



MEMORANDUM

DATE: October 21, 2021

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

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

SUBJECT: FY21 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, 2021. 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, 2021, 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: Mr. Daniel G. Hopkins, Director, Office of Business Services
Ms. Crystal M. Pate, Chief Financial Officer

Ms. Danielle E. Colucci, Senior Executive Director of Elementary Schools
Dr. James J. Smith, Senior Executive Director of Middle Schools
Mr. Matthew Delaney, Senior Executive Director of High Schools
Dr. Eugene F. Soltner, Chief Schools Officer

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

For the Year Ended June 30, 2021

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
High Schools:				
Bayside High School	\$ 113,181	224,449	227,430	110,200
First Colonial High School	96,582	87,593	99,435	84,740
Floyd E. Kellam High School	351,125	255,757	249,870	357,012
Frank W. Cox High School	167,784	258,141	156,015	269,910
Green Run Collegiate	22,081	26,779	32,123	16,737
Green Run High School	97,605	160,760	135,450	122,915
Kempsville High School	168,337	104,145	116,187	156,295
Landstown High School	186,161	95,245	121,570	159,836
Ocean Lakes High School	212,331	161,385	164,437	209,279
Princess Anne High School	181,715	185,943	203,799	163,859
Salem High School	172,071	80,549	93,028	159,592
Tallwood High School	203,622	73,186	121,208	155,600
Subtotal	1,972,595	1,713,932	1,720,552	1,965,975
Middle Schools:				
Bayside Middle School	5,022	33,028	32,934	5,116
Bayside 6th Grade Campus	3,555	5,155	5,204	3,506
Brandon Middle School	23,347	12,408	17,416	18,339
Corporate Landing Middle School	44,052	14,709	17,253	41,508
Great Neck Middle School	25,738	35,858	41,643	19,953
Independence Middle School	63,990	14,935	22,002	56,923
Kempsville Middle School	30,306	21,418	25,005	26,719
Landstown Middle School	93,250	14,482	15,794	91,938
Larkspur Middle School	49,427	19,950	13,398	55,979
Lynnhaven Middle School	27,456	17,856	25,673	19,639
Old Donation School	49,519	69,135	42,972	75,682
Plaza Middle School	53,195	12,936	9,879	56,252
Princess Anne Middle School	81,482	23,483	26,440	78,525
Salem Middle School	47,336	8,058	13,011	42,383
Virginia Beach Middle School	16,228	11,978	13,351	14,855
Subtotal	613,903	315,389	321,975	607,317
Elementary Schools:				
Alanton Elementary School	57,578	31,958	35,842	53,694
Arrowhead Elementary School	33,110	9,084	5,930	36,264
Bayside Elementary School	17,054	24,112	29,491	11,675
Bettie F. Williams Elementary School	7,059	11,539	8,997	9,601
Birdneck Elementary School	36,754	10,137	9,117	37,774
Brookwood Elementary School	20,824	15,700	14,864	21,660
Centerville Elementary School	21,690	17,061	4,888	33,863
Christopher Farms Elementary School	12,409	35,710	11,551	36,568
College Park Elementary School	16,242	12,946	12,649	16,539
Corporate Landing Elementary School	15,199	5,910	3,671	17,438
Creeds Elementary School	27,385	7,126	10,621	23,890
Diamond Springs Elementary School	5,728	4,800	3,272	7,256
Fairfield Elementary School	7,261	12,896	10,116	10,041
Glenwood Elementary School	37,829	5,188	22,799	20,218
Green Run Elementary School	8,208	6,742	8,485	6,465

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED

For the Year Ended June 30, 2021

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Elementary Schools, continued:				
Hermitage Elementary School	\$ 18,591	10,429	13,872	15,148
Holland Elementary School	9,820	14,981	18,415	6,386
Indian Lakes Elementary School	21,789	9,501	8,255	23,035
John B. Dey Elementary School	57,098	16,051	33,837	39,312
Kempsville Elementary School	16,534	7,747	5,545	18,736
Kempsville Meadows Elementary School	20,072	16,560	17,369	19,263
King's Grant Elementary School	29,479	10,828	10,893	29,414
Kingston Elementary School	25,808	13,999	14,784	25,023
Landstown Elementary School	25,319	15,247	14,530	26,036
Linkhorn Park Elementary School	30,142	10,509	8,109	32,542
Luxford Elementary School	10,951	6,362	1,868	15,445
Lynnhaven Elementary School	8,409	12,050	5,021	15,438
Malibu Elementary School	12,334	7,653	5,503	14,484
New Castle Elementary School	33,429	24,603	10,790	47,242
Newtown Elementary School	8,719	10,715	10,641	8,793
North Landing Elementary School	14,378	13,414	9,795	17,997
Ocean Lakes Elementary School	28,222	10,605	19,760	19,067
Parkway Elementary School	5,888	9,573	10,249	5,212
Pembroke Elementary School	56,590	11,057	12,331	55,316
Pembroke Meadows Elementary School	32,157	11,314	6,917	36,554
Point O'View Elementary School	14,212	11,509	17,174	8,547
Princess Anne Elementary School	41,627	16,042	20,735	36,934
Providence Elementary School	34,431	4,462	3,678	35,215
Red Mill Elementary School	30,596	30,239	22,755	38,080
Rosemont Elementary School	7,832	10,771	14,459	4,144
Rosemont Forest Elementary School	31,941	9,206	7,332	33,815
Salem Elementary School	29,078	2,489	6,361	25,206
Seatack Elementary School	18,471	5,418	5,044	18,845
Shelton Park Elementary School	26,386	7,872	6,464	27,794
Strawbridge Elementary School	19,946	10,928	9,867	21,007
Tallwood Elementary School	18,794	12,900	12,564	19,130
Thalia Elementary School	19,938	18,671	18,803	19,806
Thoroughgood Elementary School	53,161	15,567	19,898	48,830
Three Oaks Elementary School	73,209	14,036	1,535	85,710
Trantwood Elementary School	25,776	18,811	18,965	25,622
W. T. Cooke Elementary School	28,215	12,692	16,218	24,689
White Oaks Elementary School	22,670	6,067	5,464	23,273
Windsor Oaks Elementary School	9,050	11,714	15,071	5,693
Windsor Woods Elementary School	15,537	8,329	8,691	15,175
Woodstock Elementary School	9,336	12,184	6,480	15,040
Subtotal	1,320,265	694,014	668,335	1,345,944

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Other Schools:				
Adult Learning Center	\$ 217,328	238,697	238,886	217,139
Advanced Technology Center	64,090	4,280	7,762	60,608
Renaissance Academy	33,173	6,483	18,995	20,661
Technical and Career Education Center	229,255	81,795	70,072	240,978
Subtotal	543,846	331,255	335,715	539,386
Total	\$ 4,450,609	3,054,590	3,046,577	4,458,622

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.