

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CONCORD COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
03/22/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laurie J. Gregory James Evans	07-01-20 to 01-07-22 01-08-22 to 06-30-23
Superintendent of Schools	Daniel W. Funston	07-01-20 to 06-30-23
President of the School Board	Kami E. Wait	07-01-20 to 06-30-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CONCORD COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

This report is supplemental to our audit report of the Concord Community Schools (School Corporation), for the period from July 1, 2020 to June 30, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

March 2, 2023

CONCORD COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

The School Corporation had not established effective internal controls to ensure the accurate reporting of its Other Information in the Annual Financial Report (AFR).

*Schedule of Capital Assets*

The Schedule of Capital Assets was understated by a material amount, as the capital asset listing was not properly updated as of June 30, 2022. The School Corporation did not present the Schedule of Capital Assets in the Financial Statement Audit Report.

*Schedule of Leases and Debt*

1. The Konica Copier and Printer annual lease payment was understated by \$12,277.
2. The General Obligations Bond 2020 Ending Principal Balance was overstated by \$430,000, and Principal and Interest Due Within One Year was overstated by \$5,077,525.

Adjustments to the Schedule of Leases and Debt were proposed, accepted by the School Corporation, and made to the schedule presented in the Financial Statement Audit Report.

*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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CONCORD COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CAPITAL ASSETS**

*Condition and Context*

The School Corporation had a detailed capital asset ledger; however, as of June 30, 2022, the ledger had not been updated to include all assets purchased during the audit period.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**REFERENDUM RESTRICTIONS AND ADVANCE PAYMENT**

*Condition and Context*

In March 2021, the School Corporation entered into an agreement with a consultant to provide advisory and consultation services for the School Corporation's operating fund referendum. The agreement stated: "it shall commence on March 15, 2021 and expire on November 15, 2021, unless earlier terminated as provided herein." The agreement stated the consultant would be paid \$40,500. On May 17, 2021, the consultant was paid the full contract amount for services that had not yet been provided.

*Criteria*

Indiana Code 20-46-1-20 states:

"(a) Except as otherwise provided in this section, during the period beginning with the adoption of a resolution by the governing body of a school corporation to place a referendum under this chapter on the ballot and continuing through the day on which the referendum is submitted to the voters, the school corporation may not promote a position on the referendum by doing any of the following:

- (1) Using facilities or equipment, including mail and messaging systems, owned by the school corporation to promote a position on the referendum, unless equal access to the facilities or equipment is given to persons with a position opposite to that of the school corporation.
- (2) Making an expenditure of money from a fund controlled by the school corporation to promote a position on the referendum.
- (3) Using an employee to promote a position on the referendum during the employee's normal working hours or paid overtime, or otherwise compelling an employee to promote a position on the referendum at any time. However, if a person described in subsection (d) is advocating for or against a position on the referendum or discussing the referendum as authorized under subsection (d), an employee of the school corporation may assist the person in presenting information on the referendum, if requested to do so by the person described in subsection (d).

- (4) Promoting a position on the referendum by:

CONCORD COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

(A) using students to transport written materials to their residences or in any way involving students in a school organized promotion of a position;

(B) including a statement within another communication sent to the students' residences; or

(C) initiating discussion of the referendum at a meeting between a teacher and parents of a student regarding the student's performance or behavior at school. However, if the parents initiate a discussion of the referendum at the meeting, the teacher may acknowledge the issue and direct the parents to a source of factual information on the referendum.

However, this section does not prohibit an official or employee of the school corporation from carrying out duties with respect to a referendum that are part of the normal and regular conduct of the official's or employee's office or agency, including the furnishing of factual information regarding the referendum in response to inquiries from any person.

(b) The staff and employees of a school corporation may not personally identify a student as the child of a parent or guardian who supports or opposes the referendum.

(c) This subsection does not apply to:

(1) a personal expenditure to promote a position on a local public question by an employee of a school corporation whose employment is governed by a collective bargaining contract or an employment contract; or

(2) an expenditure to promote a position on a local public question by a person or an organization that has a contract or an arrangement (whether formal or informal) with the school corporation solely for the use of the school corporation's facilities.

A person or an organization that has a contract or arrangement (whether formal or informal) with a school corporation to provide goods or services to the school corporation may not spend any money to promote a position on the petition or remonstrance. A person or an organization that violates this subsection commits a Class A infraction.

(d) Notwithstanding any other law, an elected or appointed school board member or a school corporation superintendent, school corporation assistant superintendent, or chief school business official of a school corporation may at any time:

(1) personally advocate for or against a position on a referendum; or

(2) discuss the referendum with any individual, group, or organization or personally advocate for or against a position on a referendum before any individual, group, or organization; so long as it is not done by using public funds. Advocacy or discussion allowed under this subsection is not considered a use of public funds. However, this subsection does not authorize or apply to advocacy or discussion by a school board member, superintendent, assistant superintendent, or school business official to or with students that occurs during the regular school day.

(e) A student may use school equipment or facilities to report or editorialize about a local public question as part of the news coverage of the referendum by a student newspaper or broadcast."

CONCORD COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)



**CONCORD COMMUNITY SCHOOLS**

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Mr. Dan Funston, Superintendent

**OFFICIAL RESPONSE**

March 10, 2023

Indiana State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765  
Email: [officialresponse@sboa.in.gov](mailto:officialresponse@sboa.in.gov)

RE: Audit of Concord Community Schools  
July 1, 2020 to June 30, 2022  
Supplemental Compliance Report

Dear Sir/Madam:

On behalf of Concord Community Schools ("Concord"). Please consider this as Concord's response to certain items in the Supplemental Compliance Report (the "Report").

