriter intends to make a secondary market in the 2026A Bonds; however, no assurance can be given that such a market will develop or be maintained in the future.

The Underwriter may offer and sell the 2026A Bonds to certain dealers (including dealers depositing the 2026A Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the inside front cover page. The initial public offering prices of the 2026A Bonds may be changed, from time to time, by the Underwriter.

The 2026B Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, as the underwriter (the “Underwriter”), for the amount equal to \$_____, which represents principal amount of the 2026B Bonds less the Underwriter’s discount of \$_____ plus net original issue premium of \$_____. The Underwriter intends to make a secondary market in the 2026B Bonds; however, no assurance can be given that such a market will develop or be maintained in the future.

The Underwriter may offer and sell the 2026B Bonds to certain dealers (including dealers depositing the 2026B Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the inside front cover page. The initial public offering prices of the 2026B Bonds may be changed, from time to time, by the Underwriter.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School Corporation and to persons and entities with relationships with the School Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School Corporation.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School Corporation.

MUNICIPAL ADVISOR

Therber & Brock, Municipal Advisors (the “Municipal Advisor”) has been retained by the School Corporation and the Building Corporation to provide certain financial advisory services, including preparation of the Official Statement. The information contained in the Official Statement has been compiled from records and other materials provided by the School Corporation and other sources considered to be reliable. The Municipal Advisor has not independently verified the completeness and accuracy of the information contained in the Official Statement.

The Municipal Advisor is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, and is neither a placement agent nor a broker/dealer.

The offer and sale of the 2026 Bonds shall be made by, and under the control and supervision of, the School Corporation.

RATINGS

S&P has assigned its Indiana programmatic municipal bond rating of “AA+” and its underlying rating of “A” to the 2026A Bonds, and its Indiana programmatic municipal bond rating of “AA+” and its underlying rating of “A” to the 2026B Bonds.

These ratings reflect only the view of S&P and the significance of such ratings can only be obtained from S&P. There is no assurance that such ratings will continue for any period of time or that either or both will not be revised or withdrawn entirely, if, in its judgment, circumstances so warrant. Any revision or withdrawal of any such rating may have an effect on the market price of the 2026 Bonds. A further explanation of the ratings by S&P may be obtained from such agency at 55 Water Street, New York, New York 10041.

Neither the Building Corporation nor the School Corporation has applied for any other rating with S&P or any other rating agency with respect to the 2026 Bonds.

STATEMENT OF ISSUER

The information and descriptions of documents included in this Official Statement do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Prospective purchasers of the 2026 Bonds are referred to the documents for details of all terms and conditions thereof relating to the 2026 Bonds.

Neither this Official Statement, nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of any of the 2026 Bonds. Any statements in this Official Statement involving matters of opinion whether or not expressly so stated, are intended as such and not as representations of fact.

Copies of the Lease and Indenture may be obtained upon request from Barnes & Thornburg LLP, 11 South Meridian Street, Indianapolis, Indiana 46204, Bond Counsel, or Therber & Brock, 11550 N. Meridian Street, Suite 275, Carmel, Indiana 46032, Municipal Advisor.

This Official Statement has been authorized and approved by the Building Corporation.

The date of this Official Statement is _____, 2026.

Northeast Sullivan Multi-School Building Corporation

by: _____
James D. Scott, President

APPENDIX A

NORTHEAST SCHOOL CORPORATION

General

Northeast School Corporation, Sullivan County, Indiana (the "School Corporation"), is organized under the provisions of I.C. 20-4. It encompasses approximately 203 square miles consists of Cass, Curry, Fairbanks, Jackson and Jefferson Townships, including the Towns of Dugger, Farmersburg, Hymera and Shelburn, in Sullivan County, Indiana.

The School Corporation is governed by five elected Board of School Trustee Members (the "Board"). A Superintendent of Schools, appointed by the Board, is responsible for administration of the School Corporation.

School Facilities

The School Corporation presently operates two elementary schools and one junior/senior high school.

<u>School</u>	<u>Grades Housed</u>
North Elementary School	K - 6
East Elementary School	K - 6
North Central Junior/Senior High School	7 - 12

Cash Balances by Fund

	<u>December 31,</u>			
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Education Fund	\$ 1,555,884	\$ 1,939,002	\$ 2,873,929	\$ 2,893,251
Debt Service Fund	265,879	91,456	183,141	201,631
School Pension Debt	23,229	15,109	13,067	13,952
Operations Fund	1,092,938	970,371	1,124,450	1,201,215
All Other Funds	<u>3,388,633</u>	<u>2,539,540</u>	<u>1,846,024</u>	<u>1,551,263</u>
	<u>\$ 6,326,563</u>	<u>\$ 5,555,478</u>	<u>\$ 6,040,611</u>	<u>\$ 5,861,312</u>

Source: School Corporation Annual Financial Reports (Forms 9) prepared by School Officials for the Division of School Finance

Enrollments

Total School Corporation enrollments for the previous five years have been:

2021 - 22	786
2022 - 23	770
2023 - 24	771
2024 - 25	773
2025 - 26	753

Projected enrollments for the next five years are:

2026 - 27	685 ⁽¹⁾
2027 - 28	685
2028 - 29	685
2029 - 30	685
2030 - 31	685

Source: Northeast School Corporation; Indiana Department of Education

State of Indiana Payments - Education Fund

2021	\$ 5,804,673
2022	5,931,963
2023	6,448,506
2024	6,965,976
2025	7,041,129
2026	6,833,180 ⁽²⁾

Source: School Corporation Financial Reports (Forms 9) prepared by School Officials for the Division of School Finance; DLGF

-
- (1) The enrollment decline from the prior year is due in large part to misinformation posted on social media about certain air quality issues at the existing High School, which resulted in approximately 22 students transferring to other nearby school corporations. The School Corporation had the entire facility's air quality tested by state officials shortly after such information was posted, and the state issued a clean report to the School Corporation. The School Corporation has shared this report with the community and currently does not anticipate any further decline in the enrollment caused by such misinformation.
- (2) Estimated.

Receipts and Disbursements

	The Years Ended December 31,		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>EDUCATION FUND</u>			
January 1 Balance	\$ 1,555,884	\$ 1,939,002	\$ 2,873,929
Revenues			
State Grants	6,448,506	6,965,976	7,041,129
Other	22,679	607,507	246,649
Total	6,471,185	7,573,483	7,287,778
Expenditures	6,088,067	6,638,556	7,268,456
December 31 Balance	\$ 1,939,002	\$ 2,873,929	\$ 2,893,251
<u>DEBT SERVICE FUND</u>			
January 1 Balance	\$ 265,879	\$ 91,456	\$ 183,141
Revenues			
Local Property Tax	843,741	1,007,376	942,230
Financial Institutions Tax	6,251	5,751	2,093
License Excise Tax	61,875	63,911	57,000
Total	911,867	1,077,038	1,001,323
Expenditures	1,086,290	985,353	982,833
December 31 Balance	\$ 91,456	\$ 183,141	\$ 201,631
<u>SCHOOL PENSION DEBT FUND</u>			
January 1 Balance	\$ 23,229	\$ 15,109	\$ 13,067
Revenues			
Local Property Tax	313,471	319,904	321,151
Financial Institutions Tax	2,322	1,827	713
License Excise Tax	22,987	20,297	19,430
Total	338,780	342,028	341,294
Expenditures	346,900	344,070	340,409
December 31 Balance	\$ 15,109	\$ 13,067	\$ 13,952
<u>OPERATIONS FUND</u>			
January 1 Balance	\$ 1,092,938	\$ 970,371	\$ 1,124,450
Revenues			
Local Property Tax	2,445,204	2,514,464	2,697,115
Financial Institutions Tax	18,822	15,062	14,636
License Excise Tax	186,304	167,361	182,360
Other	904,389	938,035	609,312
Total	3,554,719	3,634,922	3,503,423
Expenditures	3,677,286	3,480,843	3,426,658
December 31 Balance	\$ 970,371	\$ 1,124,450	\$ 1,201,215

Source: School Corporation Annual Financial Reports (Forms 9) prepared by School Officials for the Division of School Finance

Pension Plans

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund ("PERF") is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3, each as amended) govern, through the Indiana Public Retirement System ("INPRS") Board of Trustees, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. Employer contributions for the year 2025 were \$219,983.19.

Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund ("TRF") is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (Indiana Code 5-10.2, as amended) governs, through the INPRS Board of Trustees, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Employer contributions for the year 2025 were \$334,334.68.

Additional Benefits – Certified Personnel

Each year the School Corporation shall convert any unused accumulated leave days balance as of June 30 of that year over 150 days. The conversion shall be \$100 per day. The converted amount will be deposited into a 401(a) plan account for each eligible teacher each year. The 401(a) account will vest at the completion of five years of service in the School Corporation. When a teacher retires, the remaining leave days held (up to 169 days) will be deposited into a 401(a) account at one hundred dollars (\$100) per day. Also, a \$2,000 bonus is given to retiring teachers, paid to their TRF account, and every month, two percent (2%) of each certified staff member's gross monthly salary is deposited into the 401(a) account.

The School Corporation has implemented a matching annuity program for all certified staff members. The program takes place through a 403(b) investment account in which the member's contribution is matched up to a cap of one thousand dollars (\$1,000) in any one school year.

A retirement bonus is available in the amount of \$1,822 per year, for no more than seven (7) years. To qualify for the retirement bonus, a teacher must have fifteen (15) years of credited teaching experience in the School Corporation under a regular or temporary contract, and have twenty (20) total years of credited teaching experience.

The School Corporation will pay 7.1% of a certified employee's salary to TRF.

Additional Benefits – Non-Certified Personnel

Certain non-certified employees will receive retirement compensation of \$50 per day for each day of unused accumulated leave up to a maximum of 250 days. Compensation of \$15 per day will be given for any leave days over 250.

Certain non-certified staff members are eligible to participate in the annuity program which matches the member's contribution up to a cap of one thousand dollars (\$1,000) in any one school year.

The School Corporation will pay 11.2% of a non-certified employee's salary to PERF.

Assessed Valuation

Official net assessed valuation totals for the School Corporation are shown below.

<u>Year Taxes Payable</u>	<u>Net Assessed Valuation</u>
2022	\$ 393,477,124
2023	422,100,114
2024	452,790,514
2025	471,487,102
2026	493,621,866

Source: Sullivan County Auditor; DLGF

Tax Rates

Tax rates for the School Corporation for 2026 and preceding years have been as follows:

<u>Fund</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Debt Service	\$.1271	\$.2008	\$.2242	\$.1986	\$.1880
School Pension Debt	.0798	.0746	.0712	.0677	.0654
Operations	<u>.6111</u>	<u>.6046</u>	<u>.5871</u>	<u>.5903</u>	<u>.5752</u>
	<u>\$.8180</u>	<u>\$.8800</u>	<u>\$.8825</u>	<u>\$.8566</u>	<u>\$.8286</u>

Source: Sullivan County Auditor; DLGF

Taxes Levied and Collected

<u>Collection Year</u>	<u>Certified Taxes Levied</u>	<u>Less: Estimated Circuit Breaker Tax Credit</u>	<u>Net Levy Inclusive of Circuit Breaker</u>	<u>Taxes Collected</u>	<u>Gross Levy Collection Percentage</u>	<u>Net Levy Collection Percentage</u>
2021	\$ 3,399,156	\$ 113,872	\$ 3,285,284	\$ 3,389,181	99.71%	103.16%
2022	3,218,642	46,742	3,170,900	3,174,390	98.63	100.11
2023	3,714,481	60,198	3,654,283	3,602,416	96.88	98.58
2024	3,995,876	124,424	3,871,452	3,841,744	96.14	99.23
2025	4,038,758	101,181	3,937,577	3,960,496	98.06	100.58
2026	4,090,151	156,407	3,933,744	----- IN PROCESS -----		

Source: Northeast School Corporation; Sullivan County Auditor; DLGF

Large Taxpayers

The following are among the largest taxpayers in the School Corporation, as compiled by the office of the Sullivan County Auditor's Office from assessment records.

