



MEMORANDUM

DATE: September 27, 2022

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

FROM: Ms. Karen W. Woodson, CIA ^{KW}
Interim Director, Office of Internal Audit

SUBJECT: FY22 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, 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 VBCPS 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. 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.

Emphasis of Matter – Basis of Accounting

As described in Note 1, VBCPS 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 VBCPS as of June 30, 2022, and the recorded cash transactions for the year 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: Mr. Daniel G. Hopkins, Director, Office of Business Services
Mr. J. Kevin Beardsley, Director, Office of Purchasing 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
Dr. Walter C. Brower, Jr., Senior Executive Director of High Schools
Mr. Matthew D. Delaney, Chief Schools Officer

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
High Schools:				
Bayside High School	\$ 110,200	412,760	403,676	119,284
First Colonial High School	84,740	265,230	227,897	122,073
Floyd E. Kellam High School	357,012	503,123	462,540	397,595
Frank W. Cox High School	269,910	543,048	446,916	366,042
Green Run Collegiate	16,737	29,671	41,196	5,212
Green Run High School	122,915	419,281	367,838	174,358
Kempsville High School	156,295	264,913	248,622	172,586
Landstown High School	159,836	257,547	220,737	196,646
Ocean Lakes High School	209,279	385,162	353,321	241,120
Princess Anne High School	163,859	315,233	316,462	162,630
Salem High School	159,592	269,013	230,223	198,382
Tallwood High School	155,600	229,457	216,138	168,919
Subtotal	1,965,975	3,894,438	3,535,566	2,324,847
Middle Schools:				
Bayside Middle School	5,116	33,557	33,735	4,938
Bayside 6th Grade Campus	3,506	11,455	10,868	4,093
Brandon Middle School	18,339	48,941	46,832	20,448
Corporate Landing Middle School	41,508	52,040	55,279	38,269
Great Neck Middle School	19,953	71,540	84,450	7,043
Independence Middle School	56,923	74,768	66,766	64,925
Kempsville Middle School	26,719	76,793	63,516	39,996
Landstown Middle School	91,938	52,485	57,663	86,760
Larkspur Middle School	55,979	61,874	57,835	60,018
Lynnhaven Middle School	19,639	62,088	59,950	21,777
Old Donation School	75,682	73,570	73,447	75,805
Plaza Middle School	56,252	67,320	52,665	70,907
Princess Anne Middle School	78,525	108,510	135,679	51,356
Salem Middle School	42,383	58,545	64,744	36,184
Virginia Beach Middle School	14,855	44,804	38,409	21,250
Subtotal	607,317	898,290	901,838	603,769
Elementary Schools:				
Alanton Elementary School	53,694	26,959	23,493	57,160
Arrowhead Elementary School	36,264	21,516	19,665	38,115
Bayside Elementary School	11,675	25,406	26,162	10,919
Bettie F. Williams Elementary School	9,601	25,597	22,972	12,226
Birdneck Elementary School	37,774	17,051	14,853	39,972
Brookwood Elementary School	21,660	30,526	25,425	26,761
Centerville Elementary School	33,863	25,330	35,920	23,273
Christopher Farms Elementary School	36,568	26,099	21,962	40,705
College Park Elementary School	16,539	30,178	27,190	19,527
Corporate Landing Elementary School	17,438	17,026	12,103	22,361
Creeds Elementary School	23,890	23,324	19,173	28,041
Diamond Springs Elementary School	7,256	13,162	6,364	14,054
Fairfield Elementary School	10,041	34,882	31,542	13,381
Glenwood Elementary School	20,218	39,434	37,345	22,307
Green Run Elementary School	6,465	13,055	10,729	8,791

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Elementary Schools, continued:				
Hermitage Elementary School	\$ 15,148	10,144	13,300	11,992
Holland Elementary School	6,386	18,084	19,663	4,807
Indian Lakes Elementary School	23,035	35,430	20,757	37,708
John B. Dey Elementary School	39,312	34,914	48,031	26,195
Kempsville Elementary School	18,736	13,259	9,424	22,571
Kempsville Meadows Elementary School	19,263	41,185	43,602	16,846
King's Grant Elementary School	29,414	23,548	17,621	35,341
Kingston Elementary School	25,023	38,062	26,127	36,958
Landstown Elementary School	26,036	25,922	18,969	32,989
Linkhorn Park Elementary School	32,542	32,650	31,609	33,583
Luxford Elementary School	15,445	13,041	9,141	19,345
Lynnhaven Elementary School	15,438	15,314	16,656	14,096
Malibu Elementary School	14,484	18,846	10,702	22,628
New Castle Elementary School	47,242	39,162	53,119	33,285
Newtown Elementary School	8,793	19,831	16,344	12,280
North Landing Elementary School	17,997	29,578	29,413	18,162
Ocean Lakes Elementary School	19,067	40,906	34,308	25,665
Parkway Elementary School	5,212	15,043	12,458	7,797
Pembroke Elementary School	55,316	23,558	20,748	58,126
Pembroke Meadows Elementary School	36,554	18,569	18,367	36,756
Point O'View Elementary School	8,547	36,482	35,752	9,277
Princess Anne Elementary School	36,934	38,686	40,223	35,397
Providence Elementary School	35,215	34,081	29,365	39,931
Red Mill Elementary School	38,080	47,629	47,537	38,172
Rosemont Elementary School	4,144	10,596	9,729	5,011
Rosemont Forest Elementary School	33,815	30,457	20,224	44,048
Salem Elementary School	25,206	14,080	10,535	28,751
Seatack Elementary School	18,845	4,947	7,194	16,598
Shelton Park Elementary School	27,794	23,841	9,080	42,555
Strawbridge Elementary School	21,007	13,691	14,095	20,603
Tallwood Elementary School	19,130	24,649	26,364	17,415
Thalia Elementary School	19,806	51,602	58,575	12,833
Thoroughgood Elementary School	48,830	17,816	14,546	52,100
Three Oaks Elementary School	85,710	19,307	12,687	92,330
Trantwood Elementary School	25,622	20,713	16,497	29,838
W. T. Cooke Elementary School	24,689	23,639	20,441	27,887
White Oaks Elementary School	23,273	18,754	17,590	24,437
Windsor Oaks Elementary School	5,693	34,781	24,960	15,514
Windsor Woods Elementary School	15,175	21,303	24,343	12,135
Woodstock Elementary School	15,040	37,399	28,905	23,534
Subtotal	1,345,944	1,401,044	1,273,899	1,473,089

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Other Schools:				
Adult Learning Center	\$ 217,139	220,546	213,774	223,911
Advanced Technology Center	60,608	80,763	85,125	56,246
Renaissance Academy	20,661	34,902	31,986	23,577
Technical and Career Education Center	240,978	123,879	87,091	277,766
Subtotal	539,386	460,090	417,976	581,500
Total	\$ 4,458,622	6,653,862	6,129,279	4,983,205

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. 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.