



VIRGINIA BEACH CITY PUBLIC SCHOOLS

CHARTING THE COURSE

MEMORANDUM

DATE: September 10, 2019 *JP*

TO: Audit Committee of the School Board of the City of Virginia Beach

FROM: Terrie L. Pyeatt, CPA
Director, Office of Internal Audit

SUBJECT: **FY19 School Activity Funds Audit**

We have audited the accompanying statement of cash receipts and disbursements of the Virginia Beach City Public Schools' (VBCPS) activity funds for the year ended June 30, 2019. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Government Auditing Standards also require that we consider internal controls over financial reporting and compliance with requirements of laws, regulations, contracts, and grants. The management of VBCPS is responsible for establishing and maintaining effective internal controls. In planning and performing our audit, we considered VBCPS's internal control over compliance with requirements that could have a direct and material effect on the financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving control over financial reporting and its operation that we consider to be material weaknesses.

As described in Note 1, VBCPS prepares the school activity funds financial statement on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The principal of each school is responsible for the financial records, maintained on a cash basis, which reflect the receipt and disbursement transactions of the school activity funds.

In our opinion, the financial statement included in this report presents fairly, in all material respects, the school activity funds cash balance as of June 30, 2019, and the recorded cash transactions for the year then ended using the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

cc: Ms. Crystal M. Pate, Director, Office of Business Services
Mr. Farrell E. Hanzaker, Chief Financial Officer

Mrs. Shirann C. Lewis, Senior Executive Director of Elementary Schools
Mrs. Cheryl R. Woodhouse, Senior Executive Director of Middle Schools
Mr. Daniel F. Keever, Senior Executive Director of High Schools
Dr. Donald E. Robertson, Jr., Chief Schools Officer

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
High Schools:				
Bayside High School	\$ 123,849	457,019	473,974	106,894
First Colonial High School	90,185	447,197	456,468	80,914
Floyd E. Kellam High School	300,845	861,577	759,824	402,598
Frank W. Cox High School	369,703	809,050	948,918	229,835
Green Run High School	94,491	419,323	407,429	106,385
Kempsville High School	146,272	372,000	348,662	169,610
Landstown High School	126,724	424,199	370,274	180,649
Ocean Lakes High School	179,285	626,352	640,345	165,292
Princess Anne High School	127,940	536,674	491,112	173,502
Salem High School	172,535	419,804	424,255	168,084
Tallwood High School	176,367	522,618	504,312	194,673
Subtotal	1,908,196	5,895,813	5,825,573	1,978,436
Middle Schools:				
Bayside Middle School	9,582	52,164	54,675	7,071
Bayside 6th Grade Campus	3,098	11,580	12,602	2,076
Brandon Middle School	21,126	86,360	89,276	18,210
Corporate Landing Middle School	40,628	121,885	131,363	31,150
Great Neck Middle School	22,317	101,332	102,961	20,688
Independence Middle School	57,316	126,363	123,894	59,785
Kempsville Middle School	25,481	112,786	114,502	23,765
Landstown Middle School	61,493	131,164	110,846	81,811
Larkspur Middle School	54,704	117,390	124,850	47,244
Lynnhaven Middle School	40,856	94,647	111,963	23,540
Old Donation School	66,015	218,746	230,032	54,729
Plaza Middle School	40,328	100,130	98,468	41,990
Princess Anne Middle School	77,329	175,424	171,599	81,154
Salem Middle School	35,226	105,319	103,856	36,689
Virginia Beach Middle School	22,373	85,899	91,405	16,867
Subtotal	577,872	1,641,189	1,672,292	546,769
Elementary Schools:				
Alanton Elementary School	24,532	63,540	45,924	42,148
Arrowhead Elementary School	18,327	36,912	26,679	28,560
Bayside Elementary School	14,473	23,084	20,519	17,038
Bettie F. Williams Elementary School	7,271	27,738	27,700	7,309
Birdneck Elementary School	23,251	32,265	24,225	31,291
Brookwood Elementary School	16,788	65,116	54,541	27,363
Centerville Elementary School	21,353	38,425	47,915	11,863
Christopher Farms Elementary School	19,179	34,063	33,882	19,360
College Park Elementary School	18,089	36,155	39,125	15,119
Corporate Landing Elementary School	11,372	27,683	27,047	12,008
Creeds Elementary School	24,064	46,370	48,672	21,762
Diamond Springs Elementary School	3,926	19,258	14,838	8,346
Fairfield Elementary School	9,661	29,964	25,394	14,231
Glenwood Elementary School	24,881	68,090	61,334	31,637
Green Run Elementary School	6,484	19,962	19,673	6,773

