

**GALENA PARK
INDEPENDENT SCHOOL DISTRICT**

SINGLE AUDIT REPORT

**For The Fiscal Year Ended
August 31, 2016**

GALENA PARK INDEPENDENT SCHOOL DISTRICT
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**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 information of Galena Park Independent School District (the “District”), as of and for the year ended August 31, 2016, 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 3, 2017.

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 non-compliance 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
January 3, 2017

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 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, 2016. 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 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, 2016.

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 3, 2017, 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 3, 2017

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GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2016

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**

Child Nutrition Cluster

School Breakfast Program	10.553
National School Lunch Program	10.555
National School Lunch Program - USDA Commodities	10.555

Vocational Education - Carl D. Perkins 84.048A

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, 2016

II. Financial Statement Findings

None reported

III. Federal Award Findings

None reported

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, 2016

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			
Child Nutrition Cluster			
Pass-Through Texas Department of Agriculture:			
Noncash assistance:			
71301601	<i>National School Lunch Program - USDA Commodities</i>	10.555	\$ 979,489
Total Pass-Through Texas Department of Agriculture			<u>979,489</u>
Pass-Through Texas Education Agency:			
Cash assistance			
71401601	<i>School Breakfast Program</i>	10.553	2,499,060
71301601	<i>National School Lunch Program</i>	10.555	8,513,131
Total Pass-Through Texas Education Agency			<u>11,012,191</u>
Total Child Nutrition Cluster			<u>11,991,680</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>11,991,680</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-Through Texas Education Agency:			
16610101101910	<i>ESEA, Title I, Part A - Basic</i>	84.010A	5,132,166
Total ESEA, Title I, Part A			<u>5,132,166</u>
16615001101910	<i>ESEA, Title I, Part C - Migrant</i>	84.011A	148,188
Total ESEA, Title I, Part C - Migrant			<u>148,188</u>
Special Education Cluster			
166600011019106000	<i>IDEA, Part B - Formula</i>	84.027A	3,515,491
Total IDEA, Part B - Formula			<u>3,515,491</u>
166610011019106000	<i>IDEA, Part B - Preschool</i>	84.173A	38,562
Total IDEA, Part B - Preschool			<u>38,562</u>
16660006101910	<i>IDEA, Part B - High Cost Risk Pool</i>	84.027A	285,183
Total IDEA, Part B - High Cost Risk Pool			<u>285,183</u>
Total Special Education Cluster			<u>3,839,236</u>
16420006101910	<i>Vocational Education - Carl D. Perkins</i>	84.048A	273,615
Total Vocational Education - Carl D. Perkins			<u>273,615</u>
16694501101910	<i>ESEA, Title II, Part A - TPTR</i>	84.367A	682,687
Total ESEA, Title II, Part A - TPTR			<u>682,687</u>
16671003101910	<i>ESEA, Title III, Part A - Immigrant</i>	84.365A	63,392
16671001101910	<i>ESEA, Title III, Part A - LEP</i>	84.365A	669,530
Total ESEA, Title III, Part A - LEP			<u>\$ 732,922</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2016

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 Texas Education Agency (continued):			
69551502	<i>Summer School LEP</i>	84.369A	\$ 23,228
	Total Summer School LEP		<u>23,228</u>
	Total Pass-Through Texas Education Agency		<u>10,832,042</u>
Pass-Through Harris County Department of Education:			
166950167110020	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	170,335
166950167110020	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	121,663
176950247110015	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	6,601
176950197110013	<i>ESEA, Title IV, Part B - 21st Century</i>	84.287C	2,957
166950167110020	<i>ESEA, Title IV, Part B - CASE PARTNERSHIP</i>	84.287C	29,827
	Total ESEA, Title IV, Part B - 21st Century and Pass-Through Harris County Department of Education		<u>331,383</u>
Pass-Through Education Service Center Region 10:			
16-018	<i>McKinney-Vento Homeless Education</i>	84.196	101,658
	Total McKinney-Vento Homeless Education and Pass-Through Education Service Center Region 10		<u>101,658</u>
	TOTAL U.S. DEPARTMENT OF EDUCATION		<u>11,265,083</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
06CH7142-02-00	<i>Early Head Start Program</i>	93.600	781,856
1H79SM061954-01	<i>Operation Mental Health First Aid</i>	93.243	27,373
None	<i>Medicaid Administrative Claims (MAC)</i>	93.778	52,408
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>861,637</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 24,118,400</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2016

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 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 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, 2016. 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 program per the Schedule of Expenditures of Federal Awards and expenditures reported on Exhibit C-3:

Federal Program Revenue (Exhibit C-3)	\$ 26,322,625
Less:	
E-RATE	498,286
ROTC	70,975
SHARS	1,634,964
	<u>\$ 24,118,400</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended August 31, 2016

Note 4 - General Fund Expenditures

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

E-RATE	\$	498,286
ROTC		70,975
SHARS		1,634,964
School Breakfast Program		288,006
National School Lunch Program		84,545
Early Head Start Program		3,605
Title I, Part A - Basic		132,860
IDEA, Part B - Formula		81,430
Vocational Education - Carl D. Perkins		5,945
McKinney - Vento Homeless Education		2,622
Medicaid Administrative Claiming Program		52,408
	\$	<u>2,855,646</u>