Under the heading titled "CAPITAL ASSETS" it is noted that a ledger had not been updated. During the audit period the owner of the firm that has done Concord's capital asset inventory passed away. The new owner of the firm worked diligently to continue his own work with the firm while trying to take on the additional work that was left undone.

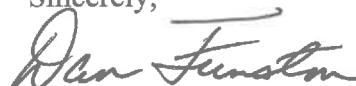
Under the heading titled "REFERENDUM RESTRICTIONS AND ADVANCE PAYMENT" it is asserted that Concord paid for services not yet rendered in connection with its agreement with Steve Klink of First Tuesday Communications ("First Tuesday"). There is a sub-heading titled "Condition and Context" which includes a statement that Concord entered into an agreement in March of 2021 and made a payment in full on April 1 for services that had not been provided. Those dates appear to be taken from a proposal that was made by First Tuesday. The agreement in question was not effective until it was approved at a meeting of Concord's Board of School Trustee's held in May of 2021. The payment in question was not received by First Tuesday until May 14, 2021, by which time all of its services to Concord had been provided. Submitted with this Official Response is a file which contains a letter from Steve Klink of First Tuesday. His letter confirms that of all the services for which the May 14 payment was made were performed prior to that date. The statement in the Report is therefore not accurate.

Concord further objects to the inclusion in the Report, under the sub-heading "Criteria", of the full text of Section 20-46-1-20 of the Indiana Code. The provisions of that Section pertain

to the permissible conduct and expenditures of a school corporation after the adoption of a resolution requesting that an operating referendum be placed on an election ballot. Concord's Board of School Trustees adopted the resolution regarding its operating referendum on July 12, 2021. As noted above, Concord's expenditure occurred in May. The implication that Concord violated the cited statute is false and misleading, and the inclusion of the text of the statute in the Report is inappropriate.

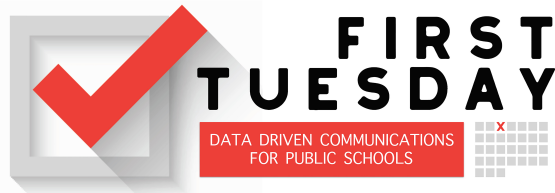
The payment made to First Tuesday was not, in fact, a payment for services not yet performed. It was not contrary to the provisions of Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, and the portion titled "REFERENDUM RESTRICTIONS AND ADVANCE PAYMENT" should not be included in the Report.

Sincerely,



Dan Funston  
Superintendent

cc: Leah Kuipers  
Jim Evans  
Randy Hesser



March 10, 2023

Dear Auditors with the Indiana State Board of Accounts,

I am writing to address the recent findings related to our company, First Tuesday Communications, that state "on April 1, 2021, the consultant was paid in full for services that had not yet been provided." I would like to clarify that this statement is not true, as an audit of the checking account for the school district would show that we did not receive payment until May 14, 2021.

During the three months prior to our payment, Concord Community Schools had received \$40,500 worth of services. The following services were completed to the extent of fulfilling the contract obligations before the May 14, 2021 date:

1. Work with the School Corporation representatives to establish campaign plan, budget and timelines;
2. Advise and communicate with stakeholders, including but not limited to committee and subcommittee members, volunteers, and the School Corporation representatives about the referendum campaign process, procedures and message;
3. Attend meetings with the School Corporation representatives and committee and subcommittee meetings as coordinated with the School Corporation;
4. Preparation and evaluation of polling data;
5. Meeting with the School Corporation at mutually agreeable times and provide training on proper communication and action based on evaluation of polling data; and
6. Coordinate campaign equipment, facilities and voter database.

During this same time period, we began to the extent we could until the campaign committee took over:

1. Establish and meet with referendum committee leadership subject to approval of the School Corporation's Superintendent;
2. Assist in development and proposal of campaign materials, including earned media, subject to approval of the School Corporation's Superintendent;
3. Serve as a liaison between the School Corporation and the committee/ subcommittee(s) leadership;
4. Creation of campaign calendar;
5. Line up contribution sourcing;
6. Provided many other materials including a superintendent's presentation consisting of graphics, photos we took during tours of all schools, messaging, and a script that covered 96 slides and builds.

118 ½ N 3RD ST, LAFAYETTE, INDIANA 47901

During this three-month period, our paid project manager assigned exclusively to Concord had over \$10,000 in payroll. This plus additional services provided by graphics designer and myself exceeded the agreed amount.

In summary, the school received \$40,500 in services in that three-month period, and the campaign paid additional expenses through November.

I hope this additional information provides clarification and clears up any confusion. We take our work with schools and communities very seriously, and we always strive to provide the highest level of service and transparency.

If you have any further questions or require any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Steve J. Klink". The signature is written in a cursive, flowing style.

Steve Klink  
Principal  
First Tuesday Communication  
Lafayette, IN  
765-426-0655

[steve@referendum.expert](mailto:steve@referendum.expert)

CONCORD COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on March 2, 2023, with James Evans, Treasurer; Courtney Boots, Deputy Treasurer; Daniel W. Funston, Superintendent of Schools; Kami E. Wait, President of the School Board; Tim Yoder, School Board member; Tara Towner, School Board member; and Jennifer Davis, School Board member.