

**GALENA PARK
INDEPENDENT SCHOOL DISTRICT**

SINGLE AUDIT REPORT

**For The Fiscal Year Ended
August 31, 2019**

GALENA PARK INDEPENDENT SCHOOL DISTRICT
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Galena Park
Independent School District

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, 2019, 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 13, 2020.

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, slightly slanted style.

Houston, Texas
January 13, 2020

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, 2019. 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, 2019.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 13, 2020, 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 13, 2020



Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2019

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) 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 deficiency (ies) 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**

US Department of Education

Special Education Cluster:	
IDEA – Part B, Formula	84.027A
IDEA – Part B, Preschool	84.173A
IDEA – Part B, High Cost Risk Pool	84.027A
2017-2018 IDEA-B IEP Analysis Project Grant	84.027A
ESEA, Title I, Part A - Improving Basic Programs	84.010A
ESEA, Title I, 1003 School Improvement	84.010A
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A
ESEA, Title III, Part A - ELA	84.365A

Dollar Threshold used to distinguish between Type A and Type B Federal Programs	\$979,779
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, 2019

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, 2019

Exhibit K-1
Page 1 of 2

<u>NOGA ID/ Pass-Through Entity Identifying Number</u>	<u>Fund</u>	<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures and Indirect Cost</u>
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	\$ 1,013,479
Total Pass-Through Texas Department of Agriculture				<u>1,013,479</u>
Pass-Through Texas Education Agency:				
Cash assistance:				
71401901	240	<i>School Breakfast Program</i>	10.553	5,374,716
71301901	240	<i>National School Lunch Program</i>	10.555	10,209,289
Total Pass-Through Texas Education Agency				<u>15,584,005</u>
Total Child Nutrition Cluster				<u>16,597,484</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>16,597,484</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Texas Education Agency:				
194600057110030	206	<i>2018-2019 Texas Education For Homeless Children & Youth</i>	84.196A	87,193
Total 2018-2019 Texas Education For Homeless Children & Youth				<u>87,193</u>
18610101101910	211	<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	191,246
19610101101910	211	<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	6,768,484
20610101101910	211	<i>ESEA, Title I, 1003 School Improvement</i>	84.010A	45,434
Total ESEA, Title I, Part A				<u>7,005,164</u>
18615001101910	212	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	152
19615001101910	212	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	129,409
20615001101910	212	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	1,175
Total ESEA, Title I, Part C - Migrant				<u>130,736</u>
Special Education Cluster				
186600011019106600	224	<i>IDEA, Part B - Formula</i>	84.027A	1,213,896
196600011019106600	224	<i>IDEA, Part B - Formula</i>	84.027A	3,065,038
206600011019106600	224	<i>IDEA, Part B - Formula</i>	84.027A	242,624
Total IDEA, Part B - Formula				<u>4,521,558</u>
186610011019106610	225	<i>IDEA, Part B - Preschool</i>	84.173A	60,685
196610011019106610	225	<i>IDEA, Part B - Preschool</i>	84.173A	42,783
Total IDEA, Part B - Preschool				<u>103,468</u>
18660077101910	226	<i>2017-2018 IDEA-B IEP Analysis Project Grant</i>	84.027A	25,000
66001906	226	<i>IDEA-B High Cost Risk Pool</i>	84.027A	228,823
Total Special Education Cluster				<u>4,878,849</u>
19420006101910	244	<i>Vocational Education - Carl D. Perkins Basic Formula</i>	84.048A	347,630
184200557110015	244	<i>Vocational Education - Carl D. Perkins Reserve Grant</i>	84.048A	868
Total CFDA 84.084A				<u>348,498</u>
18694501101910	255	<i>ESEA, Title II, Part A - Supporting Effective Instruction</i>	84.367A	48,956
19694501101910	255	<i>ESEA, Title II, Part A - Supporting Effective Instruction</i>	84.367A	932,089
20694501101910	255	<i>ESEA, Title II, Part A - Supporting Effective Instruction</i>	84.367A	316
Total ESEA, Title II, Part A				<u>981,361</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2019

Exhibit K-1
Page 2 of 2

<u>NOGA ID/ Pass-Through Entity Identifying Number</u>	<u>Fund</u>	<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures and Indirect Cost</u>
U.S. DEPARTMENT OF EDUCATION (continued)				
18671001101910	263	<i>ESEA, Title III, Part A - ELA</i>	84.365A	36,212
19671001101910	263	<i>ESEA, Title III, Part A - ELA</i>	84.365A	674,032
		Total ESEA, Title III, Part A		<u>710,244</u>
19680101101910	289	<i>Title IV, Part A, Subpart 1</i>	84.424A	376,482
20680101101910	289	<i>Title IV, Part A, Subpart 1</i>	84.424A	23,975
		Total Title IV, Part A, Subpart 1		<u>400,457</u>
19513701101910	289	<i>Texas Hurricane Homeless Youth</i>	84.983B	3,325
69551802	288	<i>Summer School LEP</i>	84.369A	52,054
		Total Pass-Through Texas Education Agency		<u>14,597,881</u>
Pass-Through Harris County Department of Education:				
206950247110014	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	8,347
206950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	4,079
206950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	4,604
206950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	4,349
196950247110014	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	133,826
196950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	124,593
196950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	106,320
196950267110022	265	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	121,057
		Total ESEA, Title IV, Part B - 21st Century and Pass-Through Harris County Department of Education		<u>507,175</u>
		TOTAL U.S. DEPARTMENT OF EDUCATION		<u>15,105,056</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct:				
06CH7142-05-00	205	<i>Early Head Start Program</i>	93.600	823,755
None	199	<i>Medicaid Administrative Claims (MAC)</i>	93.778	67,098
		TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>890,853</u>
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	65,917
		TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY - FEMA		<u>65,917</u>
		TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 32,659,310</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

Note 1 - Summary of Significant Accounting Policies

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.

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. Negative amounts shown on the schedule of expenditure of federal awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2019. The information in this schedule is presented in accordance with the 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). Because the schedule presents on 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	\$ 32,659,310
Add:	
E-RATE	356,906
ROTC	60,003
SHARS	<u>4,779,673</u>
Federal Program Revenue Reported on Exhibit C-3	<u>\$ 37,855,892</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2019

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	\$ 356,906
ROTC	60,003
SHARS	4,779,673
Medicaid Administrative Claiming Program	67,098
Hazard Mitigation Grant Program (HMGP)	65,917
Indirect Costs:	
School Breakfast Program	221,452
National School Lunch Program	420,648
Early Head Start Program	35,774
Mckinney-Vento Homeless Education	4,348
ESEA, Title I, Part A - Improving Basic Programs	344,206
ESEA, Title I, Part C - Migrant	6,422
IDEA, Part B - Formula	216,744
IDEA, Part B - Preschool	5,181
Vocational Education - Carl D. Perkins	17,054
ESEA, Title II, Part A - Supporting Effective Instruction	49,129
ESEA, Title III, Part A - ELA	35,325
Title IV, Part A, Subpart 1	19,096
Total	<u>\$ 6,704,976</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2019

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 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, 2019

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 has been prepared to address these requirements.

I. Corrective Action Plan

Not applicable