

**GALENA PARK  
INDEPENDENT SCHOOL DISTRICT**

**SINGLE AUDIT REPORT**

**For The Fiscal Year Ended  
August 31, 2017**



**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, 2017, 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, 2018.

***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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 9, 2018

**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, 2017. 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, 2017.

***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, 2017, 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, 2018, 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, 2018

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**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2017*

**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**

**Special Education Cluster**

IDEA, Part B - Formula	84.027A
IDEA, Part B - High Cost Risk Pool	84.027A
IDEA, Part B - Preschool	84.173A

**ESEA, Title I, Part A – Improving Basic Programs** 84.010A

**ESEA, Title IV, Part B – 21<sup>st</sup> Century Community Learning Centers** 84.287C

Dollar Threshold used to distinguish between Type A and Type B Federal Programs \$750,000

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, 2017***

**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, 2017

*Exhibit K-1*  
Page 1 of 2

NOGA ID/ Pass-Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Cost
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Child Nutrition Cluster</b>			
<b>Pass-Through Texas Department of Agriculture:</b>			
Noncash assistance:			
71301701	<i>National School Lunch Program - USDA Commodities</i>	10.555	\$ 1,051,725
<b>Total Pass-Through Texas Department of Agriculture</b>			<u>1,051,725</u>
<b>Pass-Through Texas Education Agency:</b>			
Cash assistance			
71401701	<i>School Breakfast Program</i>	10.553	2,412,502
71301701	<i>National School Lunch Program</i>	10.555	8,465,065
<b>Total Pass-Through Texas Education Agency</b>			<u>10,877,567</u>
<b>Total Child Nutrition Cluster</b>			<u>11,929,292</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><b>11,929,292</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Pass-Through Texas Education Agency:</b>			
17610101101910	<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	5,260,683
16615001101910	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	14,900
17615001101910	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	169,810
Total ESEA, Title I, Part C - Migrant			<u>184,710</u>
<b>Special Education Cluster</b>			
17660001101910600	<i>IDEA, Part B - Formula</i>	84.027A	3,778,859
176600061019106680	<i>IDEA, Part B - High Cost Risk Pool</i>	84.027A	228,802
166610011019106610	<i>IDEA, Part B - Preschool</i>	84.173A	6,080
176610011019106610	<i>IDEA, Part B - Preschool</i>	84.173A	76,622
Total IDEA, Part B - Preschool			<u>82,702</u>
<b>Total Special Education Cluster</b>			<u>4,090,363</u>
17420006101910	<i>Vocational Education - Carl D. Perkins</i>	84.048A	253,670
16694501101910	<i>ESEA, Title II, Part A - TPTR</i>	84.367A	16,302
17694501101910	<i>ESEA, Title II, Part A - TPTR</i>	84.367A	633,752
Total ESEA, Title II, Part A - TPTR			<u>650,054</u>
16671001101910	<i>ESEA, Title III, Part A - LEP</i>	84.365A	52,293
17671001101910	<i>ESEA, Title III, Part A - LEP</i>	84.365A	736,307
16671003101910	<i>ESEA, Title III, Part A - Immigrant</i>	84.365A	1,318
17671003101910	<i>ESEA, Title III, Part A - Immigrant</i>	84.365A	121,913
156711037110021	<i>ESEA, Title III, Part A - Unaccompanied Children and Youth</i>	84.365B	15,934
Total ESEA, Title III, Part A			<u>927,765</u>
69551702	<i>Summer School LEP</i>	84.369A	21,708
<b>Total Pass-Through Texas Education Agency</b>			<u><b>\$ 11,388,953</b></u>

**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
*For the Year Ended August 31, 2017*

*Exhibit K-1*  
*Page 2 of 2*

NOGA ID/ Pass-Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Cost
	<b>U.S. DEPARTMENT OF EDUCATION (continued)</b>		
	<b>Pass-Through Harris County Department of Education:</b>		
176950247110015	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	\$ 150,424
176950197110013	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	<u>157,134</u>
	<b>Total ESEA, Title IV, Part B - 21st Century and Pass-Through Harris County Department of Education</b>		<b><u>307,558</u></b>
	<b>Pass-Through Education Service Center Region 10:</b>		
17-042	<i>McKinney-Vento Homeless Education</i>	84.196A	<u>101,673</u>
	<b>Total McKinney-Vento Homeless Education and Pass-Through Education Service Center Region 10</b>		<b><u>101,673</u></b>
	<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b><u>11,798,184</u></b>
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
	<b>Direct:</b>		
06CH7142-03-00	<i>Early Head Start Program</i>	93.600	795,590
1H79SM061954-01	<i>Operation Mental Health First Aid</i>	93.243	857
None	<i>Medicaid Administrative Claims (MAC)</i>	93.778	<u>56,744</u>
	<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b><u>853,191</u></b>
	<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b><u>\$ 24,580,667</u></b>

**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2017*

**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, 2017. 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	\$ 24,580,667
Add:	
E-RATE	406,155
ROTC	59,511
SHARS	2,127,418
Federal Program Revenue Reported on Exhibit C-3	<u>\$ 27,173,751</u>

**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
*For the Year Ended August 31, 2017*

**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	\$ 406,155
ROTC	59,511
SHARS	2,127,418
Medicaid Administrative Claiming Program	56,744
Indirect Costs:	
School Breakfast Program	163,113
National School Lunch Program	572,336
Operation Mental Health First Aid	732
Early Head Start Program	1,021
Title I, Part A - Basic	136,451
Title I, Part C - Migrant	8,614
IDEA, Part B - Formula	97,784
IDEA, Part B - Preschool	3,142
Vocational Education - Carl D. Perkins	7,248
ESEA, Title II, Part A - TPTR	32,926
ESEA, Title III, Part A - LEP	32,117
ESEA, Title III, Part A - Immigrant	4,837
McKinney - Vento Homeless Education	2,635
<b>Total</b>	<u>\$ 3,712,784</u>



**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
*For the Year Ended August 31, 2017*

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 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, 2017 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, 2017*

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, 2017 has been prepared to address these requirements.

**I. Corrective Action Plan**

Not applicable