

**GALENA PARK
INDEPENDENT SCHOOL DISTRICT**

SINGLE AUDIT REPORT

**For The Fiscal Year Ended
August 31, 2014**

GALENA PARK INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
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 <i>Government Auditing Standards</i>		1
Independent Auditors' Report on Compliance for each Major Federal Program, Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by <i>OMB Circular A-133</i>		3
Schedule of Findings and Questioned Costs		6
Schedule of Expenditures of Federal Awards	K-1	8
Notes to Schedule of Expenditures of Federal Awards		10

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 of Galena Park Independent School District (the "District"), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 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 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
December 17, 2014

INDEPENDENT AUDITORS' REPORT 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 *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, 2014. 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, 2014.

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 17, 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
December 17, 2014

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2014

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, 2014

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:			
Noncash assistance:			
101910	National School Lunch Program - USDA Commodities	10.555	\$ 871,112
Total Pass-Through Texas Department of Agriculture			<u>871,112</u>
Pass-Through Texas Education Agency:			
Cash assistance			
71401401	School Breakfast Program	10.553	2,493,950
71301401	National School Lunch Program	10.555	7,786,959
Total Pass-Through Texas Education Agency			<u>10,280,909</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>11,152,021</u>
U.S. DEPARTMENT OF EDUCATION			
Direct:			
Q184E110003	Readiness Emergency Management School	84.184E	67,032
Total Readiness Emergency Management School			<u>67,032</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>67,032</u>
Pass-Through Texas Education Agency:			
14610101101910	ESEA, Title I, Part A - Basic	84.010A	5,014,455
15610101101910	ESEA, Title I, Part A - Basic	84.010A	96,737
Total ESEA, Title I, Part A			<u>5,111,192</u>
14615001101910	ESEA, Title I, Part C - Migrant	84.011A	165,705
15615001101910	ESEA, Title I, Part C - Migrant	84.011A	18,804
Total ESEA, Title I, Part C - Migrant			<u>184,509</u>
136600011019106600	IDEA, Part B - Formula	84.027A	551
146600011019106600	IDEA, Part B - Formula	84.027A	3,661,510
156600011019106600	IDEA, Part B - Formula	84.027A	294,728
Total IDEA, Part B - Formula			<u>3,956,789</u>
146610011019106610	IDEA, Part B - Preschool	84.173A	63,364
156610011019106610	IDEA, Part B - Preschool	84.173A	1,751
Total IDEA, Part B - Preschool			<u>65,115</u>
14660006101910	IDEA, Part B - High Cost Risk Pool	84.027A	69,095
Total IDEA, Part B - High Cost Risk Pool			<u>69,095</u>
14420006101910	Vocational Education - Carl D. Perkins	84.048A	242,998
Total Vocational Education - Carl D. Perkins			<u>242,998</u>
14694501101910	ESEA, Title II, Part A - TPTR	84.367A	689,608
15694501101910	ESEA, Title II, Part A - TPTR	84.367A	55,041
Total ESEA, Title II, Part A - TPTR			<u>744,649</u>
13671003101910	ESEA, Title III, Part A - Immigrant	84.365A	379
14671001101910	ESEA, Title III, Part A - LEP	84.365A	522,170
15671001101910	ESEA, Title III, Part A - LEP	84.365A	32,399
Total ESEA, Title III, Part A - LEP			<u>554,948</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2014

Exhibit K-1
Page 2 of 2

U.S. DEPARTMENT OF EDUCATION (continued)			
Pass-Through Texas Education Agency (continued):			
69551302	<i>Summer School LEP</i>	84.369A	\$ 32,280
	Total Summer School LEP		<u>32,280</u>
	Total Pass-Through Texas Education Agency		<u>10,961,575</u>
Pass-Through Harris County Department of Education:			
136950147110032	<i>ESEA, Title IV, Part B - 21st Century (G89)</i>	84.287C	85,000
146950167110020	<i>ESEA, Title IV, Part B - 21st Century (GB4)</i>	84.287C	127,618
None	<i>ESEA, Title IV, Part B - 21st Century (GC2)</i>	84.287C	33,922
156950167110020	<i>ESEA, Title IV, Part B - 21st Century (HB4)</i>	84.287C	3,890
146950217110014	<i>ESEA, Title IV, Part B - 21st Century (HB5)</i>	84.287C	3,446
	Total ESEA, Title IV, Part B - 21st Century and Pass-Through Harris County Department of Education		<u>253,876</u>
Pass-Through Education Service Center Region 10:			
14-011	<i>McKinney-Vento Homeless Education</i>	84.196	90,191
	Total McKinney-Vento Homeless Education and Pass-Through Education Service Center Region 10		<u>90,191</u>
	TOTAL U.S. DEPARTMENT OF EDUCATION		<u>11,372,674</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
06CH7033/11	<i>Early Head Start Program</i>	93.600	732,369
None	<i>Medicaid Administrative Claims (MAC)</i>	93.778	47,600
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>779,969</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 23,304,664</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2014

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, 2014. 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 position 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)	\$ 25,663,538
Less:	
E-RATE	694,871
ROTC	57,641
SHARS	1,606,362
	<u>\$ 23,304,664</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2014

Note 4 - General Fund Expenditures

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

E-RATE	\$	694,871
ROTC		57,641
SHARS		1,606,362
School Breakfast Program		111,525
National School Lunch Program		334,574
Readiness Emergency Management School		1,952
Early Head Start Program		6,550
Title I, Part A - Basic		145,778
Title I, Part C - Migrant		5,199
IDEA, Part B - Formula		99,277
IDEA, Part B - Preschool		1,876
Vocational Education - Carl D. Perkins		5,743
E SEA, Title II, Part A - TPTR		20,979
E SEA, Title III, Part A - LEP		10,837
McKinney - Vento Homeless Education		2,351
Medicaid Administrative Claiming Program		47,600
	\$	<u>3,153,115</u>