<u>Name and Business</u>	<u>2025 - 2026 Net Assessed Valuation</u>
Northern Indiana Public Service Company (Utility)	\$ 120,690,300
AEP Indiana Michigan Transmission Company (Utility)	32,634,390
Brampton Holdings, LLC (Construction)	20,710,308
Freebird II, LLC (Real Estate)	9,342,000
Indiana Michigan Power Co. (Utility)	8,502,570
CSX Transportation (Utility)	5,764,810
Brickcraft Inc. (Brick Plant)	4,256,520
Trade Post Solar LLC (Solar Energy)	4,187,280
Texas Gas Transmission Corp. (Utility)	3,174,520
Bunge USA Grain, LLC (Grain Elevator)	3,039,990

(REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

Indebtedness

The following tabulation, prepared as of October, 2026, reflects the issuance of the 2026 Bonds.

		<u>Per Capita</u>	<u>Percent of Assessed Valuation</u>
2025-2026 Assessed Valuation	\$ 493,621,866	\$ 60,896	--
Direct Debt	\$ 14,312,972 ⁽¹⁾	\$ 1,766 ⁽¹⁾	2.90% ⁽¹⁾
Direct, Overlapping & Underlying Debt	\$ 31,509,953 ⁽¹⁾	\$ 3,888 ⁽¹⁾	6.38% ⁽¹⁾

Population: 8,106 (July 1, 2025 estimate)

The following tabulation itemizes the outstanding principal amount of long term direct, overlapping and underlying indebtedness of the School Corporation including the 2026 Bonds.

	<u>Outstanding Amount</u>	<u>Applicable</u>	
		<u>Percentage</u>	<u>Amount</u>
<u>Direct Debt:</u>			
Amended Taxable General Obligation Pension Bonds of 2006	\$ 165,000	100.00%	\$ 165,000
First Mortgage Bonds, Series 2017	1,045,000	100.00%	1,045,000
First Mortgage Bonds, Series 2018	3,565,000	100.00%	3,565,000
General Obligation Bonds, Series 2022	450,000	100.00%	450,000
GABC Leasing Copier Lease ⁽²⁾	42,972 ⁽²⁾	100.00%	42,972 ⁽²⁾
First Mortgage Bonds, Series 2026A ⁽¹⁾	3,700,000 ⁽¹⁾	100.00%	3,700,000 ⁽¹⁾
First Mortgage Bonds, Series 2026B ⁽¹⁾	5,345,000 ⁽¹⁾	100.00%	<u>5,345,000⁽¹⁾</u>
Total Direct Indebtedness			<u>\$ 14,312,972⁽¹⁾</u>

(1) Preliminary, subject to change.

(2) Currently paid from the Operations Fund.

	Outstanding Amount	Applicable	
		Percentage	Amount
<u>Overlapping & Underlying Debt⁽¹⁾:</u>			
Sullivan County Lease Rental Revenue Bonds, Series 2022 ⁽²⁾	26,695,000	41.53%	\$ 11,086,434
Cass Township 2019 International Pumper/Tanker Loan	95,163	100.00%	95,163
Cass Township Firehouse Station 2 Loan	143,884	100.00%	143,884
Farmersburg Rural Development Loans ⁽³⁾	665,000	100.00%	665,000
Town of Hymera ⁽⁴⁾	1,195,500	100.00%	1,195,500
Shelburn Storm Water Bonds 2007 ⁽⁵⁾	568,000	100.00%	568,000
Shelburn Sewage Works Revenue Bonds 2007 ⁽⁶⁾	936,000	100.00%	936,000
Shelburn Redevelopment Authority ⁽⁷⁾	608,000	100.00%	608,000
Shelburn Lease Rental Revenue Bonds, Series 2020 ⁽⁸⁾	1,899,000	100.00%	<u>1,899,000</u>
Total Overlapping and Underlying Debt			<u>\$ 17,196,981⁽⁹⁾</u>
Total Direct, Overlapping and Underlying Debt			<u>\$ 31,509,953⁽¹⁰⁾</u>

Debt Payment History

The School Corporation has met its past debt repayment obligations promptly and has no record of default.

-
- (1) Sources of Overlapping and Underlying Debt are the Indiana Gateway website www.gateway.ifionline.org and other sources deemed reliable. The School Corporation does not guarantee the accuracy or completeness of such information.
 - (2) Paid primarily from sources other than property taxes.
 - (3) Paid primarily from sources other than property taxes.
 - (4) Paid primarily from water and wastewater revenues.
 - (5) Paid primarily from stormwater revenues.
 - (6) Paid primarily from wastewater revenues.
 - (7) Paid primarily from CEDIT revenues.
 - (8) Paid primarily from sources other than property taxes.
 - (9) Preliminary, subject to change.
 - (10) Preliminary, subject to change.

Future Financing

The School Corporation does not plan to issue, or caused to be issued, any other bonds payable from its debt service fund in 2026. However, the School Corporation has engaged Schmidt Associates and Hannig Construction to assist the School Corporation with design, cost estimating and related services related to the construction of an addition to the existing North Central High School to serve as a multi-purpose student activity area and would cost no more than \$10,000,000. It is currently contemplated that if the Board of School Trustees of the School Corporation would approve the issuance of one or more series of first mortgage bonds by the Building Corporation and/or general obligation bonds of the School Corporation, each payable from the School Corporation's debt service fund, and if such financing and related project are not requested to proceed through the petition-remonstrance process by sufficient members of the community, then such bonds could be issued sometime in 2027 in an original aggregate principal amount not to exceed \$10,000,000. However, it should be noted that as of the date of this Official Statement no approval by the Board of School Trustees of the School Corporation has been obtained for such financing or the related project, and the School Corporation does not know if such financing and related project will be requested by a sufficient number of members of the community to proceed through the petition-remonstrance process, and if such process is requested, what the outcome of that process may be. In addition to the foregoing, the School Corporation reviews its capital facility needs on an annual basis and may issue bonds in the future to address some or all of such facility needs identified during such review.

Debt Limit

The amount of general obligation debt a political subdivision in the State of Indiana can incur is controlled by the constitutional debt limit. This amount is equal to two percent of one third of the net assessed valuation of the political subdivision. The School Corporation debt limit is as follows:

Year Payable 2026 Net Assessed Valuation	\$ 493,621,866
Divided by 3	<u>3</u>
Sub-total	\$ 164,540,622
Multiplied by 2%	<u>2%</u>
General Obligation Debt Limit	\$ 3,290,812
Less: Outstanding Amended Taxable General Obligation Pension Bonds of 2006	\$ 165,000
Outstanding General Obligation Bonds, Series 2022	<u>450,000</u>
	<u>\$ 615,000</u>
Remaining Amount	<u>\$ 2,675,812</u>

APPENDIX B

GENERAL INFORMATION ABOUT THE AREA

Location

Sullivan County is located approximately 95 miles southwest of Indianapolis, Indiana, 25 miles south of Terre Haute, Indiana and 85 miles north of Evansville, Indiana. The Town of Sullivan serves as the county seat.

Population

Comparative population figures for the School Corporation and Sullivan County, taken from U.S. Census Bureau Reports, are:

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>July 1, 2025</u>
School Corporation	8,411	8,644	8,687	8,052	8,106
Remainder of Sullivan County	<u>10,582</u>	<u>13,107</u>	<u>12,788</u>	<u>12,765</u>	<u>12,725</u>
Total Sullivan County	<u>18,993</u>	<u>21,751</u>	<u>21,475</u>	<u>20,817</u>	<u>20,831</u>

Economic Factors

Although the area of Sullivan County consists predominantly of agricultural land, the economy of the county is diversified. Among the largest employers in the area, with approximate employment figures, are:

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees</u>
Raybestos Powertrain, LLC	Manufacturing	400
Southwest School Corporation	Education	229
Hoosier Energy Rural Electric Cooperative	Utility	207
Sullivan County Community Hospital	Healthcare	192
Northeast School Corporation	Education	131
Walmart	Retail	105
Dugger Union Community School Corporation	Education	99
McDonalds	Fast Food	72
Sullivan County Highway Department	Government	72
Baessler's Market	Grocery	70

Source: Hoosiers By The Numbers and National Center for Education Statistics

Employment statistics are not maintained separately for the School Corporation, but the following data for Sullivan County and the State of Indiana was supplied by the Indiana Department of Employment and Training Services.

	<u>Annual Averages</u>				<u>June,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<u>Sullivan County</u>					
Labor Force	9,095	9,170	9,261	9,323	9,507
Unemployed	308	309	370	325	309
% Unemployed	3.4%	3.4%	4.0%	3.7%	3.3%
<u>Other Unemployment Rates</u>					
Indiana	3.1%	3.4%	4.0%	3.7%	3.6%
United States	3.6%	3.6%	4.0%	4.3%	4.4%

Much of Sullivan County outside the developed residential and commercial areas is high-quality farmland. 2022 United States Census reports show the following comparative information on farm and acreage values in Sullivan County and the State of Indiana:

	<u>Sullivan County</u>	<u>State of Indiana</u>
	<u>2022</u>	<u>2022</u>
Land Area - acres	286,189	23,158,000
Number of Farms	411	53,599
Land in Farms - acres	176,644	14,602,240
% of Land in Farms	62%	63%
Average Size of Farm - acres	430	272
Average Value Per Farm	\$ 2,665,973	\$ 2,250,114
Average Value Per Acre	\$ 6,203	\$ 8,259

Transportation

Rail

CSX and Illinois Railroad

Highway

U.S. Highway 41, State Roads 48, 54, 58, 59, 154 and 159

Truck

Eight major truck lines

Air

Sullivan County Airport has a 4,500 x 75-foot paved and lighted runway. Also, commercial service is available at Hulman Field in Terre Haute

Hospitals

Sullivan County Community Hospital is located in Sullivan.

