

**GALENA PARK
INDEPENDENT SCHOOL DISTRICT**

SINGLE AUDIT REPORT

**For The Fiscal Year Ended
August 31, 2018**

GALENA PARK INDEPENDENT SCHOOL DISTRICT
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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Galena Park Independent School District
Houston, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galena Park Independent School District (the "District"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees
Galena Park Independent School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
January 9, 2019

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Galena Park Independent School District
Houston, Texas

Report on Compliance for Each Major Federal Program

We have audited Galena Park Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

To the Board of Trustees
Galena Park Independent School District

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 9, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

To the Board of Trustees
Galena Park Independent School District

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Whitley Penn LLP

Houston, Texas
January 9, 2019

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GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2018

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of Major Programs:

Name of Federal Programs: **CFDA Number**

Child Nutrition Cluster

National School Lunch Program	10.555
National School Lunch Program – USDA Commodities	10.555
School Breakfast Program	10.553

Early Head Start Program 93.600

Restart Hurricane Recovery 84.938A

Texas Hurricane Emergency Impact Aid for Displaced Students 84.938C

Title IV, Part F, Subpart 3 (Project SERV Hurricane Recovery Grant) 84.938G

Dollar Threshold used to distinguish between Type A and Type B Federal Programs \$929,450

Auditee qualified as low-risk auditee? Yes

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2018

II. Financial Statement Findings

None reported

III. Federal Award Findings

None reported

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

Exhibit K-1
Page 1 of 2

NOGA ID/ Pass-Through Entity Identifying Number	Fund	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Cost
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster				
Pass-Through Texas Department of Agriculture:				
Noncash assistance:				
101-910	240	<i>National School Lunch Program - USDA Commodities</i>	10.555	\$ 1,131,030
Total Pass-Through Texas Department of Agriculture				<u>1,131,030</u>
Pass-Through Texas Education Agency:				
Cash assistance:				
71401801	240	<i>School Breakfast Program</i>	10.553	4,267,433
71301801	240	<i>National School Lunch Program</i>	10.555	9,044,555
Total Pass-Through Texas Education Agency				<u>13,311,988</u>
Total Child Nutrition Cluster				<u>14,443,018</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>14,443,018</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Texas Education Agency:				
18610101101910	211	<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	5,505,537
19610101101910	211	<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	10,273
18610123101910	211	<i>ESEA, Title I, 1003 School Improvement</i>	84.010A	175,000
Total ESEA, Title I, Part A				<u>5,690,810</u>
18615001101910	212	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	117,592
19615001101910	212	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	318
Total ESEA, Title I, Part C - Migrant				<u>117,910</u>
Special Education Cluster				
18660001101910600	224	<i>IDEA, Part B - Formula</i>	84.027A	3,634,508
19660001101910600	224	<i>IDEA, Part B - Formula</i>	84.027A	117,481
Total IDEA, Part B - Formula				<u>3,751,989</u>
66001715	226	<i>IDEA, Part B - High Cost Risk Pool</i>	84.027A	412,894
186610011019106610	225	<i>IDEA, Part B - Preschool</i>	84.173A	47,635
Total Special Education Cluster				<u>4,212,518</u>
18420006101910	244	<i>Vocational Education - Carl D. Perkins Basic Formula</i>	84.048A	262,393
184200557110015	244	<i>2017-2018 Perkins Career Cluster</i>	84.048A	62,881
Total CFDA 84.084A				<u>325,274</u>
18694501101910	255	<i>ESEA, Title II, Part A - Supporting Effective Instruction</i>	84.367A	578,244
19694501101910	255	<i>ESEA, Title II, Part A - Supporting Effective Instruction</i>	84.367A	5,541
Total ESEA, Title II, Part A				<u>583,785</u>
18671001101910	263	<i>ESEA, Title III, Part A - ELA</i>	84.365A	720,685
18680101101910	289	<i>Title IV, Part A, Subpart 1</i>	84.424A	102,423
19680101101910	289	<i>Title IV, Part A, Subpart 1</i>	84.424A	6,896
Total Title IV, Part A, Subpart 1				<u>109,319</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2018

