




**MEMORANDUM**

**DATE:** April 11, 2022

**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 Bookkeeper School Activity Funds Audit  
Thalia Elementary School**

---

We have audited the accompanying statement of cash receipts and disbursements of the school activity funds for Thalia Elementary School for the eight-month period from July 1, 2021 to February 28, 2022. 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. We are required to be independent of Thalia Elementary School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

**Emphasis of Matter – Basis of Accounting**

As described in Note 1, Thalia Elementary School prepares the school activity funds financial statement on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this manner. 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 Thalia Elementary School as of February 28, 2022, and the recorded cash transactions for the eight-month period then ended using the cash basis of accounting as described in Note 1, which is a basis of accounting other than U.S. generally accepted accounting principles.

cc: Dr. Crystal L. Lewis-Wilkerson, Principal  
Ms. Danielle E. Colucci, Senior Executive Director of Elementary Schools  
Dr. Eugene F. Soltner, Chief Schools Officer

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

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the Eight-Month Period Ended February 28, 2022**

Account Group	Balance 7/1/2021	Cash Receipts	Cash Disbursements	Net Transfers	Balance 2/28/2022
Administrative Accounts	\$ 6,328	6,974	2,344	(2,117)	8,841
Virginia High School League Accounts	444	176	-	-	620
Club and Student Activity Accounts	488	3,646	1,913	(565)	1,656
Departmental Accounts	5,786	494	7,908	2,682	1,054
VBCPS Accounts	121	-	-	-	121
School Board Allocation Accounts	135	-	-	-	135
Class/Scholarship/Grant Accounts	6,504	20,769	23,628	-	3,645
Clearing Accounts	-	23	50	-	(27)
<b>Total</b>	<b>\$ 19,806</b>	<b>32,082</b>	<b>35,843</b>	<b>-</b>	<b>16,045</b>
General	\$ 1	1	30	28	-
Staff Concession/Vending	44	39	-	(26)	57
Bank Interest	11	1	-	-	12
Pictures	4,571	2,136	-	(2,181)	4,526
Staff Welfare	-	1,850	610	-	1,240
Professional Development	-	-	64	64	-
Office	-	-	20	20	-
School Spirit Wear	24	-	-	-	24
Donations	1,068	220	-	-	1,288
Office Depot Rebate	59	106	-	-	165
Staff Recognition	-	-	81	74	(7)
Indigent/Needy Students	18	-	-	-	18
Staff Hospitality	-	452	30	(48)	374
Building/Grounds Improvements	-	-	15	15	-
Procurement Card Rebate	532	675	-	(63)	1,144
Book Fairs	-	1,494	1,494	-	-
<b>Administrative Accounts</b>	<b>6,328</b>	<b>6,974</b>	<b>2,344</b>	<b>(2,117)</b>	<b>8,841</b>
Yearbook	444	176	-	-	620
<b>Virginia High School League Accounts</b>	<b>444</b>	<b>176</b>	<b>-</b>	<b>-</b>	<b>620</b>
Student Council Association	366	3,646	1,913	(565)	1,534
Student Recognition	10	-	-	-	10
Ecology Club	51	-	-	-	51
Safety Patrol	61	-	-	-	61
<b>Club and Student Activity Accounts</b>	<b>488</b>	<b>3,646</b>	<b>1,913</b>	<b>(565)</b>	<b>1,656</b>
Instructional Materials	509	-	2,825	2,682	366
Library	4,686	276	4,687	-	275
Art	505	-	-	-	505
Music	5	45	-	-	50
Physical Education	5	157	128	-	34
Science	100	-	-	-	100
Orchestra	41	-	-	-	41
Computer Supplies	(232)	-	260	-	(492)
Field Trips	167	16	8	-	175
<b>Departmental Accounts</b>	<b>5,786</b>	<b>494</b>	<b>7,908</b>	<b>2,682</b>	<b>1,054</b>
Technology	30	-	-	-	30
Textbooks - Lost	91	-	-	-	91
<b>VBCPS Accounts</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121</b>
Summer Slide	135	-	-	-	135
<b>School Board Allocation Accounts</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135</b>
VB Education Foundation Grants	14	20,000	20,000	-	14
PTA/PTSA Grants	6,388	769	3,628	-	3,529
Outside Organization Grants	102	-	-	-	102
<b>Class/Scholarship/Grant Accounts</b>	<b>6,504</b>	<b>20,769</b>	<b>23,628</b>	<b>-</b>	<b>3,645</b>

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED**  
**For the Eight-Month Period Ended February 28, 2022**

Account Group	Balance 7/1/2021	Cash Receipts	Cash Disbursements	Net Transfers	Balance 2/28/2022
Change	\$ -	50	50	-	-
Returned Checks	-	(27)	-	-	(27)
Clearing Accounts	-	23	50	-	(27)
<b>Total</b>	<b>\$ 19,806</b>	<b>32,082</b>	<b>35,843</b>	<b>-</b>	<b>16,045</b>

## 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's 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.