Financial Institutions

The following banks are located in the area:

First Financial Bank
First Farmers Bank and Trust
Northwest Bank
Western Indiana Credit Union

Public Utilities

Providing service in the School Corporation are:

Telephone	Verizon AT&T
Electric	Duke Energy
Natural Gas	Ohio Valley Gas, Inc.
Water and Sewage	Indiana American Water Co. Municipal

Higher Education

Approximate distances from the Town of Sullivan to major higher education institutions are:

<u>Name</u>	<u>Location</u>	<u>Distance</u>
Indiana State University	Terre Haute, IN	26 miles
St. Mary-of-the-Woods College	Terre Haute, IN	36 miles
Vincennes University	Vincennes, IN	30 miles
Rose-Hulman Institute of Technology	Terre Haute, IN	30 miles
DePauw University	Greencastle, IN	55 miles
Indiana University	Bloomington, IN	56 miles

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_____, 2026

Northeast Sullivan Multi-School Building Corporation
Shelburn, Indiana

Re: Northeast Sullivan Multi-School Building Corporation First Mortgage Bonds, Series 2026A and
Northeast Sullivan Multi-School Building Corporation First Mortgage Bonds, Series 2026B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Northeast Sullivan Multi-School Building Corporation (the “Issuer”) of \$x,xxx,xxx aggregate principal amount of its First Mortgage Bonds, Series 2026A, dated as of the date hereof (the “2026A Bonds”), and \$y,yyy,yyy aggregate principal amount of its First Mortgage Bonds, Series 2026B, dated as of the date hereof (the “2026B Bonds”) (the 2026A Bonds and the 2026B Bonds, collectively, the “Bonds”), pursuant to Indiana Code 20-47-3 and Indiana Code 20-47-4, each as amended, and a Trust Indenture, dated as of July 1, 2001 (the “Original Indenture”), as amended by a First Supplemental Trust Indenture, dated as of November 1, 2011 (the “First Supplemental Indenture”), a Second Supplemental Trust Indenture, dated as of January 15, 2013 (the “Second Supplemental Indenture”), a Third Supplemental Trust Indenture, dated as of May 15, 2013 (the “Third Supplemental Indenture”), a Fourth Supplemental Trust Indenture, dated as of September 15, 2017 (the “Fourth Supplemental Indenture”), a Fifth Supplemental Trust Indenture, dated as of November 15, 2018 (the “Fifth Supplemental Indenture”), and a Sixth Supplemental Trust Indenture, dated as of _____ (the “Sixth Supplemental Indenture”) (the Original Indenture, as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture, the “Indenture”), each of which is by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Fifth Third Bank, Indiana), as trustee. We have examined the law and such certified proceedings and such other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Northeast School Corporation, Sullivan County, Indiana (the “School Corporation”), contained in the Indenture and the Lease Agreement, dated as of May 14, 2001, as amended to the date hereof (collectively, the “Lease”), between the School Corporation, as lessee, and the Issuer, as lessor, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the School Corporation and others, including, without limitation, certifications contained in the tax and arbitrage certificate of the Issuer and the School Corporation dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the report of Therber & Brock, Carmel, Indiana, dated the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a corporation validly existing under the laws of the State of Indiana, with the corporate power to enter into the Indenture and perform its obligations thereunder and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered, and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the

Mortgaged Property (as defined in the Indenture) on parity with the Issuer's First Mortgage Bonds, Series 2017, and the Issuer's First Mortgage Bonds, Series 2018.

3. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

4. The Lease has been duly authorized, executed and delivered by the Issuer and the School Corporation, and is a valid and binding obligation of the Issuer and the School Corporation, enforceable against the Issuer and the School Corporation in accordance with its terms. The obligations of the School Corporation under the Lease are payable solely from *ad valorem* taxes to be levied and collected on all taxable property within the geographical boundaries of the School Corporation.

5. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in this paragraph is subject to the condition that each of the Issuer and the School Corporation complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Each of the Issuer and the School Corporation has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. However, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax.

7. Interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Final Official Statement, dated _____, 2026, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

CONTINUING DISCLOSURE CONTRACT

This Continuing Disclosure Contract (this “Contract”) is made this ____ day of _____, 2026, from the Northeast School Corporation, Sullivan County, Indiana, (the “Promisor”), to each registered owner or holder of any Bond (as hereinafter defined) (each, a “Promisee”);

WITNESSETH THAT:

WHEREAS, the Northeast Sullivan Multi-School Building Corporation, an Indiana nonprofit corporation (the “Issuer”), is issuing its First Mortgage Bonds, Series 2026A, issued on the date hereof (the “2026A Bonds”), and its First Mortgage Bonds, Series 2026B, issued on the date hereof (the “2026B Bonds”) (the 2026A Bonds and the 2026B Bonds, collectively, the “Bonds”), pursuant to a Trust Indenture, dated as of July 1, 2001 (the “Original Indenture”), as supplemented and amended by a First Supplemental Trust Indenture, dated as of November 1, 2011 (the “First Supplemental Indenture”), a Second Supplemental Trust Indenture, dated as of January 15, 2013 (the “Second Supplemental Indenture”), a Third Supplemental Trust Indenture, dated as of May 15, 2013 (the “Third Supplemental Indenture”), a Fourth Supplemental Trust Indenture, dated as of September 15, 2017 (the “Fourth Supplemental Indenture”), a Fifth Supplemental Trust Indenture, dated as of November 15, 2018 (the “Fifth Supplemental Indenture”), and a Sixth Supplemental Trust Indenture, dated as of _____, 2026 (the “Sixth Supplemental Indenture”) (the Original Indenture, as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture, collectively, the “Indenture”), each of which is by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Fifth Third Bank, Indiana), as trustee (the “Trustee”); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) is, in connection with an offering of the Bonds directly or indirectly by or on behalf of the Issuer, purchasing the Bonds from the Issuer and selling the Bonds to certain purchasers; and

WHEREAS, Rule 15c2-12, as amended (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Act”), provides that, except as otherwise provided in the Rule, a participating underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an offering (as defined in the Rule) unless the participating underwriter has reasonably determined that an issuer of municipal securities (as defined in the Rule) or an obligated person (as defined in the Rule) for whom financial or operating data is presented in the final official statement (as defined in the Rule) has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide certain information; and

WHEREAS, the Promisor desires to enter into this Contract in order to assist the Underwriter in complying with subsection (b)(5) of the Rule; and

WHEREAS, any registered owner or holder of any Bond shall, by its payment for and acceptance of such Bond, accept and assent to this Contract and the exchange of (i) such payment and acceptance for (ii) the promises of the Promisor contained herein;

NOW, THEREFORE, in consideration of the Underwriter’s and any Promisee’s payment for and acceptance of any Bonds, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Promisor hereby promises to each Promisee as follows:

Section 1. Definitions. The terms defined herein, including the terms defined above and in this Section 1, shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Any terms defined in the Rule, but not otherwise defined herein, shall have the meanings specified in the Rule unless the context or use clearly indicates another or different meaning or intent.

- (a) “Bond” shall mean any of the Bonds.
- (b) “Bondholder” shall mean any registered or beneficial owner or holder of any Bond.

- (c) “Final Official Statement” shall mean the Official Statement, dated _____, 2026, relating to the Bonds, including any document included therein by specific reference which is available to the public on the MSRB’s Internet Web site or filed with the Commission.
- (d) “Financial Obligation” shall mean (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of either clause (i) or (ii); provided, however, “Financial Obligation” shall not include any municipal securities (as defined in the Act) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.
- (e) “Fiscal Year” of any person shall mean any period from time to time adopted by such person as its fiscal year for accounting purposes.
- (f) “MSRB” shall mean the Municipal Securities Rulemaking Board.
- (g) “Obligated Person” shall mean any person who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Bonds (other than any providers of municipal bond insurance, letters of credit or liquidity facilities), for whom financial information or operating data is presented in the Final Official Statement.
- (h) “State” shall mean the State of Indiana.

Section 2. Term. The term of this Agreement shall commence on the date of delivery of the Bonds by the Issuer to the Underwriter and shall expire on the earlier of (a) the date of payment in full of principal of and premium, if any, and interest on the Bonds, whether upon scheduled maturity, redemption, acceleration or otherwise, or (b) the date of defeasance of the Bonds in accordance with the terms of the Indenture.

Section 3. Obligated Person(s). The Promisor hereby represents and warrants that, as of the date hereof:

- (a) The only Obligated Person with respect to the Bonds is the Promisor; and
- (b) There have been no instances in the five (5) years prior to the date of the Final Official Statement in which any Obligated Person failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

Section 4. Undertaking to Provide Information.

- (a) The Promisor hereby undertakes to provide the following to the MSRB in an electronic format as prescribed by the MSRB, either directly or indirectly through a registrar or a designated agent, for the Promisor:
 - (i) Annual Financial Information. Within one hundred eighty (180) days after the close of each Fiscal Year of such Obligated Person, which as of the date of this Contract ends on December 31 of each year, beginning with the Fiscal Year ending in the year after the year in which the Bonds are issued, financial information and operating data of the Obligated Person of the type provided under the following headings in Appendix A of the Final Official Statement, as applicable:
 - (A) “Enrollments;”

- (B) “Receipts and Disbursements;”
- (C) “Tax Rates;”
- (D) “Assessed Valuation;”
- (E) “Taxes Levied and Collected;” and
- (F) “Large Taxpayers;”

(the financial information and operating data set forth in Section 4(a)(i) hereof, collectively, the “Annual Financial Information”);

- (ii) If not submitted as part of the Annual Financial Information, then when and if available, audited financial statements for such Obligated Person;
- (iii) Within 10 business days of the occurrence of any of the following events with respect to the Bonds, if material (which determination of materiality shall be made by the Promisor in accordance with the standards established by federal securities laws):
 - (A) Non-payment related defaults;
 - (B) Modifications to rights of Bondholders;
 - (C) Bond calls (other than mandatory, scheduled redemptions, not otherwise contingent upon the occurrence of an event, the terms of which redemptions are set forth in detail in the Final Official Statement);
 - (D) Release, substitution or sale of property securing repayment of the Bonds;
 - (E) The consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the Obligated Person, or entry into or termination of a definitive agreement relating to the foregoing;
 - (F) Appointment of a successor or additional trustee or the change of name of a trustee; and
 - (G) Incurrence of a Financial Obligation of the Obligated Person or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Obligated Person, any of which affect Bondholders;
- (iv) Within 10 business days of the occurrence of any of the following events with respect to the Bonds, regardless of materiality:
 - (A) Principal and interest payment delinquencies;
 - (B) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (C) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (D) Substitution of credit or liquidity providers, or their failure to perform;
 - (E) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 - (F) Defeasances;
 - (G) Rating changes;
 - (H) The issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
 - (I) Tender offers;
 - (J) Bankruptcy, insolvency, receivership or similar events of the Obligated Person; and
 - (K) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties; and
- (v) In a timely manner, notice of a failure of such Obligated Person to provide required Annual Financial Information or audited financial statements, on or before the date specified in this Contract.
- (b) Any financial statements of any Obligated Person provided pursuant to subsection (a)(i) of this Section 4 shall be prepared in accordance with any accounting principles mandated by the laws of the State, as in effect from time to time, or any other consistent accounting principles that enable market participants to evaluate results and perform year to year comparisons, but need not be audited.
- (c) Any Annual Financial Information or audited financial statements may be set forth in a document or set of documents, or may be included by specific reference to documents available to the public on the MSRB's Internet Web site or filed with the Commission.
- (d) If any Annual Financial Information otherwise required by subsection (a)(i) of this Section 4 no longer can be generated because the operations to which it relates have been materially changed or discontinued, a statement to that effect shall be deemed to satisfy the requirements of such subsection.
- (e) All documents provided to the MSRB under this Contract shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. Termination of Obligation. The obligation to provide Annual Financial Information, audited financial statements and notices of events under Section 4(a) hereof shall terminate with respect to any Obligated Person, if and when such Obligated Person no longer remains an obligated person (as defined in the Rule) with respect to the Bonds.

Section 6. Bondholders. Each Bondholder is an intended beneficiary of the obligations of the Promisor under this Contract, such obligations create a duty in the Promisor to each Bondholder to perform such obligations, and each Bondholder shall have the right to enforce such duty.