Exhibit K-1
Page 2 of 2

NOGA ID/ Pass-Through Entity Identifying Number	Fund	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Cost
U.S. DEPARTMENT OF EDUCATION (continued)				
18511701101910	289	<i>Restart Hurricane Recovery</i>	84.938A	\$ 1,058,231
51271901	289	<i>Texas Hurricane Emergency Impact Aid for Displaced Students</i>	84.938C	2,091,259
18510701101910	289	<i>Title IV, Part F, Subpart 3 (Project SERV Hurricane Recovery Grant)</i>	84.938G	29,469
69551702	288	<i>Summer School LEP</i>	84.369A	23,212
Total Pass-Through Texas Education Agency				14,962,472
Pass-Through Harris County Department of Education:				
186950247110015	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	136,093
186950197110013	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	173,332
196950247110015	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	5,968
196950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	4,907
196950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	4,924
196950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	5,523
Total ESEA, Title IV, Part B - 21st Century and Pass-Through Harris County Department of Education				330,747
Pass-Through Education Service Center Region 10:				
18-018	206	<i>McKinney-Vento Homeless Education</i>	84.196A	106,538
Total McKinney-Vento Homeless Education and Pass-Through Education Service Center Region 10				106,538
TOTAL U.S. DEPARTMENT OF EDUCATION				15,399,757
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct:				
06CH7142-04-00	205	<i>Early Head Start Program</i>	93.600	803,358
None	199	<i>Medicaid Administrative Claims (MAC)</i>	93.778	130,151
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				933,509
U.S. DEPARTMENT OF HOMELAND SECURITY - FEMA				
Pass-Through Texas Department of Public Safety				
FEMA 4332-DR-TX	199	<i>Hazard Mitigation Grant Program (HMGP)</i>	97.039	205,371
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY - FEMA				205,371
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 30,981,655

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

Note 1 - Basis of Accounting

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2018. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per the Schedule of Expenditures of Federal Awards on Exhibit K-1 and federal revenues reported on Exhibit C-3 of the District's Comprehensive Annual Financial Report:

Total Expenditures of Federal Awards on Exhibit K-1	\$ 30,981,655
Add:	
E-RATE	378,343
ROTC	68,579
SHARS	2,579,298
Federal Program Revenue Reported on Exhibit C-3	<u>\$ 34,007,875</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2018

Note 4 - General Fund Expenditures

Federal awards reported in the general fund are summarized as follows:

<u>Program or source</u>	<u>Amount</u>
E-Rate	\$ 378,343
ROTC	68,579
SHARS	2,579,298
Medicaid Administrative Claiming Program	130,151
Hazard Mitigation Grant Program (HMGP)	205,371
Indirect Costs:	
School Breakfast Program	144,980
National School Lunch Program	307,275
Early Head Start Program	1,014
ESEA, Title I, Part A - Improving Basic Programs	155,249
ESEA, Title I, 1003 School Improvement	4,536
ESEA, Title I, Part C - Migrant	3,300
IDEA, Part B - Formula	109,618
IDEA, Part B - Preschool	1,235
Vocational Education - Carl D. Perkins	7,284
ESEA, Title II, Part A - Supporting Effective Instruction	16,519
ESEA, Title III, Part A - ELA	20,930
Title IV, Part A, Subpart 1	3,051
McKinney - Vento Homeless Education	2,821
Total	<u>\$ 4,139,554</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2018

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2018 has been prepared to address these requirements.

I. Prior Audit Findings

None reported

GALENA PARK INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2018

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

The Corrective Action Plan for the year ended August 31, 2018 has been prepared to address these requirements.

I. Corrective Action Plan

Not applicable