




MEMORANDUM

DATE: February 19, 2021

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

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

**SUBJECT: Change in Principal School Activity Funds Audit
Landstown High School**

We have audited the accompanying statement of cash receipts and disbursements of the school activity funds for Landstown High School for the six-month period from July 1, 2020 to December 31, 2020. 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. Management is responsible for establishing and maintaining effective internal controls. In planning and performing our audit, we considered 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, Landstown High School 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 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 for Landstown High School as of December 31, 2020, and the recorded cash transactions for the six-month period then ended using the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

cc: Dr. Paula Johnson, Principal
Mrs. Cheryl R. Woodhouse, Senior Executive Director of High Schools
Dr. Donald E. Robertson, Jr., Chief Schools Officer

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

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Six-Month Period Ended December 31, 2020

Account Group	Balance 7/1/2020	Cash Receipts	Cash Disbursements	Net Transfers	Balance 12/31/2020
Administrative Accounts	\$ 48,559	3,288	499	(5,851)	45,497
Virginia High School League Accounts	7,433	55	2,331	-	5,157
Club and Student Activity Accounts	52,400	2,487	10,800	4,852	48,939
Athletic Accounts	16,251	1,549	1,549	-	16,251
Departmental Accounts	21,499	7,817	2,863	984	27,437
VBCPS Accounts	870	4,741	3,886	-	1,725
Class/Scholarship/Grant Accounts	39,149	19,525	9,768	15	48,921
Clearing Accounts	-	161	411	-	(250)
Total	\$ 186,161	39,623	32,107	-	193,677
Bank Interest	\$ 119	10	-	-	129
Pictures	11,108	-	-	(144)	10,964
Staff Welfare	3,010	-	-	-	3,010
Supply Store	6,806	571	-	-	7,377
Copier	3	-	-	-	3
Donations/Contributions	8	95	-	(15)	88
Office Depot Rebate	761	-	-	-	761
School-Wide Fundraisers	110	-	-	-	110
Parking	24,061	-	499	(4,708)	18,854
Procurement Card Rebate	2,573	1,628	-	-	4,201
PTA/PTSA	-	984	-	(984)	-
Administrative Accounts	48,559	3,288	499	(5,851)	45,497
Literary Art Magazine	138	-	-	-	138
Newspaper	52	-	-	-	52
Yearbook	7,243	55	2,331	-	4,967
Virginia High School League Accounts	7,433	55	2,331	-	5,157
Student Activities	3,210	-	7,708	4,708	210
Student Council Association	14,808	542	539	-	14,811
Student Recognition	(1,500)	1,500	665	144	(521)
Asian Pacific Islander Cultural Society Club	881	-	-	-	881
Anime Club	23	-	-	-	23
Band Club	12	-	-	-	12
Best Buddies	150	-	-	-	150
Biology Club	19	-	-	-	19
DECA	6,541	89	337	-	6,293
Dance Team	14	-	-	-	14
Environmentally Conscious Organization Club	19	-	-	-	19
Future Business Leaders of America Club	130	-	-	-	130
Family, Career and Community Leaders of America	3,150	156	156	-	3,150
German Club	43	-	-	-	43
Interact Club	248	-	-	-	248
Japanese Club	388	-	-	-	388
Latin Club	64	-	-	-	64
Leadership Skills	268	-	-	-	268
Model United Nations	183	-	-	-	183
Mu Alpha Theta/Math Honor Society	70	-	-	-	70
Minority Student Union	22	-	-	-	22
Musical Productions	2,636	-	-	-	2,636
National Honor Society	886	-	556	-	330
National English Honor Society	1,267	-	-	-	1,267
Rho Kappa Honor Society	1,144	-	-	-	1,144
National French Honor Society	522	-	185	-	337
National German Society	152	-	-	-	152
National Medical Honor Society	414	-	-	-	414
National Art Honor Society	690	-	-	-	690
National Technology Honor Society	244	-	-	-	244
Tri-M-Chorus	83	-	83	-	-
Operation Smile Club	311	-	66	-	245
Remotely Operated Vehicle Team	(200)	200	-	-	-

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONT.
For the Six-Month Period Ended December 31, 2020

Student to Student	\$ 195	-	-	-	195
Spanish Club	140	-	-	-	140
Spanish Honor Society	178	-	-	-	178
Science Club	109	-	-	-	109
Technology Student Association	12,843	-	505	-	12,338
Thespians/Theater Club	2,043	-	-	-	2,043
Club and Student Activity Accounts	52,400	2,487	10,800	4,852	48,939
Athletics Reimbursement	-	1,549	1,549	-	-
Basketball	2,120	-	-	-	2,120
Field Hockey	1,280	-	-	-	1,280
Football	1,303	-	-	-	1,303
Gymnastics	456	-	-	-	456
Softball	4,013	-	-	-	4,013
Track	1,650	-	-	-	1,650
Volleyball	163	-	-	-	163
Swimming	4,195	-	-	-	4,195
Cheerleaders	851	-	-	-	851
General Athletics	(253)	-	-	-	(253)
Cross Country	473	-	-	-	473
Athletic Accounts	16,251	1,549	1,549	-	16,251
Instructional Materials	6	-	-	-	6
Library	3,501	66	13	-	3,554
Physical Education	1,465	42	-	-	1,507
Special Education	4,006	-	-	-	4,006
Band	78	44	64	-	58
Chorus	855	-	103	-	752
Teen Living	292	-	-	-	292
Technology Education	9,680	-	-	-	9,680
Foreign Language	60	-	-	-	60
Family and Consumer Science	1,640	-	-	-	1,640
Computer Supplies	-	-	984	984	-
Field Trips	(8,905)	6,165	-	-	(2,740)
College Board Tests	8,318	1,500	1,500	-	8,318
Technology Academy	1	-	-	-	1
Drama	502	-	199	-	303
Departmental Accounts	21,499	7,817	2,863	984	27,437
Drivers Education	(630)	3,360	2,730	-	-
Virtual Virginia	(150)	-	-	-	(150)
Calculator/Heart Monitor-Lost/Damaged	700	-	-	-	700
Technology	650	1,381	1,035	-	996
Textbooks-Lost	300	-	121	-	179
VBCPS Accounts	870	4,741	3,886	-	1,725
Senior Class	(1,667)	9,025	5,131	5	2,232
Junior Class	(2,715)	-	-	5	(2,710)
Sophomore Class	894	-	-	5	899
Freshman Class	500	-	-	-	500
Alumni	22,434	-	2,396	-	20,038
Virginia Beach Education Foundation Grants	9	7,000	241	-	6,768
Outside Organization Grants	3,226	-	-	-	3,226
NJROTC Federal Program	6,497	3,500	2,000	-	7,997
Pepsi Scholarship	8,400	-	-	-	8,400
Class/Club Scholarships	1,571	-	-	-	1,571
Class/Scholarship/Grant Accounts	39,149	19,525	9,768	15	48,921
Change	-	-	250	-	(250)
Clearing	-	161	161	-	-
Clearing Account	-	161	411	-	(250)
Total	\$ 186,161	39,623	32,107	-	193,677

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 Board Policy 3-46 Audits requires that a special audit of individual school accounts be conducted whenever there is a change in principal or bookkeeper or at the request of the Audit Committee. 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

The 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. The 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.