Section 7. Limitation of Rights. Nothing expressed or implied in this Contract is intended to give, or shall give, to the Issuer, the Underwriter, the Commission or any Obligated Person, or any underwriters, brokers or dealers, or any other person, other than the Promisor, each Promisee, any legal or equitable right, remedy or claim under or with respect to this Contract or any rights or obligations hereunder. This Contract and the rights and obligations hereunder are intended to be, and shall be, for the sole and exclusive benefit of the Promisor, and each Promisee.

Section 8. Remedies.

- (a) The sole and exclusive remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Contract shall be the remedy of specific performance by the Promisor of such obligation. Neither any Promisee nor any Bondholder shall have any right to monetary damages or any other remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Contract, except the remedy of specific performance by the Promisor of such obligation.
- (b) No breach or violation by the Promisor of any obligation of the Promisor under this Contract shall constitute a breach or violation of or default under the Bonds or the Indenture.
- (c) Any action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Contract shall be instituted, prosecuted and maintained only in a court of competent jurisdiction in Sullivan County, Indiana.
- (d) No action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Contract shall be instituted, prosecuted or maintained by any Promisee or any Bondholder unless, prior to instituting such action, suit or other proceeding: (i) such Promisee or such Bondholder has given the Promisor notice of such breach or violation and demand for performance; and (ii) the Promisor has failed to cure such breach or violation within sixty (60) days after such notice.

Section 9. Waiver. Any failure by any Promisee or any Bondholder to institute any suit, action or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Contract, within three hundred sixty (360) days after the date such Promisee or such Bondholder first has knowledge of such breach or violation, shall constitute a waiver by such Promisee or such Bondholder of such breach or violation and, after such waiver, no remedy shall be available to such Promisee or such Bondholder for such breach or violation.

Section 10. Annual Appropriations. This Contract and the obligations of the Promisor hereunder are subject to annual appropriation by the fiscal body of the Promisor.

Section 11. Limitation of Liability. The obligations of the Promisor under this Contract are special and limited obligations of the Promisor, payable solely from the trust estate under the Indenture. The obligations of the Promisor under this Contract are not and shall never constitute a general obligation, debt or liability of the Promisor or the State, or any political subdivision thereof, within the meaning of any constitutional limitation or provision, or a pledge of the faith, credit or taxing power of the Promisor or the State, or any political subdivision thereof, and do not and shall never constitute or give rise to any pecuniary liability or charge against the general credit or taxing power of the Promisor or the State, or any political subdivision thereof.

Section 12. Immunity of Officers, Directors, Members, Employees and Agents. No recourse shall be had for any claim based upon any obligation in this Contract against any past, present or future officer, director, member, employee or agent of the Promisor, as such, either directly or through the Promisor, or under any rule of law or equity, statute or constitution.

Section 13. Amendment of Obligations. The Promisor may, from time to time, amend any obligation of the Promisor under this Contract, without notice to or consent from any Promisee or any Bondholder, if: (a)(i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of any Obligated Person, or type of business conducted, (ii) this Contract, after giving effect to such amendment, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interests of any Bondholders, as determined either by (A) any person selected by the Promisor that is unaffiliated with the Promisor, the Issuer or any Obligated Person (such as any trustee under the Indenture) or (B) an approving vote of the Bondholders pursuant to the terms of the Indenture at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Section 14. Assignment and Delegation. Neither any Promisee nor any Bondholder may, without the prior written consent of the Promisor, assign any of its rights under this Contract to any other person. The Promisor may not assign any of its rights or delegate any of its obligations under this Contract to any other person, except that the Promisor may assign any of its rights or delegate any of such obligations to any entity (a) into which the Promisor merges, with which the Promisor consolidates or to which the Promisor transfers all or substantially all of its assets or (b) which agrees in writing for the benefit of Bondholders to assume such rights or obligations.

Section 15. Communications. Any information, datum, statement, notice, certificate or other communication required or permitted to be provided, delivered or otherwise given hereunder by any person to any other person shall be in writing and, if such other person is the Promisor, shall be provided, delivered or otherwise given to the Promisor at the following address:

Northeast School Corporation
Sullivan County, Indiana
620 North Washington Street
Shelburn, Indiana 47879
Attention: Superintendent

(or at such other address as the Promisor may, by notice to the MSRB, provide), or, if such other person is not the Promisor, shall be provided, delivered or otherwise given to such other person at any address that the person providing, delivering or otherwise giving such information, datum, statement, notice, certificate or other communication believes, in good faith but without any investigation, to be an address for receipt by such other person of such information, datum, statement, notice, certificate or other communication. For purposes of this Contract, any such information, datum, statement, notice, certificate or other communication shall be deemed to be provided, delivered or otherwise given on the date that such information, datum, notice, certificate or other communication is (a) delivered by hand to such other person, (b) deposited with the United States Postal Service for mailing by registered or certified mail, (c) deposited with Express Mail, Federal Express or any other courier service for delivery on the following business day, or (d) sent by facsimile transmission, telecopy or telegram.

Section 16. Knowledge. For purposes of this Contract, each Promisee and each Bondholder shall be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Promisor to the MSRB on the date such information, datum, statement or notice is so provided, regardless of whether such Promisee or such Bondholder was a registered or beneficial owner or holder of any Bond at the time such information, datum, statement or notice was so provided.

Section 17. Performance Due on other than Business Days. If the last day for taking any action under this Contract is a day other than a business day, such action may be taken on the next succeeding business day and, if so taken, shall have the same effect as if taken on the day required by this Contract.

Section 18. Waiver of Assent. Notice of acceptance of or other assent to this Contract is hereby waived.

Section 19. Governing Law. This Contract and the rights and obligations hereunder shall be governed by and construed and enforced in accordance with the internal laws of the State, without reference to any choice of law principles.

Section 20. Severability. If any portion of this Contract is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability and enforceability of the remaining portions of this Contract shall not be affected, and this Contract shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Section 21. Rule. This Contract is intended to be a contract in which the Promisor has undertaken to provide that which is required by paragraph (b)(5) of the Rule. If and to the extent this Contract is not such a contract, this Contract shall be deemed to include such terms not otherwise included herein, and to exclude such terms not otherwise excluded herefrom, as are necessary to cause this Contract to be such a contract.

Section 22. Interpretation. The use herein of the singular shall be construed to include the plural, and vice versa, and the use herein of the neuter shall be construed to include the masculine and feminine. Unless otherwise indicated, the words "hereof," "herein," "hereby" and "hereunder," or words of similar import, refer to this Contract as a whole and not to any particular section, subsection, clause or other portion of this Contract.

Section 23. Captions. The captions appearing in this Contract are included herein for convenience of reference only, and shall not be deemed to define, limit or extend the scope or intent of any rights or obligations under this Contract.

IN WITNESS WHEREOF, the Promisor has caused this Contract to be executed on the date first above written.

NORTHEAST SCHOOL CORPORATION, SULLIVAN
COUNTY, INDIANA

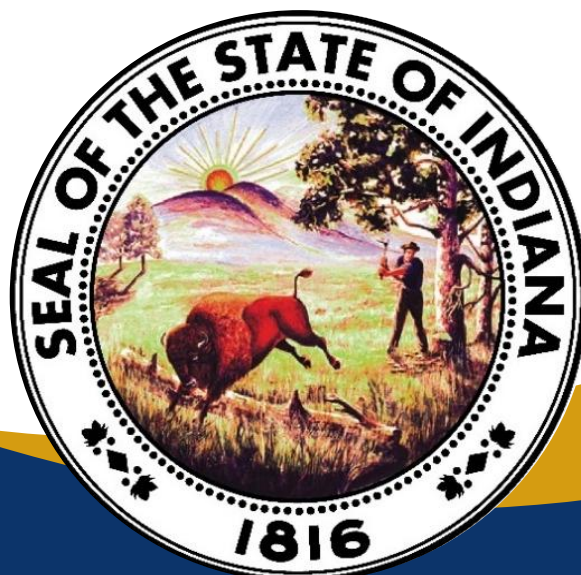
Donald Ransford, President of the Board of
School Trustees

APPENDIX E

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

Paul D. Joyce, CPA
State Examiner

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF
NORTHEAST SCHOOL CORPORATION
SULLIVAN COUNTY, INDIANA
July 1, 2023 to June 30, 2025



FILED

03/20/2026

NORTHEAST SCHOOL CORPORATION
Sullivan County, Indiana

FINANCIAL STATEMENT
As of June 30, 2025, and for the
period of July 1, 2023 through June 30, 2025

NORTHEAST SCHOOL CORPORATION
Sullivan County, Indiana

FINANCIAL STATEMENT
As of June 30, 2025, and for the
period of July 1, 2023 through June 30, 2025

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited)	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENT	
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS	5
NOTES TO FINANCIAL STATEMENT	7
OTHER INFORMATION	
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS (Unaudited)	14
SCHEDULE OF PAYABLES AND RECEIVABLES (Unaudited)	22
SCHEDULE OF LEASES AND DEBT (Unaudited)	23
SCHEDULE OF CAPITAL ASSETS (Unaudited)	24
STATE REPORTING INFORMATION (Unaudited)	25
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	26
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	28
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	29
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE	31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	34

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF OFFICIALS (Unaudited)
For the period of July 1, 2023 through June 30, 2025

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Angel Riley	07-1-23 to 06-30-25
Superintendent of Schools	Dr. Dustin Hitt	07-1-23 to 06-30-25
President of the School Board	Jenifer J. Pinkston	01-01-23 to 12-31-23
	Donald E. Ransford	01-01-24 to 12-31-25

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Northeast School Corporation
Sullivan County, Indiana

Report on the Audit of the Financial Statement***Opinions***

We have audited the accompanying statement of receipts, disbursements, other financing sources (uses) and cash and investment balances of the Northeast School Corporation (the School Corporation) as of June 30, 2025 and for the period of July 1, 2023 through June 30, 2025, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2025, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2023 through June 30, 2025 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School Corporation as of June 30, 2025, or changes in net position for the period of July 1, 2023 through June 30, 2025.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statement, the financial statement is prepared by the School Corporation on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

(Continued)

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statement.