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Elementary Schools, continued:				
Hermitage Elementary School	\$ 12,685	34,787	31,458	16,014
Holland Elementary School	7,247	22,283	21,302	8,228
Indian Lakes Elementary School	13,888	39,033	32,992	19,929
John B. Dey Elementary School	36,388	47,350	39,665	44,073
Kempsville Elementary School	17,415	23,999	22,446	18,968
Kempsville Meadows Elementary School	11,979	25,445	24,050	13,374
King's Grant Elementary School	34,367	33,744	36,533	31,578
Kingston Elementary School	12,173	60,501	54,983	17,691
Landstown Elementary School	16,426	47,319	48,878	14,867
Linkhorn Park Elementary School	27,484	44,551	56,166	15,869
Luxford Elementary School	9,336	21,165	25,281	5,220
Lynnhaven Elementary School	7,183	28,135	33,887	1,431
Malibu Elementary School	10,812	21,571	20,198	12,185
New Castle Elementary School	15,080	39,027	29,543	24,564
Newtown Elementary School	14,105	28,211	34,662	7,654
North Landing Elementary School	25,096	56,261	66,428	14,929
Ocean Lakes Elementary School	10,737	44,762	38,618	16,881
Parkway Elementary School	5,828	14,987	18,488	2,327
Pembroke Elementary School	53,987	34,217	35,384	52,820
Pembroke Meadows Elementary School	26,706	57,410	52,261	31,855
Point O'View Elementary School	12,693	48,620	48,424	12,889
Princess Anne Elementary School	16,184	51,630	44,292	23,522
Providence Elementary School	16,642	34,612	37,381	13,873
Red Mill Elementary School	24,295	111,073	110,789	24,579
Rosemont Elementary School	2,531	13,835	12,515	3,851
Rosemont Forest Elementary School	28,218	42,315	54,565	15,968
Salem Elementary School	17,344	26,879	20,862	23,361
Seatack Elementary School	14,987	27,629	26,345	16,271
Shelton Park Elementary School	18,743	36,661	42,076	13,328
Strawbridge Elementary School	25,207	33,772	35,307	23,672
Tallwood Elementary School	13,557	42,575	35,504	20,628
Thalia Elementary School	16,029	49,374	40,949	24,454
Thoroughgood Elementary School	67,880	49,185	66,022	51,043
Three Oaks Elementary School	41,489	65,912	42,018	65,383
Trantwood Elementary School	26,762	49,726	50,393	26,095
W. T. Cooke Elementary School	21,866	45,122	41,232	25,756
White Oaks Elementary School	13,690	34,214	29,027	18,877
Windsor Oaks Elementary School	8,075	38,475	37,920	8,630
Windsor Woods Elementary School	10,981	20,610	21,079	10,512
Woodstock Elementary School	14,460	46,075	50,891	9,644
Subtotal	1,024,206	2,161,677	2,088,282	1,097,601

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Other Schools:				
Adult Learning Center	\$ 174,361	411,771	379,075	207,057
Advanced Technology Center	59,082	96,958	97,231	58,809
Renaissance Academy	36,203	33,890	37,438	32,655
Technical and Career Education Center	196,254	191,930	160,872	227,312
Subtotal	465,900	734,549	674,616	525,833
Total	\$ 3,976,174	10,433,228	10,260,763	4,148,639

NOTE TO THE FINANCIAL STATEMENT

NOTE 1 – Reporting Entity

Nature of Activities

The Commonwealth of Virginia requires that school activity funds be audited at least once a year by a duly qualified accountant or accounting firm approved by the local school board. School activity funds are comprised of numerous extracurricular school activities, groups, and clubs existing in the schools for the benefit of the students. The principal at each school is responsible for the records that are maintained for each fund.

Significant Accounting Policy

The financial statement has been prepared on the cash receipts and disbursements basis of accounting. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from accounting principles generally accepted in the United States of America primarily because the effects of outstanding receivables and payables at the date of the financial statement are not included in the financial statement.

Cash

Each principal and bookkeeper must establish a bank account in the name of the School Board of the City of Virginia Beach and the school name using the School Board's Federal Identification Number. This shall be the account for all school activities and all school activity funds. The account should be an interest-bearing checking account. Each principal is also authorized to open a savings account or a certificate of deposit in the name of the school. During the audit period, there were no significant violations of those provisions.

The bank balances were collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks.