

**GALENA PARK
INDEPENDENT SCHOOL DISTRICT**

SINGLE AUDIT REPORT

**For The Fiscal Year Ended
August 31, 2013**

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, 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 Galena Park Independent School District (the "District"), as of and for the year ended August 31, 2013, 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 6, 2014.

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 test 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 entity'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 6, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY OMB CIRCULAR A-133**

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 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 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 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, 2013.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 6, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and

To the Board of Trustees
Galena Park Independent School District

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 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.

Whitley Penn LLP

Houston, Texas
January 6, 2014

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2013

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 .510(a) 2-7 of OMB Circular A-133	None

Identification of Major Programs:

Name of Federal Program:	CFDA Number
ESEA, Title I, Part A - Basic	84.010A
Early Head Start Program	93.600
Vocational Education – Carl D. Perkins	84.048A
ESEA, Title IV, Part B – 21 st Century	84.287C
Dollar Threshold used to distinguish between Type A and Type B Federal Programs	\$689,116
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, 2013

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

There were no prior year findings.

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, 2013

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
U.S. Department of Agriculture			
Pass-Through Texas Department of Agriculture:			
520	<i>Fresh Fruit and Vegetable Program (FFVP) Award - Cloverleaf</i>	10.582	\$ 43,582
520	<i>Fresh Fruit and Vegetable Program (FFVP) Award - GPE</i>	10.582	34,177
7131301	<i>USDA Commodities - Noncash assistance</i>	10.555	856,296
Total Pass-Through Texas Department of Agriculture			934,055
Pass-Through Texas Education Agency:			
71401301	<i>School Breakfast Program - Cash assistance</i>	10.553	2,492,406
71301301	<i>National School Lunch Program - Cash assistance</i>	10.555	7,485,762
Total Pass-Through Texas Education Agency			9,978,168
Total U.S. Department of Agriculture			10,912,223
U.S. Department of Education			
Direct:			
S330C090035-11	<i>Advanced Placement Incentive Program</i>	84.330C	113,131
Q184E110003	<i>Readiness Emergency Management School</i>	84.184E	130,334
Total Direct U.S. Department of Education			243,465
Pass-Through Oklahoma State University:			
E053204	<i>NASA Summer of Innovation</i>		29,218
Total Oklahoma State University			29,218
Pass-Through Texas Education Agency:			
13610101101910	<i>ESEA, Title I, Part A - Basic</i>	84.010A	4,708,776
14610101101910	<i>ESEA, Title I, Part A - Basic</i>	84.010A	330,182
13615001101910	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	143,373
14615001101910	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	26,421
136600011019106600	<i>IDEA, Part B - Formula</i>	84.027A	3,252,586
136600011019106600	<i>IDEA, Part B - Formula</i>	84.027A	295,374
136610011019106610	<i>IDEA, Part B - Preschool</i>	84.173A	59,096
146610011019106610	<i>IDEA, Part B - Preschool</i>	84.173A	3,322
13420006101910	<i>Vocational Education - Carl D. Perkins</i>	84.048A	268,720
14420006101910	<i>Vocational Education - Carl D. Perkins</i>	84.048A	4,635
13694501101910	<i>ESEA, Title II, Part A - TPTR</i>	84.367A	666,909
14694501101910	<i>ESEA, Title II, Part A - TPTR</i>	84.367A	51,741
13671001101910	<i>ESEA, Title III, Part A - LEP</i>	84.365A	668,683
14671001101910	<i>ESEA, Title III, Part A - LEP</i>	84.365A	41,920
13671003101910	<i>ESEA, Title III, Part A - Immigrant</i>	84.365A	45,279
69551202	<i>Summer School LEP</i>	84.369A	39,741
Total Pass-Through Texas Education Agency			10,606,758
Pass-Through Harris County Department of Education:			
126950147110032	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	96,994
136950147110032	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	2,646
136950167110020	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	127,819
146950167110020	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	4,202
None	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	7,089
None	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	50,000
Total Pass-Through Harris County Department of Education			288,750

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2013

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
U.S. Department of Education (continued)			
Pass-Through Education Service Center Region 4:			
136610227110018	<i>IDEA B - Preschool Discretionary - ESCGAE11</i>	84.173A	\$ 5,000
	Total Pass-Through Education Service Center Region 4		<u>5,000</u>
Pass-Through Education Service Center Region 10:			
13-032	<i>McKinney-Vento Homeless Education</i>	84.196	70,800
	Total Pass-Through Education Service Center Region 10		<u>70,800</u>
	Total U.S. Department of Education		<u>11,243,991</u>
U.S. Department of Health and Human Services			
Direct:			
06CH7033/10	<i>Early Head Start Program</i>	93.600	772,064
None	<i>Medicaid Administrative Claims (MAC)</i>	93.778	42,247
	Total U.S. Department of Health and Human Services		<u>814,311</u>
	Total Expenditures of Federal Awards		<u>\$ 22,970,525</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2013

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, 2013. 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)	\$ 25,300,766
Less:	
SHARS	1,588,777
ROTC	62,684
E-RATE	678,780
	<u>\$ 22,970,525</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2013

Note 4 - General Fund Expenditures

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

SHARS	\$ 1,588,777
ROTC	62,684
E-RATE	678,780
School Breakfast Program	230,305
National School Lunch Program	690,915
Advanced Placement Incentive Program	593
Readiness Emergency Management School	3,662
Early Head Start Program	21,418
Title I, Part A - Basic	140,678
Title I, Part C - Migrant	4,704
IDEA, Part B - Formula	91,431
IDEA, Part B - Preschool	1,747
Vocational Education - Carl D. Perkins	1,814
ESEA, Title II, Part A - TPTR	19,982
ESEA, Title III, Part A - LEP	14,822
McKinney-Vento Homeless Education	1,917
Medicaid Administrative Claiming Program	42,247
	<u>\$ 3,596,476</u>