(Continued)

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026 on our consideration of the School Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Crowe LLP

Indianapolis, Indiana
March 12, 2026

NORTHEAST SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2025, and for the period of July 1, 2023 through June 30, 2025

<u>Fund</u>	<u>Cash and Investments 07-01-2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2024</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2025</u>
Education	\$ 1,682,086	\$ 6,777,036	\$ 5,547,558	\$ (885,000)	\$ 2,026,564	\$ 7,639,803	\$ 6,591,211	\$ (470,823)	\$ 2,604,333
Debt Service	151,584	1,009,102	919,074	-	241,612	1,044,195	984,348	-	301,459
Retirement/Severance Bond Debt Service	53,372	340,145	348,161	-	45,356	345,824	339,820	-	51,360
Operations	1,606,316	2,796,015	3,339,066	585,000	1,648,265	2,803,451	3,355,623	340,000	1,436,093
Local Rainy Day	1,253,737	-	177,154	299,974	1,376,557	-	131,793	250,000	1,494,764
2022 Construction	1,005,251	2,574	850,348	-	157,477	-	111,622	-	45,855
School Lunch	18,856	531,292	528,683	26	21,491	562,346	526,680	-	57,157
Curricular Materials Rental	316,775	139,777	337,375	-	119,177	-	-	(119,177)	-
Donation/Wonder Lab	777	1,110	-	-	1,887	-	-	-	1,887
Duke Energy Foundation/Wonder Lab	32	1	-	-	33	-	-	-	33
Isenbarger-Wolfe Trust	368,000	-	92,277	-	275,723	-	123,812	-	151,911
Pupil Medical Services	305	1	-	-	306	-	-	-	306
Formative Assessment	3,763	10,032	11,861	-	1,934	9,743	3,509	-	8,168
Teacher Quality Improvement Pr	-	4,004	3,906	-	98	16,790	16,413	-	475
Medicaid Reimbursement	70,862	31,202	2,553	-	99,511	21,289	3,803	(70,782)	46,215
Secured Schools Safety Grant	-	50,816	41,010	-	9,806	129,692	96,524	-	42,974
Early Intervention Grant	2,797	-	2,797	-	-	-	-	-	-
Career And Technical Performance Grant	18	27	-	-	45	5,703	-	-	5,748
Teacher Appreciation Grant	750	28,139	27,315	-	1,574	27,981	28,689	-	866
High Ability Students	9,627	28,939	22,261	-	16,305	28,536	26,932	-	17,909
State Connectivity Grant	31,956	5,802	1,197	-	36,561	5,582	3,307	-	38,836
Title I	(44,861)	95,633	50,771	-	1	-	-	-	1
Title I FY 2024	-	140,770	153,913	-	(13,143)	107,793	94,650	-	-
Title I FY 2025	-	-	-	-	-	99,245	168,974	-	(69,729)
Title IV FY 2023	-	-	-	-	-	4,011	5,941	-	(1,930)
Title IV SY 2022-2023	-	3,422	3,787	-	(365)	12,477	12,113	-	(1)
Title IV 2020-2021	(4,874)	11,726	6,852	-	-	-	-	-	-
Medicaid Reimbursement-Federal	-	-	-	-	-	18,450	-	70,782	89,232
Title II Part A FY 2019	919	5,549	6,467	-	1	-	-	-	1

(Continued)

NORTHEAST SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
As of June 30, 2025, and for the period of July 1, 2023 through June 30, 2025

<u>Fund</u>	<u>Cash and Investments 07-01-2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2024</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Other Financing Sources (Uses)</u>	<u>Cash and Investments 06-30-2025</u>
Title II FY 2022	\$ -	\$ 38,337	\$ 39,536	\$ -	\$ (1,199)	\$ 2,966	\$ 1,766	\$ -	\$ 1
Title II Part A	-	-	-	-	-	32,632	32,782	-	(150)
AI-Powered Pilot Grant	-	12,400	12,400	-	-	-	-	-	-
Esser III	(3,877)	361,648	365,212	-	(7,441)	175,002	167,561	-	-
Esser II	(4,526)	168,652	164,127	-	(1)	-	-	-	(1)
Prepaid School Lunch Accounts	5,090	9,978	11,797	-	3,271	11,884	11,154	-	4,001
Payroll Withholdings Clearing	(155)	1,339,463	1,339,309	-	(1)	1,412,187	1,412,187	-	(1)
Payroll Withholdings Section 125	-	307,862	307,862	-	-	354,212	354,212	-	-
Payroll Withholdings Clearing Misc	-	24,577	24,577	-	-	29,214	29,214	-	-
Greene-Sullivan Cooperative	-	233,400	233,400	-	-	286,679	286,679	-	-
Greene-Sullivan Cooperative Para Pro Gra	-	-	-	-	-	3,380	3,380	-	-
American Express	5,288	120,221	125,509	-	-	128,759	128,759	-	-
Wal-Mart	99	21,406	21,182	-	323	12,941	13,138	-	126
Fringe Benefit	-	8,448	8,448	-	-	2,766	2,766	-	-
Totals	<u>\$ 6,529,967</u>	<u>\$ 14,659,506</u>	<u>\$ 15,127,745</u>	<u>\$ -</u>	<u>\$ 6,061,728</u>	<u>\$ 15,335,533</u>	<u>\$ 15,069,362</u>	<u>\$ -</u>	<u>\$ 6,327,899</u>

See notes to financial statement.

NORTHEAST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2025, and for the period of
July 1, 2023 through June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

Basis of Accounting: The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred. The basis of accounting also requires presentation of certain information as Other Information.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

(Continued)

NORTHEAST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2025, and for the period of
July 1, 2023 through June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other Financing Sources and Uses: Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out. Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

(Continued)

NORTHEAST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2025, and for the period of
July 1, 2023 through June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting: Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the School Corporation itself.

NOTE 2 - BUDGETS

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

NOTE 3 - PROPERTY TAXES

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the School Corporation is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depositary Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

The School Corporation held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. The School Corporation did not hold investments for the period under audit.

(Continued)

NORTHEAST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2025, and for the period of
July 1, 2023 through June 30, 2025

NOTE 5 - RISK MANAGEMENT

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters. These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The School Corporation has purchased insurance to address the risks described above.

NOTE 6 - CASH BALANCE DEFICITS

The financial statement contains some funds with deficits in cash. This is a result of certain funds being set up for reimbursable grants, but for which reimbursement was not yet received by June 30, 2024, and 2025.

NOTE 7 - HOLDING CORPORATION

The School Corporation has entered into a series of capital leases with the Northeast Sullivan Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments to the lessor for the period July 1, 2023 to June 30, 2024 totaled \$868,500. Payments to the lessor for the period July 1, 2024 to June 30, 2025 totaled \$943,500.

NORTHEAST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2025, and for the period of
July 1, 2023 through June 30, 2025

NOTE 8 - PENSION PLANS

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the School Corporation authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the School Corporation authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

Teachers' Retirement Fund

Plan Descriptions

The Indiana Teachers' Hybrid Plan (TRF Hybrid) consists of two components: Indiana Teachers' Pre-1996 Defined Benefit Account (Teachers' Pre-1996 DB) or Indiana Teachers' 1996 Defined Benefit Account (Teachers' 1996 DB) the monthly employer-funded defined benefit components, along with the Indiana Teachers' Defined Contribution Account (TRF DC), the defined contribution component. Generally, members hired before 1996 participate in the Teachers' Pre-1996 DB and members hired after 1995 participate in the Teachers' 1996 DB.

(Continued)

NORTHEAST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2025, and for the period of
July 1, 2023 through June 30, 2025

NOTE 8 - PENSION PLANS (Continued)

The Teachers' 1996 DB is a cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. All legally qualified and regularly employed licensed teachers serving in State of Indiana public schools are eligible to participate in the Teachers' 1996 DB.

The Teachers' Pre-1996 DB is a pay-as-you-go, cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. Membership in the Teachers' Pre-1996 DB is closed to new entrants.

The TRF DC is a multiple-employer defined contribution plan providing supplemental retirement benefits to Teachers' 1996 DB and Teachers' Pre-1996 DB members.

The Retirement Savings Plan for Public Teachers (My Choice) is a multiple-employer defined contribution plan. New employees hired after June 30, 2019, have a one-time election to join either the TRF Hybrid plan that is not closed to new entrants or the My Choice plan.

All these plans are administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3, and IC 5-10.4) and administrative code (35 IAC 14), which govern most requirements of the system and give the School Corporation authority to contribute to the plan when applicable.

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

The School Corporation contributes the employer's share to Teachers' 1996 DB for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. These contributions are determined by the INPRS Board based on actuarial valuation. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995 (Teachers' Pre-1996 DB) is an obligation of, and is paid by, the State of Indiana.

Contributions for the defined contribution component of TRF Hybrid are determined by statute and the INPRS Board at 3 percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

(Continued)

NORTHEAST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
As of June 30, 2025, and for the period of
July 1, 2023 through June 30, 2025

NOTE 8 - PENSION PLANS (Continued)

My Choice plan is funded with employer contributions and member contributions. The employer contributions must equal the contribution rate for monthly employer-funded defined benefit components of TRF Hybrid. The amount deposited into the employer contribution subaccount for the member is the normal cost of participation. The variable rate contribution can be no less than 3 percent. Member contributions are determined by statute and the Board at 3 percent of covered payroll. The employer must make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

OTHER INFORMATION (Unaudited)

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2024

	Education	Debt Service	Retirement/ Severance Bond Debt	Operations	Local Rainy Day	2022 Construction	School Lunch	Curricular Materials Rental	Donation/Wonder Lab	Duke Energy Foundation/ Wonder Lab	Isenbarger-Wolfe Trust
Cash and investments - beginning	\$ 1,682,086	\$ 151,584	\$ 53,372	\$ 1,606,316	\$ 1,253,737	\$ 1,005,251	\$ 18,856	\$ 316,775	\$ 777	\$ 32	\$ 368,000
Receipts:											
Local sources	16,289	1,009,102	340,145	2,711,330	-	-	11,342	14,799	1,110	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	6,748,328	-	-	-	-	-	2,719	124,778	-	-	-
Federal sources	2,223	-	-	-	-	-	517,131	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	10,196	-	-	84,685	-	2,574	100	200	-	1	-
Total receipts	6,777,036	1,009,102	340,145	2,796,015	-	2,574	531,292	139,777	1,110	1	-
Disbursements:											
Instruction	4,506,417	-	-	(25,069)	127,204	-	-	-	-	-	92,277
Support services	861,272	-	-	3,087,563	49,950	-	-	52,297	-	-	-
Noninstructional services	179,869	-	-	-	-	-	528,683	-	-	-	-
Facilities acquisition and construction	-	-	-	276,572	-	850,348	-	-	-	-	-
Debt services	-	919,074	348,161	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	285,078	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,547,558	919,074	348,161	3,339,066	177,154	850,348	528,683	337,375	-	-	92,277
Excess (deficiency) of receipts over (under) disbursements	1,229,478	90,028	(8,016)	(543,051)	(177,154)	(847,774)	2,609	(197,598)	1,110	1	(92,277)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	885,000	300,000	-	26	-	-	-	-
Transfers out	(885,000)	-	-	(300,000)	(26)	-	-	-	-	-	-
Total other financing sources (uses)	(885,000)	-	-	585,000	299,974	-	26	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	344,478	90,028	(8,016)	41,949	122,820	(847,774)	2,635	(197,598)	1,110	1	(92,277)
Cash and investments - ending	\$ 2,026,564	\$ 241,612	\$ 45,356	\$ 1,648,265	\$ 1,376,557	\$ 157,477	\$ 21,491	\$ 119,177	\$ 1,887	\$ 33	\$ 275,723

(Continued)

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2024

	Pupil Medical Services	Formative Assessment	Teacher Quality Improvement Pr	Medicaid Reimbursement	Secured Schools Safety Grant	Early Intervention Grant	Career And Technical Performance Grant	Teacher Appreciation Grant	High Ability Students	State Connectivity Grant	Title I
Cash and investments - beginning	\$ 305	\$ 3,763	\$ -	\$ 70,862	\$ -	\$ 2,797	\$ 18	\$ 750	\$ 9,627	\$ 31,956	\$ (44,861)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	10,032	4,004	-	50,816	-	27	28,139	28,939	5,802	-
Federal sources	-	-	-	31,202	-	-	-	-	-	-	95,633
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	1	-	-	-	-	-	-	-	-	-	-
Total receipts	1	10,032	4,004	31,202	50,816	-	27	28,139	28,939	5,802	95,633
Disbursements:											
Instruction	-	11,861	3,906	-	-	2,797	-	27,315	22,261	-	29,982
Support services	-	-	-	2,553	41,010	-	-	-	-	1,197	20,663
Noninstructional services	-	-	-	-	-	-	-	-	-	-	126
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	11,861	3,906	2,553	41,010	2,797	-	27,315	22,261	1,197	50,771
Excess (deficiency) of receipts over (under) disbursements	1	(1,829)	98	28,649	9,806	(2,797)	27	824	6,678	4,605	44,862
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1	(1,829)	98	28,649	9,806	(2,797)	27	824	6,678	4,605	44,862
Cash and investments - ending	\$ 306	\$ 1,934	\$ 98	\$ 99,511	\$ 9,806	\$ -	\$ 45	\$ 1,574	\$ 16,305	\$ 36,561	\$ 1

