



VIRGINIA BEACH CITY PUBLIC SCHOOLS

CHARTING THE COURSE

MEMORANDUM

DATE: September 28, 2020

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

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

SUBJECT: **FY20 School Activity Funds Audit**

We have audited the accompanying statement of cash receipts and disbursements of the school activity funds for Virginia Beach City Public Schools (VBCPS) for the year ended June 30, 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. The management of VBCPS 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, 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, 2020, 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
Dr. James J. Smith, Senior Executive Director of Middle Schools
Mrs. Cheryl R. Woodhouse, 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, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
High Schools:				
Bayside High School	\$ 106,894	376,246	369,959	113,181
First Colonial High School	80,914	243,158	227,490	96,582
Floyd E. Kellam High School	402,598	486,952	538,425	351,125
Frank W. Cox High School	229,835	503,364	565,415	167,784
Green Run Collegiate	18,264	49,848	46,031	22,081
Green Run High School	106,385	351,892	360,672	97,605
Kempsville High School	169,610	294,070	295,343	168,337
Landstown High School	180,649	324,470	318,958	186,161
Ocean Lakes High School	165,292	483,861	436,822	212,331
Princess Anne High School	173,502	424,624	416,411	181,715
Salem High School	168,084	385,568	381,581	172,071
Tallwood High School	194,673	335,843	326,894	203,622
Subtotal	1,996,700	4,259,896	4,284,001	1,972,595
Middle Schools:				
Bayside Middle School	7,071	34,762	36,811	5,022
Bayside 6th Grade Campus	2,076	9,019	7,540	3,555
Brandon Middle School	18,210	70,410	65,273	23,347
Corporate Landing Middle School	31,150	69,607	56,705	44,052
Great Neck Middle School	20,688	72,898	67,848	25,738
Independence Middle School	59,785	95,321	91,116	63,990
Kempsville Middle School	23,765	86,177	79,636	30,306
Landstown Middle School	81,811	103,718	92,279	93,250
Larkspur Middle School	47,244	87,253	85,070	49,427
Lynnhaven Middle School	23,540	59,032	55,116	27,456
Old Donation School	54,729	111,057	116,267	49,519
Plaza Middle School	41,990	102,049	90,844	53,195
Princess Anne Middle School	81,154	160,893	160,565	81,482
Salem Middle School	36,689	68,657	58,010	47,336
Virginia Beach Middle School	16,867	48,806	49,445	16,228
Subtotal	546,769	1,179,659	1,112,525	613,903
Elementary Schools:				
Alanton Elementary School	42,148	41,966	26,536	57,578
Arrowhead Elementary School	28,560	21,988	17,438	33,110
Bayside Elementary School	17,038	27,196	27,180	17,054
Bettie F. Williams Elementary School	7,309	16,229	16,479	7,059
Birdneck Elementary School	31,291	14,678	9,215	36,754
Brookwood Elementary School	27,363	35,625	42,164	20,824
Centerville Elementary School	11,863	28,796	18,969	21,690
Christopher Farms Elementary School	19,360	17,195	24,146	12,409
College Park Elementary School	15,119	24,903	23,780	16,242
Corporate Landing Elementary School	12,008	16,220	13,029	15,199
Creeds Elementary School	21,762	33,877	28,254	27,385
Diamond Springs Elementary School	8,346	7,364	9,982	5,728
Fairfield Elementary School	14,231	19,550	26,520	7,261
Glenwood Elementary School	31,637	50,561	44,369	37,829
Green Run Elementary School	6,773	8,391	6,956	8,208

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED
For the Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Elementary Schools, continued:				
Hermitage Elementary School	\$ 16,014	13,629	11,052	18,591
Holland Elementary School	8,228	14,220	12,628	9,820
Indian Lakes Elementary School	19,929	22,834	20,974	21,789
John B. Dey Elementary School	44,073	28,919	15,894	57,098
Kempsville Elementary School	18,968	8,961	11,395	16,534
Kempsville Meadows Elementary School	13,374	15,318	8,620	20,072
King's Grant Elementary School	31,578	27,919	30,018	29,479
Kingston Elementary School	17,691	39,558	31,441	25,808
Landstown Elementary School	14,867	44,277	33,825	25,319
Linkhorn Park Elementary School	15,869	49,642	35,369	30,142
Luxford Elementary School	5,220	30,039	24,308	10,951
Lynnhaven Elementary School	1,431	18,995	12,017	8,409
Malibu Elementary School	12,185	14,302	14,153	12,334
New Castle Elementary School	24,564	39,674	30,809	33,429
Newtown Elementary School	7,654	18,088	17,023	8,719
North Landing Elementary School	14,929	28,675	29,226	14,378
Ocean Lakes Elementary School	16,881	29,841	18,500	28,222
Parkway Elementary School	2,327	36,164	32,603	5,888
Pembroke Elementary School	52,820	27,963	24,193	56,590
Pembroke Meadows Elementary School	31,855	17,678	17,376	32,157
Point O'View Elementary School	12,889	29,164	27,841	14,212
Princess Anne Elementary School	23,522	59,039	40,934	41,627
Providence Elementary School	13,873	36,967	16,409	34,431
Red Mill Elementary School	24,579	75,977	69,960	30,596
Rosemont Elementary School	3,851	18,453	14,472	7,832
Rosemont Forest Elementary School	15,968	35,981	20,008	31,941
Salem Elementary School	23,361	22,273	16,556	29,078
Seatack Elementary School	16,271	15,755	13,555	18,471
Shelton Park Elementary School	13,328	26,872	13,814	26,386
Strawbridge Elementary School	23,672	17,080	20,806	19,946
Tallwood Elementary School	20,628	31,181	33,015	18,794
Thalia Elementary School	24,454	28,373	32,889	19,938
Thoroughgood Elementary School	51,043	19,639	17,521	53,161
Three Oaks Elementary School	65,383	32,068	24,242	73,209
Trantwood Elementary School	26,095	36,241	36,560	25,776
W. T. Cooke Elementary School	25,756	23,109	20,650	28,215
White Oaks Elementary School	18,877	17,178	13,385	22,670
Windsor Oaks Elementary School	8,630	27,425	27,005	9,050
Windsor Woods Elementary School	10,512	14,563	9,538	15,537
Woodstock Elementary School	9,644	30,740	31,048	9,336
Subtotal	1,097,601	1,489,313	1,266,649	1,320,265

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED
For the Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Other Schools:				
Adult Learning Center	\$ 207,057	415,217	404,946	217,328
Advanced Technology Center	58,809	69,114	63,833	64,090
Renaissance Academy	32,655	25,807	25,289	33,173
Technical and Career Education Center	227,312	156,940	154,997	229,255
Subtotal	525,833	667,078	649,065	543,846
Total	\$ 4,166,903	7,595,946	7,312,240	4,450,609

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

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. 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.