

**GALENA PARK  
INDEPENDENT SCHOOL DISTRICT**

**SINGLE AUDIT REPORT**

**For The Fiscal Year Ended  
August 31, 2012**



**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
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**INDEPENDENT AUDITORS' REPORT 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 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2013. 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.

***Internal Control over Financial Reporting***

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of trustees, management, others within the organization, the Texas Education Agency and other applicable federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

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

Houston, Texas  
January 8, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

***Compliance***

We have audited Galena Park Independent School District's (the "District") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year end August 31, 2012.

***Internal Control over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the

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

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

#### ***Schedule of Expenditures of Federal Awards***

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, 2012, and have issued our report thereon dated January 8, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements that as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. 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 basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 taken as a whole.

#### ***Closing***

This report is intended solely for the information and use of the board of trustees, management, others within the organization, the Texas Education Agency and other applicable federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.



Houston, Texas  
January 8, 2013



**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2012*

**I. Summary Of Auditors' Results**

**Financial Statements**

Type of auditors' report issued	Unqualified
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:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) 2-7 of OMB Circular A-133	None

Identification of Major Programs:

<b>Name of Federal Program:</b>	<b>CFDA Number</b>
ESEA, Title III, Part A, LEP	84.365A
ESEA, Title II, Part A	84.367A
Education Jobs Fund	84.410A
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555

Dollar Threshold used to distinguish between Type A and Type B Federal Programs \$813,963

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, 2012*

**II. Financial Statement Findings**

There were no current year findings.

**III. Federal Award Findings**

There were no current year findings.

**IV. Status of Prior Year Findings**

**Finding #11-01 Health Insurance Premiums**

**Status:** Resolved. The District implemented procedures to reconcile its health insurance premiums in timely manner. As such, there were no differences in the current year.

**Finding #11-02 Segregation of Duties - Tax Office**

**Status:** Resolved. The District implemented additional procedures to provide adequate segregation of duties.

**Finding #11-03 1<sup>st</sup> and 4<sup>th</sup> Six Weeks Reconciliations - Average Daily Attendance**

**Status:** Resolved. The 1<sup>st</sup> and 4<sup>th</sup> six weeks reconciliations included all of the required signatures.

**V. Corrective Action**

There were no current year findings.

**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2012**

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>Direct:</b>			
Non-cash Assistance:			
71301201	National School Lunch Program - Commodities	10.555	\$ 720,258
<b>Pass-Through Texas Department of Agriculture:</b>			
520	Fresh Fruit and Vegetable Program (FFVP) Award - Cloverleaf	10.582	42,586
520	Fresh Fruit and Vegetable Program (FFVP) Award - GPE	10.582	36,118
<b>Total Pass-Through Texas Department of Agriculture</b>			<b>78,704</b>
<b>Pass-Through Texas Education Agency:</b>			
Cash Assistance:			
71401201	School Breakfast Program	10.553	2,344,589
71301201	National School Lunch Program	10.555	6,873,673
<b>Total Pass-Through Texas Education Agency</b>			<b>9,218,262</b>
<b>Total U.S. Department of Agriculture</b>			<b>10,017,224</b>
<b>U.S. Department of Education</b>			
<b>Direct:</b>			
Q184D080023-10	Safe and Drug-Free Schools and Communities - National Programs	84.184D	70,490
S330C090035-11	Advanced Placement Incentive Program	84.330C	377,718
NNX07AP99A	Universities Space Research Association (USRA)	84.999	39,268
Q184E110003	Readiness Emergency Management School	84.184E	95,849
<b>Total Direct</b>			<b>583,325</b>
<b>Pass-Through Texas Education Agency:</b>			
12610101101910	ESEA, Title I, Part A - Basic	84.010A	5,112,395
13610101101910	ESEA, Title I, Part A - Basic	84.010A	345,294
12615001101910	ESEA, Title I, Part C - Migrant	84.011A	296,737
13615001101910	ESEA, Title I, Part C - Migrant	84.011A	58,887
126600011019106600	IDEA, Part B - Formula	84.027A	3,498,969
136600011019106600	IDEA, Part B - Formula	84.027A	205,978
126610011019106610	IDEA, Part B - Preschool	84.173A	86,344
136610011019106610	IDEA, Part B - Preschool	84.173A	4,459
12420006101910	Vocational Education - Carl D. Perkins	84.048A	277,441
13420006101910	Vocational Education - Carl D. Perkins	84.048A	617
12694501101910	ESEA, Title II, Part A - TPTR	84.367A	703,791
13694501101910	ESEA, Title II, Part A - TPTR	84.367A	52,504
12671001101910	ESEA, Title III, Part A - LEP	84.365A	701,342
13671001101910	ESEA, Title III, Part A - LEP	84.365A	30,607
12671003101910	ESEA, Title III, Part A - Immigrant	84.365A	174,849
11550101101910	Education Jobs Fund	84.410A	3,792,270
69551002	Summer School LEP	84.369A	53,803
<b>Total Pass-Through Texas Education Agency</b>			<b>15,396,287</b>

**GALENA PARK INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2012**

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>			
126950177110032	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	\$ 107,638
126950147110032	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	2,509
116950167110009	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	107,314
136950167110020	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	3,668
None	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	51,061
<b>Total Pass-Through Harris County Department of Education</b>			<b>272,190</b>
<b>Pass-Through Education Service Center Region 4:</b>			
1266102271204	<i>IDEA B - Preschool Discretionary - ESCGAE11</i>	84.173A	16,539
<b>Pass-Through Education Service Center Region 10:</b>			
00043	<i>McKinney-Vento Homeless Education</i>	84.196	39,900
<b>Total U.S. Department of Education</b>			<b>16,308,241</b>
<b>U.S. Department of Health and Human Services</b>			
<b>Direct:</b>			
06CH7033/10	<i>Early Head Start Program</i>	93.600	766,544
None	<i>Medicaid Administrative Claims (MAC)</i>	93.778	40,101
<b>Total U.S. Department of Health and Human Services</b>			<b>806,645</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 27,132,110</b>

**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2012*

**Note 1 - Basis of Accounting**

The District accounts for all awards under federal programs in the General and Certain 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 OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, 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 deferred revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

**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, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. 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 assets or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported on Exhibit C-3:

Federal Program Revenue (Exhibit C-3)	\$ 28,555,473
Less:	
SHARS	958,755
ROTC	64,670
E-RATE	399,938
	<u>\$ 27,132,110</u>

**GALENA PARK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
*For the Year Ended August 31, 2012*

**Note 4 - General Fund Expenditures**

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

SHARS	\$	958,755
ROTC		64,670
E-RATE		399,938
Advanced Placement Incentive Program		10,618
Early Head Start Program		21,610
Title I, Part A - Basic		110,994
Title I, Part C - Migrant		9,883
ESEA, Title II, Part A - TPTR		21,318
ESEA, Title III, Part A - LEP		17,780
IDEA, Part B - Formula		91,420
IDEA, Part B - Preschool		2,559
Vocational Education - Carl D. Perkins		5,702
Medicaid Administrative Claiming Program		40,101
McKinney-Vento Homeless Education		1,071
Readiness Emergency Management School		2,693
	\$	<u>1,759,112</u>