(Continued)

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2024

	Title I FY 2024	Title I FY 2025	Title IV FY 2023	Title IV SY 2022- 2023	Title IV 2020- 2021	Medicaid Reimbursement- Federal	Title II Part A FY 2019	Title II FY 2022	Title II Part A	AI-Powered Pilot Grant	Esser III
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (4,874)	\$ -	\$ 919	\$ -	\$ -	\$ -	\$ (3,877)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	140,770	-	-	3,422	11,726	-	5,549	38,337	-	12,400	361,648
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	140,770	-	-	3,422	11,726	-	5,549	38,337	-	12,400	361,648
Disbursements:											
Instruction	144,468	-	-	1,453	6,852	-	125	34,302	-	-	177,035
Support services	9,445	-	-	2,334	-	-	6,342	5,234	-	12,400	141,853
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	46,324
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	153,913	-	-	3,787	6,852	-	6,467	39,536	-	12,400	365,212
Excess (deficiency) of receipts over (under) disbursements	(13,143)	-	-	(365)	4,874	-	(918)	(1,199)	-	-	(3,564)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(13,143)	-	-	(365)	4,874	-	(918)	(1,199)	-	-	(3,564)
Cash and investments - ending	\$ (13,143)	\$ -	\$ -	\$ (365)	\$ -	\$ -	\$ 1	\$ (1,199)	\$ -	\$ -	\$ (7,441)

(Continued)

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2024

	Esser II	Prepaid School Lunch Accounts	Payroll Withholdings Clearing	Payroll Withholdings Section 125	Payroll Withholdings Clearing Misc	Greene-Sullivan Cooperative	Greene-Sullivan Cooperative Para Pro Gra	American Express	Wal-Mart	Fringe Benefit	Totals
Cash and investments - beginning	\$ (4,526)	\$ 5,090	\$ (155)	\$ -	\$ -	\$ -	\$ -	\$ 5,288	\$ 99	\$ -	\$ 6,529,967
Receipts:											
Local sources	-	9,978	-	-	-	-	-	-	-	-	4,114,095
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	7,003,584
Federal sources	168,652	-	-	-	-	-	-	-	-	-	1,388,693
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	1,339,463	307,862	24,577	233,400	-	120,221	21,406	8,448	2,153,134
Total receipts	168,652	9,978	1,339,463	307,862	24,577	233,400	-	120,221	21,406	8,448	14,659,506
Disbursements:											
Instruction	144,000	-	-	-	-	-	-	-	-	-	5,307,186
Support services	-	142	-	-	-	-	-	-	-	-	4,294,255
Noninstructional services	-	11,655	-	-	-	-	-	-	-	-	720,333
Facilities acquisition and construction	20,127	-	-	-	-	-	-	-	-	-	1,193,371
Debt services	-	-	-	-	-	-	-	-	-	-	1,267,235
Nonprogrammed charges	-	-	1,339,309	307,862	24,577	233,400	-	125,509	21,182	8,448	2,345,365
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	164,127	11,797	1,339,309	307,862	24,577	233,400	-	125,509	21,182	8,448	15,127,745
Excess (deficiency) of receipts over (under) disbursements	4,525	(1,819)	154	-	-	-	-	(5,288)	224	-	(468,239)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	1,185,026
Transfers out	-	-	-	-	-	-	-	-	-	-	(1,185,026)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	4,525	(1,819)	154	-	-	-	-	(5,288)	224	-	(468,239)
Cash and investments - ending	\$ (1)	\$ 3,271	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323	\$ -	\$ 6,061,728

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2025

	Education	Debt Service	Retirement/ Severance Bond Debt	Operations	Local Rainy Day	2022 Construction	School Lunch	Curricular Materials Rental	Donation/Wonder Lab	Duke Energy Foundation/ Wonder	Isenbarger-Wolfe Trust
Cash and investments - beginning	\$ 2,026,564	\$ 241,612	\$ 45,356	\$ 1,648,265	\$ 1,376,557	\$ 157,477	\$ 21,491	\$ 119,177	\$ 1,887	\$ 33	\$ 275,723
Receipts:											
Local sources	186,329	1,044,195	345,824	2,803,451	-	-	12,855	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	7,447,871	-	-	-	-	-	3,088	-	-	-	-
Federal sources	-	-	-	-	-	-	546,403	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	5,603	-	-	-	-	-	-	-	-	-	-
Total receipts	7,639,803	1,044,195	345,824	2,803,451	-	-	562,346	-	-	-	-
Disbursements:											
Instruction	4,993,879	-	-	1,668	75,054	-	-	-	-	-	123,812
Support services	1,423,694	-	-	3,246,074	48,632	-	-	-	-	-	-
Noninstructional services	173,638	-	-	7,288	8,107	-	526,680	-	-	-	-
Facilities acquisition and construction	-	-	-	88,389	-	111,622	-	-	-	-	-
Debt services	-	984,348	339,820	12,204	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,591,211	984,348	339,820	3,355,623	131,793	111,622	526,680	-	-	-	123,812
Excess (deficiency) of receipts over (under) disbursements	1,048,592	59,847	6,004	(552,172)	(131,793)	(111,622)	35,666	-	-	-	(123,812)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	119,177	-	-	590,000	250,000	-	-	-	-	-	-
Transfers out	(590,000)	-	-	(250,000)	-	-	-	(119,177)	-	-	-
Total other financing sources (uses)	(470,823)	-	-	340,000	250,000	-	-	(119,177)	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	577,769	59,847	6,004	(212,172)	118,207	(111,622)	35,666	(119,177)	-	-	(123,812)
Cash and investments - ending	\$ 2,604,333	\$ 301,459	\$ 51,360	\$ 1,436,093	\$ 1,494,764	\$ 45,855	\$ 57,157	\$ -	\$ 1,887	\$ 33	\$ 151,911

(Continued)

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2025

	Pupil Medical Services	Formative Assessment	Teacher Quality Improvement Pr	Medicaid Reimbursement	Secured Schools Safety Grant	Early Intervention Grant	Career And Technical Performance Grant	Teacher Appreciation Grant	High Ability Students	State Connectivity Grant	Title I
Cash and investments - beginning	\$ 306	\$ 1,934	\$ 98	\$ 99,511	\$ 9,806	\$ -	\$ 45	\$ 1,574	\$ 16,305	\$ 36,561	\$ 1
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	9,743	16,790	-	129,692	-	5,703	27,981	28,536	5,582	-
Federal sources	-	-	-	21,289	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	9,743	16,790	21,289	129,692	-	5,703	27,981	28,536	5,582	-
Disbursements:											
Instruction	-	3,509	16,413	-	-	-	-	28,689	26,932	-	-
Support services	-	-	-	3,803	96,524	-	-	-	-	616	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	2,691	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,509	16,413	3,803	96,524	-	-	28,689	26,932	3,307	-
Excess (deficiency) of receipts over (under) disbursements	-	6,234	377	17,486	33,168	-	5,703	(708)	1,604	2,275	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(70,782)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(70,782)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	6,234	377	(53,296)	33,168	-	5,703	(708)	1,604	2,275	-
Cash and investments - ending	\$ 306	\$ 8,168	\$ 475	\$ 46,215	\$ 42,974	\$ -	\$ 5,748	\$ 866	\$ 17,909	\$ 38,836	\$ 1

(Continued)

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2025

	Title I FY 2024	Title I FY 2025	Title IV FY 2023	Title IV SY 2022- 2023	Title IV 2020- 2021	Medicaid Reimbursement- Federal	Title II Part A FY 2019	Title II FY 2022	Title II Part A	AI-Powered Pilot Grant	Esser III
Cash and investments - beginning	\$ (13,143)	\$ -	\$ -	\$ (365)	\$ -	\$ -	\$ 1	\$ (1,199)	\$ -	\$ -	\$ (7,441)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	107,793	99,245	4,011	12,477	-	18,450	-	2,966	32,632	-	175,002
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	107,793	99,245	4,011	12,477	-	18,450	-	2,966	32,632	-	175,002
Disbursements:											
Instruction	81,465	164,581	3,228	10,913	-	-	-	-	31,684	-	18,968
Support services	13,185	2,455	2,713	1,200	-	-	-	1,766	1,098	-	66,831
Noninstructional services	-	1,938	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	81,762
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	94,650	168,974	5,941	12,113	-	-	-	1,766	32,782	-	167,561
Excess (deficiency) of receipts over (under) disbursements	13,143	(69,729)	(1,930)	364	-	18,450	-	1,200	(150)	-	7,441
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	70,782	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	70,782	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	13,143	(69,729)	(1,930)	364	-	89,232	-	1,200	(150)	-	7,441
Cash and investments - ending	\$ -	\$ (69,729)	\$ (1,930)	\$ (1)	\$ -	\$ 89,232	\$ 1	\$ 1	\$ (150)	\$ -	\$ -

(Continued)

NORTHEAST SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES
(USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2025

	Esser II	Prepaid School Lunch Accounts	Payroll Withholdings Clearing	Payroll Withholdings Section 125	Payroll Withholdings Clearing Misc	Greene-Sullivan Cooperative	Greene-Sullivan Cooperative Para Pro Gra	American Express	Wal-Mart	Fringe Benefit	Totals
Cash and investments - beginning	\$ (1)	\$ 3,271	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323	\$ -	\$ 6,061,728
Receipts:											
Local sources	-	11,884	-	-	-	-	-	-	-	-	4,404,538
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	7,674,986
Federal sources	-	-	-	-	-	-	-	-	-	-	1,020,268
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	1,412,187	354,212	29,214	286,679	3,380	128,759	12,941	2,766	2,235,741
Total receipts	-	11,884	1,412,187	354,212	29,214	286,679	3,380	128,759	12,941	2,766	15,335,533
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	-	5,580,795
Support services	-	-	-	-	-	-	-	-	-	-	4,908,591
Noninstructional services	-	11,154	-	-	-	-	-	-	-	-	728,805
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	284,464
Debt services	-	-	-	-	-	-	-	-	-	-	1,336,372
Nonprogrammed charges	-	-	1,412,187	354,212	29,214	286,679	3,380	128,759	13,138	2,766	2,230,335
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	11,154	1,412,187	354,212	29,214	286,679	3,380	128,759	13,138	2,766	15,069,362
Excess (deficiency) of receipts over (under) disbursements	-	730	-	-	-	-	-	-	(197)	-	266,171
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	1,029,959
Transfers out	-	-	-	-	-	-	-	-	-	-	(1,029,959)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	730	-	-	-	-	-	-	(197)	-	266,171
Cash and investments - ending	\$ (1)	\$ 4,001	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126	\$ -	\$ 6,327,899

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2025

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ <u>202,039</u>	\$ <u>71,809</u>

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2025

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
NE Sullivan Multi School Bldg. 2017	NCHS Phase 1	\$ 160,000	7/15/2018	1/15/2031
NE Sullivan Multi School Bldg. 2018	Security & Priority 1 Projects	<u>508,000</u>	7/15/2019	1/15/2035
Total governmental activities		<u>668,000</u>		
Total of annual lease payments		<u>\$ 668,000</u>		

<u>Description of Debt</u>		<u>Ending Principal Balance</u>	<u>Principal Due Within One Year</u>
<u>Type</u>	<u>Purpose</u>		
Governmental activities:			
General Obligation Bonds	Pension Bonds	\$ 480,000	\$ 315,000
General Obligation Bonds	High School Track & NEEE Roof	<u>735,000</u>	<u>285,000</u>
Totals		<u>\$ 1,215,000</u>	<u>\$ 600,000</u>

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2025

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 59,017
Infrastructure	46,988
Buildings	14,753,424
Improvements other than buildings	6,738,716
Machinery, equipment, and vehicles	<u>4,103,551</u>
Total governmental activities	<u>25,701,696</u>
Total capital assets	<u><u>\$ 25,701,696</u></u>

NORTHEAST SCHOOL CORPORATION
STATE REPORTING INFORMATION
July 1, 2023 - June 30, 2025

Financial Statement and Accompanying Notes:

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.

Indiana Department of Education Reporting:

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information on the IDOE website and on the Indiana Gateway for Government Units presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period of July, 1, 2023 through June 30, 2025

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-24	Total Federal Awards Expended 06-30-25	Total Federal Awards Expended 07-01-23 to 06-30-25
<u>Department of Agriculture</u>						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY2024, FY2025	\$ 151,690	\$ 162,810	\$ 314,500
National School Lunch Program		10.555	FY2024, FY2025	365,441	383,593	749,034
Commodities		10.555	FY2024, FY2025	45,965	55,788	101,753
Total - Child Nutrition Cluster				563,096	602,191	1,165,287
Total Department of Agriculture				563,096	602,191	1,165,287
<u>Department of Education</u>						
Special Education Cluster(IDEA)						
Special Education Grants to States	Indiana Department of Education					
IDEA, Part B		84.027	22611-022-PN01	3,663	-	3,663
IDEA, Part B		84.027	H027A230084	-	4,379	4,379
IDEA, Part B		84.027	23611-022-PN01	113,562	2,019	115,581
IDEA, Part B		84.027	24611-022-PN01	223,572	49,421	272,993
IDEA, Part B		84.027	25611-022-PN01	-	234,784	234,784
COVID-19 - Supplemental Funding - IDEA, Part B		84.027X	22611-022-ARP	9,672	-	9,672
Total - Special Education Grants to States				350,469	290,603	641,072
Special Education Preschool Grants	Indiana Department of Education					
IDEA, Preschool		84.173	22619-022-PN01	428	-	428
IDEA, Preschool		84.173	23619-022-PN01	3,603	1,328	4,931
IDEA, Preschool		84.173	24619-022-PN01	9,327	2,212	11,539
IDEA, Preschool		84.173	25619-022-PN01	-	7,214	7,214
COVID-19 – Supplemental Funding – IDEA, Preschool		84.173X	22619-022-ARP	2,046	-	2,046
Total - Special Education Preschool Grants				15,404	10,754	26,158
Total - Special Education Cluster(IDEA)				365,873	301,357	667,230
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010A	S010A220014	95,633	-	95,633
Title I, Part A		84.010A	S010A230014	140,770	107,793	248,563
Title I, Part A		84.010A	S010A240014	-	99,245	99,245
Total - Title I Grants to Local Educational Agencies				236,403	207,038	443,441

(Continued)

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period of July, 1, 2023 through June 30, 2025

		Assistance	Pass-Through	Total	Total	Total
		Listing	Entity (or Other)	Federal Awards	Federal Awards	Federal Awards
		Number	Identifying	Expended	Expended	Expended
			Number	06-30-24	06-30-25	07-01-23 to 06-30-25
Federal Grantor Agency	Pass-Through Entity or Direct Grant					
Cluster Title/Program Title/Project Title						
Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II, Part A		84.367A	S367A210013	\$ 5,549	\$ -	\$ 5,549
Title II, Part A		84.367A	S367A220013	38,337	2,966	41,303
Title II, Part A		84.367A	S367A230013	-	32,631	32,631
Total - Supporting Effective Instruction State Grants				43,886	35,597	79,483
Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV, Part A		84.424	S424A210015	11,726	-	11,726
Title IV, Part A		84.424	S424A220015	3,422	12,477	15,899
Title IV, Part A		84.424	S424A230015	-	4,011	4,011
Total - Student Support and Academic Enrichment Program				15,148	16,488	31,636
COVID-19 - Education Stabilization Fund	Indiana Department of Education					
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	168,652	-	168,652
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund		84.425U	S425U210013	361,648	175,002	536,650
Total - COVID-19- Education Stabilization Fund				530,300	175,002	705,302
Total - Department of Education				1,191,610	735,482	1,927,092
<u>Department of Health and Human Services</u>						
Medicaid Cluster						
Medical Assistance Program	Family and Social Services Administration					
Medicaid		93.778	FY2024, FY2025	20,596	25,791	46,387
Total - Department of Health and Human Services				20,596	25,791	46,387
Total federal awards expended				\$ 1,775,302	\$ 1,363,464	3,138,766

See accompanying notes to the schedule of expenditure of federal awards.

NORTHEAST SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the period of July 1, 2023 through June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the period of July 1, 2023 through June 30, 2025. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The School Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - OTHER INFORMATION

The School Corporation did not have any subrecipient activity for the period of July 1, 2023 through June 30, 2025.

NOTE 4 - NON-CASH PROGRAMS (COMMODITIES)

Commodities donated to the School Corporation by the U.S. Department of Agriculture (USDA) of \$101,753 are valued based on the USDA's donated commodity price list. These are shown as part of the National School Lunch Program (10.555).

NOTE 5 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.173, 84.027X, 84.173X)

The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the cooperative.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Those Charged with Governance
Northeast School Corporation
Sullivan County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Northeast School Corporation ("School Corporation"), which comprise the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances of the School Corporation as of June 30, 2025 and for the period July 1, 2023 through June 30, 2025 and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated March 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Indianapolis, Indiana
March 12, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance
Northeast School Corporation
Sullivan County, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeast School Corporation's (School Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School Corporation's major federal programs for the period of July 1, 2023 through June 30, 2025. The School Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2023 through June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Indianapolis, Indiana
March 12, 2026

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
July 1, 2024 through June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditor’s report issued: Adverse as to GAAP, Unmodified
as to regulatory basis

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	None Reported

Noncompliance material to financial statement noted?	<u> </u>	Yes	<u> X </u>	No
---	---------------	-----	--------------	----

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	None Reported

Type of auditor’s report issued on compliance for
major programs:

COVID-19 – Education Stabilization Fund	Unmodified
Child Nutrition Cluster	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u> X </u>	Yes	<u> </u>	No
---	--------------	-----	---------------	----

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D, 84.425U	COVID-19 - Education Stabilization Fund
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
--	---------------	-----	--------------	----

(Continued)

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
July 1, 2024 through June 30, 2025

Section II – Financial Statement Findings

FINDING 2025-001

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes:
...

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, ..."

Condition: The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

Cause: Management had not established a system of internal control that would have ensured proper reporting of the AFR.

Context: The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors in the financial statement:

1. For the period July 1, 2023 to June 30, 2024, the School Corporation overstated the opening balance of the Curricular Materials Rental fund by \$111,593. A one-sided audit adjustment was posted to bring the Curricular Materials Rental fund beginning balance in line with the prior audit period's ending balance.

(Continued)

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
July 1, 2024 through June 30, 2025

Section II – Financial Statement Findings (Continued)

FINDING 2025-001 (Continued)

2. For the period July 1, 2023 to June 30, 2024, the School Corporation overstated the ending balance of the Curricular Materials Rental fund by \$285,078. An audit adjustment was posted to increase disbursements and decrease ending cash in the Curricular Materials Rental fund by \$285,078 to agree the ending cash balance in the fund with the School's fund ledger as of June 30, 2024.
3. \$ For the period July 1, 2024 to June 30, 2025, the School Corporation overstated the other financing uses balance of the Curricular Materials Rental fund by \$396,671. An audit adjustment was posted to reduce other financing uses and increase ending cash in the Curricular Materials Rental fund by \$396,671 to agree the ending cash balance in the fund with the School's fund ledger as of June 30, 2025.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the Context section.

Identification as a repeat finding, if applicable: Yes. See finding 2023-001.

Recommendation: We recommended that the School Corporation's management establish a formal review over the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the financial statement agree to the supporting fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

FINDING 2025-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

(Continued)

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
July 1, 2024 through June 30, 2025

Section II – Financial Statement Findings (Continued)

FINDING 2025-002 (Continued)

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes:

...

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the assistance listing number (ALN) or other identifying number when the ALN information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

(Continued)

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
July 1, 2024 through June 30, 2025

Section II – Financial Statement Findings (Continued)

FINDING 2025-002 (Continued)

Condition: The School Corporation has an internal control in place for a secondary review of the annual Grant Schedule submitted with the Annual Financial Report which generates the Schedule of Expenditures of Federal Awards (SEFA) for audit. The review control in place did not prevent, or detect and correct, errors in the SEFA.

Cause: Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. We noted the following errors that resulted in the understatement on the SEFA of \$695,816 for the period July 1, 2023, through June 30, 2025:

- The Child Nutrition Cluster (10.553, 10.555) expenditures were understated by \$28,586
- The Special Education Cluster (84.027, 84.027X, 84.173, 84.173X) expenditures were not included in the SEFA, causing an understatement of \$667,230

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the Context section.

Identification as a repeat finding, if applicable: Yes. See finding 2023-002.

Recommendation: We recommend that the School Corporation's management establish a formal review over the SEFA to ensure amounts reported are accurate. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

(Continued)

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
July 1, 2024 through June 30, 2025

Section III – Federal Award Findings and Questioned Costs

Finding 2025-003

Information on the federal program:

Subject: Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listing Number: 84.425U
Federal Award Numbers: S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

29 CFR 5.5 states in part:

a. The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in §5.1, the following clauses...

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics...

(3)(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency)

(Continued)

NORTHEAST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
July 1, 2024 through June 30, 2025

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2025-003 (Continued)

2 CFR 200 Appendix II states in part:

In addition to other provisions required by the Federal agency or non-Federal entity; all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable. . . .

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. . . ."

Condition: An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions – Wage Rate Requirements compliance requirements. The School Corporation did not retain the construction contract document. Therefore, the audit team could not confirm that the contract contained the appropriate Davis-Bacon wage rate requirement clause. However, the School Corporation did collect weekly payroll data.

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

Effect: The failure to design and implement an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions – Wage Rate Requirements compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation expended \$63,854 during the audit period on a construction project for the North Central High School Kitchen/Cafeteria remodel, which was charged to the ESSER III grant award (84.425U). The construction contract was not retained by the School to verify its inclusion of the Davis-Bacon clause prescribing federal wage rate requirements required for construction contracts.

Identification as a repeat finding: Yes. See finding 2023-003.

Recommendation: We recommend the School Corporation implement a formal process to ensure the contract documentation is retained and that all applicable contracts include the Davis-Bacon clause to ensure compliance with the federal wage rate requirements.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS June 30, 2025

FINDING 2025-001

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

Context: The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors in the financial statement:

1. For the period July 1, 2023 to June 30, 2024, the School Corporation overstated the opening balance of the Curricular Materials Rental fund by \$111,593. A one-sided audit adjustment was posted to bring the Curricular Materials Rental fund beginning balance in line with the prior audit period's ending balance.
2. For the period July 1, 2023 to June 30, 2024, the School Corporation understated the ending balance of the Curricular Materials Rental fund by \$285,078. An audit adjustment was posted to reduce disbursements and increase ending cash in the Curricular Materials Rental fund by \$285,078 to agree the ending cash balance in the fund with the School's fund ledger as of June 30, 2024.
3. For the period July 1, 2024 to June 30, 2025, the School Corporation overstated the other financing uses balance of the Curricular Materials Rental fund by \$396,671. An audit adjustment was posted to reduce other financing uses and increase ending cash in the Curricular Materials Rental fund by \$396,671 to agree the ending cash balance in the fund with the School's fund ledger as of June 30, 2025.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct the errors noted above.

Contact Person Responsible for Corrective Action: Angel Riley, CFO
Contact Phone Number: 812-397-5390

Views of Responsible Official: We concur with the finding.

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

Description of Corrective Action Plan: The CFO will enhance the School Corporation's review process to ensure the AFR beginning balances agree to the prior year ending balances from the audit report as well as having ending balances each year agree to the fund ledgers.

Anticipated Completion Date: 6/30/2026

FINDING 2025-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. We noted the following errors that resulted in the understatement on the SEFA of \$695,816 for the period July 1, 2023, through June 30, 2025:

- The Child Nutrition Cluster (10.553, 10.555) expenditures were understated by \$28,586
- The Special Education Cluster (84.027, 84.027X, 84.173, 84.173X) expenditures were not included in the SEFA, causing an understatement of \$667,230

FINDING 2025-002 (continued)

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

Contact Person Responsible for Corrective Action: Angel Riley, CFO

Contact Phone Number: 812-397-5390

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The CFO will enhance the School Corporation's review process to ensure the SEFA amounts agree back to supporting documentation and that the Special Education Cooperative grants are included.

Anticipated Completion Date: 6/30/2026

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

Finding 2025-003

Information on the federal program:

Subject: Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listing Number: 84.425U

Federal Award Numbers: S425U210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

Audit Findings: Material Weakness, Unmodified Opinion

Context: The School Corporation expended \$63,854 during the audit period on a construction project for the North Central High School Kitchen/Cafeteria remodel, which was charged to the ESSER III grant award (84.425U). The construction contract was not retained by the School to verify its inclusion of the Davis-Bacon clause prescribing federal wage rate requirements required for construction contracts.

Contact Person Responsible for Corrective Action: Angel Riley, CFO

Contact Phone Number: 812-397-5390

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The CFO will enhance the School Corporation's review process to ensure the wage rate documentation is obtained for the applicable contracts.

Anticipated Completion Date: 6/30/2026

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2023-001

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

Context: The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors in the financial statement:

1. For the period of July 1, 2021 to June 30, 2022, the School Corporation improperly excluded the transfer between the Operations fund and the Local Rainy Day fund for \$299,995.
2. For the period July 1, 2021 to June 30, 2022, the School Corporation understated the opening balance of the Operations fund by \$599,998
3. For the period July 1, 2021 to June 30, 2022, the School Corporation understated the opening balance of the Curricular Materials Rental fund by \$316,775.

Status: Not resolved, see finding 2025-001.

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

FINDING 2023-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. Due to the lack of effective internal controls, the following errors resulted in the understatement of the total federal awards reported on the SEFA by \$879,459 for the period July 1, 2021 through June 30, 2023:

1. The Child Nutrition Cluster was understated by \$37,932.
2. The Title II, Part A funds were understated by \$34,675.
3. The Title IV, Part A funds were understated by \$7,327.
4. The Special Education Cluster was omitted from the SEFA, which resulted in the cluster being understated by \$664,916.
5. The Medicaid Cluster was understated by \$134,609. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above

Status: Not resolved, see finding 2025-002.

FINDING 2023-003

Subject: Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listing Number: 84.425U
Federal Award Numbers: S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements Audit
Findings: Material Weakness, Qualified Opinion

Context: The School Corporation expended \$540,000 during the audit period on a construction project for the North Central High School Kitchen/Cafeteria remodel, which was charged to the ESSER III grant award (84.425U). The construction contract did include a Davis-Bacon clause prescribing federal wage rate requirements required for construction contracts. The School Corporation did not have an internal control designed to ensure compliance with the Davis-Bacon requirement. For the 1 sample item selected for testing (\$254,377), we noted that labor costs totaled \$55,299. The School Corporation did not receive the weekly payroll reports as required to ensure that pay rates complied with the federal wage rate requirements

Status: Not resolved, see finding 2025-004.

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

FINDING 2023-004

Subject: COVID-19 Education Stabilization Fund - Internal Controls
Federal Agency: Department of Education
Federal Program: Elementary and Secondary School Emergency Relief (ESSER) Fund, Elementary and Secondary School Emergency Relief (ESSER II), and Elementary and Secondary School Emergency Relief (ESSER III) Fund
Assistance Listing Number: 84.425D, 84.425U
Federal Award Number: S425D200013, S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education Compliance Requirement: Reporting Audit
Finding: Material Weakness, Qualified Opinion

Context: The Annual Data Report for the period of July 1, 2021 to June 30, 2022 was due to the Indiana Department of Education (IDOE) by April 7, 2023. The School Corporation did not submit the report.

Status: Resolved

FINDING 2023-005

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, Special Education Preschool Grants
Assistance Listings Numbers: 84.027, 84.027X, 84.173, 84.173X
Federal Award Numbers and Years (or Other Identifying Numbers): 19611-022-PN01, 20611-022-PN01, 21611-022-PN01, 22611-022-PN01, 22611-022-ARP, 23611-022-PN01, 20619-022-PN01, 21619-022-PN01, 22619-022-PN01, 22619-022-ARP, 23619-022-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance
Audit Finding: Material Weakness, Qualified Opinion

Context: The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative). During fiscal year 2021-2022 and 2022-2023, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements. The Cooperative had not designed or implemented adequate policies or procedures to determine that grant expenditures were for the excess costs of providing special education and related services to children with

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

disabilities, were in conformance with the applicable cost principles and were obligated during the award period of performance. There was no documented oversight, review, or approval process in place at the Cooperative to ensure expenditures were allowable, conformed with cost principles and were incurred during the period of performance.

The lack of internal controls was a systemic issue throughout the audit period.

Status: Resolved

FINDING 2023-006

Subject: Special Education Cluster (IDEA) – Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.027X, 84.173, 84.173X

Federal Award Numbers: 19611-022-PN01, 20611-022-PN01, 21611-022-PN01, 22611-022-PN01, 22611-022-ARP, 23611-022-PN01, 20619-022-PN01, 21619-022-PN01, 22619-022-PN01, 22619-022- ARP, 23619-022-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Qualified Opinion

Context: The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative). During fiscal year 2021-2022 and 2022-2023, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Procurement

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$250,000 unless a lower, more restrictive threshold is set by a non-Federal entity. As Indiana Code has set a more restrictive threshold of \$150,000, informal procurement methods are permitted when the value of the procurement does not exceed \$150,000. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micropurchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources.

For fiscal year 2022, three vendors, totaling \$88,772, were identified as being less than the simplified acquisition threshold of \$150,000, but exceeding the \$10,000 micro-purchase threshold. One of the three vendors was a bankcard used to pay several different vendors; however, individual determinations of amount spent by vendor could not be determined, and thus it was considered under this threshold. All three vendors were tested. For all three, the

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

Cooperative did not obtain price or rate quotes nor was there documentation detailing the history of procurement, which must include the reason for the procurement method used.

For fiscal year 2023, six vendors, totaling \$264,106, were identified as being less than the simplified acquisition threshold of \$150,000, but exceeding the \$10,000 micro-purchase threshold. One of the six vendors was a bankcard used to pay several different vendors; however, individual determinations of amount spent by vendor could not be determined, and thus it was considered under this threshold. All six vendors were tested. For five of the six, totaling \$252,906, the Cooperative did not obtain price or rate quotes nor was there documentation detailing the history of procurement, which must include the reason for the procurement method used.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

Suspension and Debarment

Prior to entering into subawards and covered transactions with federal award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include but are not limited to contracts for goods and services awarded under a non-procurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAMs exclusions, collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the Cooperative disclosed they relied on a clause to be included in the vendor contracts to ensure compliance. Two covered transactions that equaled or exceeded \$25,000 were identified. Both transactions, totaling \$192,218, were selected for testing. One of the two transactions, totaling \$44,883, included the appropriate clause. For the other vendor, the Cooperative did not verify the vendor's suspension and debarment status prior to payment.

The lack of internal controls and noncompliance regarding suspension and debarment were isolated to fiscal year 2023.

Status: Resolved

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

FINDING 2023-007

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.027X, 84.173, 84.173X Federal Award Numbers: 19611-022-PN01, 20611-022-PN01, 21611-022-PN01, 22611-022-PN01, 22611-022-ARP, 23611-022-PN01, 20619-022-PN01, 21619-022-PN01, 22619-022-PN01, 22619-022- ARP, 23619-022-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Qualified Opinion

Context: The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Reporting compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the reporting requirements. The Cooperative had not designed or implemented adequate policies or procedures to determine that requests for reimbursement were submitted accurately and agreed to supporting documentation. There was a documented oversight, review, and approval process in place; however, the Cooperative did not adequately ensure that proper procedures were followed. For fiscal year 2022, 51 Reimbursement Reports were tested. 14 Reimbursement Reports could not be traced to unit ledgers for expenditures, and 21 Reports did not have appropriate supporting documentation. For fiscal year 2023, 23 Reimbursement Reports were tested. Three Reimbursements Report did not agree to supporting documentation, and key line items could not be verified.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

Status: Resolved

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources



Northeast School Corporation

620 North Washington Street
Shelburn, IN 47879

P: (812) 397-5390
F: (812) 397-2886

FINDING 2023-008

Subject: Special Education Cluster (IDEA) - Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
Assistance Listings Number: 84.027
Federal Award Numbers: 22611-022-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Significant Deficiency

Context: The School Corporation is a member of the Greene Sullivan Special Education Cooperative (Cooperative). During fiscal year 2022-2023, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

Although the Cooperative has a separate object code to identify expenditures for the purpose of proportionate share, there is no identifier or separate way to track which member school the funding was expended for. As such, the Non-Public Proportionate Share expenditures for the 22611-022-PN01 grant award could not be verified for the individual member schools. Additionally, the Cooperative did not obtain a waiver from the Indiana Department of Education for the 22611-022-PN01 grant award, no waiver was obtained, and the amounts spent could not be traced to documentation that indicated which member school the expenditure was applied to. Also, the total amount expended for proportionate share was less than the total amount required when all member school proportionate share requirements were totaled.

The lack of internal controls and noncompliance were isolated to the 22611-022-PN01 grant award. The minimum earmarking requirement for the 22611-022-PN01 grant award was \$1,620.

Status: Resolved

WWW.NESC.K12.IN.US

Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources