

AUDIT REPORT

Howe School District I-67

Leflore County, Oklahoma

July 1, 2010 to June 30, 2011

Prepared By:

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607 East Main Street
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**HOWE SCHOOL DISTRICT No. I-67
LEFLORE COUNTY, OKLAHOMA
JUNE 30, 2011**

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HOWE SCHOOL DISTRICT
SCHOOL DISTRICT OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2011

Board of Education

President	Elvis Hall
Vice-President	Larry Stacy
Clerk	Laura Young
Deputy Clerk	Dwayne Leatherwood
Member	Jason Blake

Superintendent

Scott L. Parks

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Howe School District No. I-67
Leflore County, Oklahoma

I have audited the accompanying financial statements of Howe School District No. I-67, Leflore County, Oklahoma, as listed in the table of contents as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Howe School District No. I-67, Leflore County, Oklahoma's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes *assessing* the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Howe School District No I-67, Leflore County, Oklahoma prepares its financial statements on the basis of accounting prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. As discussed in Note 1C, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Howe School District I-67, Leflore County, Oklahoma, as of June 30, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Howe School District No. I-67, Leflore County, Oklahoma, as of June 30, 2011, and the respective cash receipts and disbursements, and budgetary results for the year then ended on the basis of accounting described in Note 1C.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued a report dated October 27, 2011 on my consideration of Howe School District No. I-67, Leflore County, Oklahoma's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and is not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Howe School District No. I-67, Leflore County, Oklahoma's basic financial statements. The combining fund financial statements and other schedules and information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Howe School District No. I-67, Leflore County, Oklahoma. The combining fund financial statements, other schedules and information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has not presented the management's discussion and analysis information that the Government Accounting Standards Board has determined is required to supplement, although not required to be a part of the basic financial statements.

John David Turrentine
Certified Public Accountant
October 27, 2011

Howe School District No. I-67
Leflore County, Oklahoma

COMBINED STATEMENT OF ASSETS & LIABILITIES
ALL FUND TYPES AND ACCOUNT GROUPS -REGULATORY BASIS

June 30, 2011

Governmental Fund Types

ASSETS	General	Special Revenue	Debt Service
	-----	-----	-----
Cash and cash equivalents	\$ 798,987	\$ 45,996	\$ 65,100
Investments	-	-	-
Amount Available in Debt Service Fund	-	-	-
Property and Equipment	-	-	-
Amounts to be provided for retirement of general long term debt	-	-	-
	-----	-----	-----
Total Assets	798,987	45,996	65,100
	=====	=====	=====
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants payable	196,896	3,867	-
Encumbrances outstanding	11,592	-	-
Debt Service Deficit	-	-	-
Interest Payable	-	-	-
Long-term debt			
Bonds Payable	-	-	-
Capital Leases	-	-	-
Compensated absences	-	-	-
Early retirement incentive	-	-	-
	-----	-----	-----
Total liabilities	208,488	3,867	-
Fund Equity:			
Investment in Gen Fixed Assets	-	-	-
Cash fund balances	590,499	42,129	65,100
	-----	-----	-----
Total Liabilities and Fund Equity	\$ 798,987	\$ 45,996	\$ 65,100
	=====	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

Governmental Fund Types	Fiduciary Fund Types	Account Groups		
		General Fixed Asset	General Long-Term Debt	Total (Memorandum Only)
Bonds	Activity			
\$ 1,396	\$ 65,732	\$ -	\$ -	\$ 977,211
-	-	-	-	-
-	-	-	65,100	65,100
-	-	7,884,938	-	7,884,938
-	-	-	942,863	942,863
1,396	65,732	7,884,938	1,007,963	\$ 9,870,112
-	8,613	-	-	209,376
-	-	-	-	11,592
-	-	-	-	-
-	-	-	9,820	9,820
-	-	-	380,000	380,000
-	-	-	618,143	618,143
-	-	-	-	-
-	-	-	-	-
-	8,613	-	1,007,963	1,228,931
-	-	7,884,938	-	7,884,938
1,396	57,119	-	-	756,243
\$ 1,396	\$ 65,732	\$ 7,884,938	\$ 1,007,963	\$ 9,870,112

Howe School District No. I-67
Leflore County, Oklahoma

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES-REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenue Collected			
Local Sources	\$ 306,779	\$ 31,965	\$ 98,517
Intermediate Sources	48,055	-	-
State Sources	2,545,135	-	-
Federal Sources	1,229,090	5,068	-
Total Revenue Collected	4,129,059	37,033	98,517
Expenditures paid:			
Instruction	2,485,500	2,592	-
Support services	1,204,295	17,764	-
Non instruction services	195,005	-	-
Capital Outlay	132,753	67,676	-
Other outlays	327	3,356	106,110
Total Expenditures Paid	4,017,880	91,388	106,110
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	111,179	(54,355)	(7,592)
Adj. to prior year encumbrances	1,283	-	-
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfers in	-	2,356	-
Operating transfers out	-	-	-
Total other fin sources(uses)	-	2,356	-
Excess (deficiency) of revenue collected over expend. paid and other fin. sources(uses)	112,462	(51,999)	(7,592)
Cash fund balance, July 1, 2010	478,037	94,128	72,692
Cash fund balance, June 30, 2011	\$ 590,499	\$ 42,129	\$ 65,100

The accompanying notes to the financial statements are an integral part of this statement.

Governmental Fund Types	Fiduciary Fund Type	
Bond Fund	Activity	Total (Memorandum Only)
\$ -	\$ 175,364	\$ 612,625
-	-	48,055
-	-	2,545,135
-	-	1,234,158
-	175,364	4,439,973
-	-	2,488,092
9,250	-	1,231,309
-	-	195,005
169,354	-	369,783
-	173,309	283,102
178,604	173,309	4,567,291
(178,604)	2,055	(127,318)
-	-	1,283
180,000	-	180,000
-	-	2,356
-	-	-
180,000	-	182,356
1,396	2,055	56,322
-	55,064	699,921
\$ 1,396	\$ 57,119	\$ 756,243

Howe School District No. I-67
Leflore County, Oklahoma

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES -BUDGET AND ACTUAL
BUDGETED GOVERNMENTAL FUND TYPES-REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Special Revenue Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected						
Local Sources	\$ 309,137	\$ 309,137	\$ 811,164	\$ 28,454	\$ 28,454	\$ 31,965
Intermediate Sources	41,958	41,958	48,055	-	-	-
State Sources	2,415,140	2,415,140	2,545,135	-	-	-
Federal Sources	949,474	949,474	1,229,090	-	-	5,068
Total Revenue Collected	3,715,709	3,715,709	4,129,059	28,454	28,454	37,033
Expenditures paid:						
Instruction	2,714,487	2,714,487	2,485,500	4,483	4,483	2,592
Support services	1,193,511	1,193,511	1,204,295	-	-	17,764
Non instruction services	149,502	149,502	195,005	-	-	-
Capital Outlay	107,878	107,878	132,753	110,412	110,412	67,676
Other outlays	27,618	27,618	327	7,687	7,687	3,356
Total Expenditures Paid	4,192,996	4,192,996	4,017,880	122,582	122,582	91,388
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances			111,179			(54,355)
Adj. to prior year encumbrances			1,283			-
Other financing sources (uses):						
Bond sales proceeds			-			-
Operating transfers in			-			2,356
Operating transfers out			-			-
Total other fin sources(uses)			-			2,356
Excess (deficiency) of revenue collected over expend. paid and other fin. sources(uses)			112,462			(51,999)
Cash fund balance, July 1, 2010			478,037			94,128
Cash fund balance, June 30, 2011			\$ 590,499			\$ 42,129

HOWE SCHOOL DISTRICT I-67
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Howe School District I-67, Leflore County, Oklahoma (the District) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma statutes. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic -but not the only- criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District does not have a School Education Foundation.

B. Fund Accounting and Description of Funds

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long term debt (debt service funds).

General Fund- The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds- Special revenue funds are the District's Building and Child Nutrition Funds.

Building Fund- The building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling or repairing buildings and for purchasing furniture and equipment.

Co-Op Fund- The Co-op fund accounts for revenues and expense from the operation of a program in conjunction with another school district.

Lease Purchase and Capital Improvement Contingency Funds- The Lease Purchase and Capital Improvement Contingency funds are accounts for revenues and expenses for emergency replacement and repairs.

Debt Service Fund- The debt service fund is the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund- The capital projects fund is the District's Bond Fund that is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, Renovating existing facilities, and acquiring transportation equipment.

Fiduciary Fund Types- Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

within the District. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Fund- The Agency fund is the School Activities Fund which is used to account for monies collected principally through fund raising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these funds.

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

General Long-Term Debt Account Group- This account group was established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for compensated absences and early retirement incentives which are to be paid from funds provided in future years.

General Fixed Asset Account Group- This account group is used to account for property, plant, and equipment of the school district.

Memorandum Only - Total Column - The total column on the financial statements-is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The district prepares its financial statements in the format prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB No. 34, Basis Financial Statements-Management's Discussion and Analysis-for State and Local Governments. This format significantly differs from that required by GASB 34.

The basis financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

Encumbrances represented by purchase orders, contracts, or other commitments for the expenditure of monies are recorded when approved.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Investments and inventories are recorded as assets when purchased.

Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.

Warrants payable are recorded as liabilities when issued.

Long term debt is recorded when incurred.

Accrued compensated absences are recorded as expenditures and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31, for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the second Tuesday in February to approve the levy. If the Preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the final budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

The District may upon approval by the majority of electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. The district electors have made the levies permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budget appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

The 2010-2011 Estimate of Needs was not amended by supplemental appropriations.

E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of certificates of deposit of banks with maturities greater than three months when purchased.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Property Tax Revenues- The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The county assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed.

If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Inventories- The value of consumable inventories at June 30, 2011 is not known, but it is not believed to material to the financial statements.

Capital Assets - Fixed assets used in governmental type fund operations are recorded as capital outlay expenditures upon acquisition and are recorded as property, plant, and equipment in the General Fixed Asset Account Group.

All fixed assets are recorded at historical cost, or estimated cost, if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation and accumulated depreciation are not reported against general fixed assets.

Compensated Absences- The District allows certain employees to take vacations. The vacation leave must be used during the year earned and cannot be carried over.

Employees are allowed varying amounts of sick leave during the year in accordance with Oklahoma Statutes. Sick leave used during the year is recorded as an expense in the governmental fund. Vested accumulated rights to receive sick pay benefits may be used in subsequent years, transferred to another District, or added to years of service at retirement. Based upon the District's experience it is not probable that the District will pay for vested accumulated rights to receive sick leave. Therefore a liability for vested accumulated sick leave has not been recorded.

Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance - Fund balance represents the cash funds not encumbered by purchase order, legal contracts, and/or outstanding warrants

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

F. Revenues, Expenses, and Expenditures

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical education program revenues be accounted for in the general fund.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

NOTE 2 - Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

In accordance with state statutes, the District's investment policy is to comply with these requirements. The district's current investments consist of bank certificates of deposit.

Deposits and Investments - The District's cash deposits and investments at June 30, 2011 of \$977,211 were completely insured or collateralized by federal deposit insurance, direct obligations of the U.S. Government, or securities held by the district or by its agent in the district's name.

Therefore, the District's cash deposits and investments at June 30, 2011 were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3- General Fixed Assets (Property & Equipment)-

	Balance 7/01/10	Additions	Disposals	Balance 6/30/11
Land & Buildings	\$ 6,805,603	\$ -	\$ -	\$ 6,805,603
Transport'n Equip.	545,855	-	-	545,855
Other Assets	527,824	5,656	-	533,480
Total	<u>\$ 7,879,282</u>	<u>\$ 5,656</u>	<u>\$ -</u>	<u>\$ 7,884,938</u>

NOTE 4 - General Long-Term Debt

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2011.

	Bonds Payable Total	Compens. Absences	Early Retire. Incentive	Capital Lease Oblig.
Balance, July 1, 2010	\$ 295,000	\$ -	\$ -	\$ 896,903
Additions	180,000	-	-	-
Adjustments	-	-	-	-
Retirements	(95,000)	-	-	(278,759)
Balance, June 30, 2011	<u>\$ 380,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 618,144</u>

A brief description of the outstanding general obligation bond issues at June 30, 2011 is set forth below:

Independent School District I-67 Building Bonds, Series 2010,
Original issue 180,000, interest rate of 2.50-5.75%, due in
annual installments of \$30,000, final payment of \$30,000,
due August 1, 2017. \$180,000

Independent School District I-67 Building Bonds, Series 2007,
Original issue 285,000, interest rate of 3.85-6.00%, due in
annual installments of \$50,000, final payment of \$50,000,
due August 1, 2014. \$200,000
\$380,000

The annual debt service requirements for retirement of bond principal, capital leases, and payment of interest are as follows:

Y/E June 30,	Principal	Bond Interest	Leases
2012	80,000	13,325	153,377
2013	80,000	9,773	132,753
2014	80,000	6,289	132,753
2015	80,000	3,213	107,036
2016	30,000	1,425	107,036
2017	30,000	788	107,035
	<u>\$ 380,000</u>	<u>\$ 34,813</u>	<u>\$ 739,990</u>
Less amounts representing interest			(121,846)
Present value of future minimum lease payments			<u>\$ 618,143</u>

Interest expense on general long-term debt incurred during the current year totaled \$ 65,702.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - Other Post Employment Benefits -

The district does not have an early retirement incentive plan.

NOTE 6 - Employee Retirement System

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution / requirements.

A participant with ten years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest their accumulated contributions and defer receipt of a retirement annuity until a later date.

When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The contribution rates for the Districts which are not actuarial determined, and are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The district is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2011. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7.0% on all regular annual compensation.

Annual Pension Cost- The District's total contributions for 2011, 2010 and 2009 were \$ 184,814, \$ 186,713, and \$ 172,183 respectively.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

There are no actuarial valuations performed on individual school districts. The unfunded actuarial accrued liability of the System, as determined as part on the latest actuarial valuation dated June 30, 2011, is as follows:

Total actuarial accrued liability	\$ 17,560,754,452
Less Actuarial value of assets	<u>9,960,576,151</u>
Unfunded actuarial accrued liability	<u>\$ 7,600,178,301</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten year historical trend information is presented in the teacher's retirement System of Oklahoma Annual report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The report can be obtained at the Systems' office in Oklahoma City or on its website.

NOTE 7- Risk Management

The district is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors, and omissions; injuries to employees; employees health and life; and natural disasters. The District manages these various risks of loss as follows:

Type of Loss	Method Managed	Loss Retained
-----	-----	-----
A. Torts, errors and omissions	Purchased Commercial insurance through a commercial carrier.	None
B. Injuries to employees (Workmen's Compensation)	Participation in OSAG risk entity pool	(1)
C. Employee health & life asset loss & natural disaster	Purchased Commercial insurance through a commercial carrier.	None

(1) Worker's Compensation Plan- The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating District pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma School Assurance Group, and is responsible for its obligations under any contract entered into with the plan.

Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims is limited to specific retention levels for each member as outlined in the Plan's reinsurance agreement.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

The Plan's worker's compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

Note 8- Contingencies

Federal Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 9- Subsequent Events-

No subsequent events have occurred that could have an effect on the financial statements at June 30, 2011.

Note 10- Litigation

The District is not party to any known legal proceedings which normally occur in governmental operations.

Howe School District No. I-67
Leflore County, Oklahoma

COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CASH FUND BALANCES
ALL SPECIAL REVENUE FUNDS-REGULATORY BASIS

June 30, 2011

	Governmental Fund Types (1)			
	Building Fund	Co-OP Fund	Edwards Scholarship Fund	Total
ASSETS				
Cash/cash equivalents	\$ 33,801	\$ 4,483	\$ 7,712	\$ 45,996
Investments	-	-	-	-
Total Assets	33,801	4,483	7,712	45,996
	=====	=====	=====	=====
LIABILITIES AND FUND EQUITY				
Liabilities:				
Warrants payable	1,275	2,592	-	3,867
Encumbrances outstanding	-	-	-	-
Total liabilities	1,275	2,592	-	3,867
Fund Equity:				
Retained Earnings	-	-	-	-
Cash fund balances	32,526	1,891	7,712	42,129
Total Liabilities and Fund Equity	\$ 33,801	\$ 4,483	\$ 7,712	\$ 45,996
	=====	=====	=====	=====

(1) Lunch programs are included in general fund totals.

*The accompanying notes are an integral part of these financial statements.

Howe School District I-67
Leflore County, Oklahoma

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES -BUDGET AND ACTUAL
BUDGETED GOVERNMENTAL FUND TYPES-REGULATORY BASIS
COMBINING SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Building Fund			Co-Op Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected						
Local Sources	\$ 28,454	\$ 28,454	\$ 30,940	\$ -	\$ -	\$ -
Intermediate Sources	-	-	-	-	-	-
State Sources	-	-	-	-	-	-
Federal Sources	-	-	5,068	-	-	-
Total Revenue Collected	28,454	28,454	36,008	-	-	-
Expenditures paid:						
Instruction	-	-	-	4,483	4,483	2,592
Support services	-	-	17,764	-	-	-
Non instruction services	-	-	-	-	-	-
Capital Outlay	110,412	110,412	67,676	-	-	-
Other outlays	-	-	-	-	-	2,356
Total Expenditures Paid	110,412	110,412	85,440	4,483	4,483	4,948
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	(81,958)	(81,958)	(49,432)	(4,483)	(4,483)	(4,948)
Adj. to prior year encumbrances			-			-
Other financing sources (uses):						
Bond sales proceeds			-			-
Operating transfers in			-			2,356
Operating transfers out			-			-
Total other fin sources(uses)			-			2,356
Excess (deficiency) of revenue collected over expend. paid and other fin. sources(uses)			(49,432)			(2,592)
Cash fund balance, July 1, 2010			81,958			4,483
Cash fund balance, June 30, 2011			\$ 32,526			1,891

The accompanying notes to the financial statements are an integral part of this statement.

Edwards Scholarship Fund

Combining Special Revenue Funds

Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ -	\$ -	\$ 1,025	\$ 28,454	\$ 28,454	\$ 31,965
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,068
-	-	1,025	28,454	28,454	37,033
-	-	-	4,483	4,483	2,592
-	-	-	-	-	17,764
-	-	-	-	-	-
-	-	-	110,412	110,412	67,676
7,687	7,687	1,000	7,687	7,687	3,356
7,687	7,687	1,000	122,582	122,582	91,388
(7,687)	(7,687)	25	(94,128)	(94,128)	(54,355)
		-			-
		-			-
		-			-
		-			2,356
		-			-
		-			2,356
		-			(51,999)
		-			94,128
		\$ -			\$ 42,129
		=====			=====

Howe School District No. I-67
Leflore County, Oklahoma

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS-REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

SUB ACCOUNT	BALANCE 7/01/10	ADDITIONS	DEDUCTIONS	BALANCE 6/30/11
Miscellan.	\$ 2,825	\$ 19,524	\$ 15,027	\$ 7,322
Athletics	10,593	48,637	50,938	8,292
Student Council	182	50	-	232
FCCLA	180	2,753	2,107	826
FFA	7,716	42,304	41,112	8,908
Yearbook	12,299	8,606	9,119	11,786
Newspaper	27	-	-	27
4H	89	-	-	89
Class of 2009	117	-	117	-
Spanish Club	179	-	84	95
Howe Middle Sch	1,689	10,082	10,185	1,586
Class of 2011	522	5,770	6,291	1
Class of 2012	57	1,660	1,285	432
5th Grade	1,196	734	951	979
4th Grade	428	627	810	245
3rd Grade	182	1,181	1,283	80
2nd Grade	603	2,590	971	2,222
Booster Club	425	-	-	425
Library	3	4,352	3,843	512
Cheerleaders	554	2,149	2,692	11
Elementary #2	7,880	10,986	14,460	4,406
BPA	1,774	1,429	1,400	1,803
Kindegarden	94	2,675	2,169	600
Pre K	1,493	4,022	3,816	1,699
First Grade	405	1,644	1,171	878
Class of 2010	35	-	35	0
Class of 2014	-	328	-	328
Class of 2013	-	86	-	86
Howe YAB	-	120	105	15
Br Fut B/S Trip	2,079	-	-	2,079
Cirl Scouts Am.	-	-	-	-
Howe High School	256	-	229	27
Digit Kids Clb	931	1,229	1,183	977
Drama Club	47	-	-	47
Co-Op Class	204	1,878	1,978	104
	<u>\$ 55,064</u>	<u>\$175,416</u>	<u>\$173,361</u>	<u>\$ 57,119</u>
	=====	=====	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

Howe School District No. I-67
Leflore County, Oklahoma
Schedule of Expenditures of Federal Awards-Regulatory Basis
July 1, 2010 to June 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Approved Program	Disbursed Prior/To 7/01/10	Disbursed FYE 2011	Cancelled or Indirect Program Costs (1)	(Unspent) Program 6/30/11	Project
Johnson O'Malley 2010-11 Program	15.130	\$ 6,890	\$ -	\$ 5,791	\$ (1,099)	\$ -	563
Carl Perkins 2010-11 Program	84.048	5,617	-	5,336	(281)	-	421
Flood Control	12.112	248	-	248	-	-	771
Passed Through State Department of Education:							
Title 1 2010-11 Program	84.010	135,417	-	134,464	(953)	-	511
AARA Title 1 2010-11 Program	84.389	45,959	-	45,959	-	-	516
EHAB Flow Through 2010-11 Program	84.027	105,640	-	105,640	-	-	621
AARA Flow Through 2010-11 Program	84.391	22,945	-	22,945	-	-	622
Pre School 2010-11 Program	84.173	3,675	-	3,675	-	-	641
Title II PT A 2010-11 Program	84.367	18,846	-	18,807	(39)	-	586
ARRA Foundn Aid 2010-11 Program	84.394	110,997	-	110,997	-	-	782
ARRA Ed Jobs Fund 2010-11 Program	84.410	89,713	-	89,713	-	-	790
AARA ED TECH 2010-11 Program	84.318	397,252	-	397,252	-	-	549
Counseling Grnt 2010-11 Program	84.215	187,701	-	127,498	-	-	777
Passed Through State Department of Vocational & Technical Education:							
U.S. Department of Agriculture							
Cssh Food Serv Programs 10.555 & 10.553		189,292	-	189,292	-	-	335
Non Cash Food Serv Programs 10.555 & 10.553		12,952	-	12,952	-	-	335
Direct Funded:							
Impact Aide 2010-11 Program	84.041	41,965	-	41,965	-	-	591
Title VI-Rural 2010-11 Program	84.358	35,061	-	35,061	-	-	588
Total Federal Assistance Expenditures		\$1,410,170	\$ -	\$1,347,596	\$ (2,372)	\$ -	
		=====	=====	=====	=====	=====	

Indirect costs are not required to be directly charged to program costs.

* The accompanying notes are an integral part of this statement

John D. Turrentine
Certified Public Accountant P.C.
607 East Main Street
Stigler Oklahoma 74462

**Independent Auditor's 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 Honorable Board of Education
Howe School District No. I-67
Leflore County, Oklahoma

I have audited the accompanying fund type and account group financial statements-regulatory basis within the combined financial statements of the Howe School District I-67, Leflore County, Oklahoma as of and for the year ended June 30, 2011 and have issued my report thereon dated October 27, 2011. The report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. My report was unqualified with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education. I conducted my 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

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements 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.

A material weakness is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and 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.

Sincerely,

John D. Turrentine CPA, P.C.
Stigler Oklahoma
October 27, 2011

John Turrentine
Certified Public Accountant, P.C.
607 East Main Street
Stigler Oklahoma 74462
(918)967-2551

INDEPENDENT AUDITOR'S 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

The Honorable Board of Education
Howe School District I-67
Leflore County, Oklahoma

Compliance

I have audited the compliance of the Howe School District 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 its major federal programs for the year ended June 30, 2011. 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. My responsibility is to express an opinion on the Howe School District's No. I-67 compliance based on my audit.

I conducted my 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 I 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 Howe School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Howe School District's compliance with those requirements.

In my opinion, the Howe School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Howe School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Howe School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program 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.

A material weakness is a deficiency, or 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, School Board, and 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.

John D. Turrentine CPA, P.C.
Stigler Oklahoma
October 27, 2011

Howe School District No. I-67
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and is an unqualified opinion on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Howe School District No. I-67 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for the Howe School District expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs.
7. The program that qualified as a major program is CFDA 84.318 ARRA ED TECH.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Howe School District did qualify as a low-risk auditee.

Section II
FINANCIAL STATEMENTS FINDINGS

There are no matters required to be reported.

Section III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are not matters required to be reported.

HOWE SCHOOL DISTRICT NO. I-67
DISPOSITION OF PRIOR YEAR AUDIT FINDINGS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2011

PRIOR YEARS FINDINGS (July 1, 2009 to June 30, 2010)

SECTION II - FINANCIAL STATEMENT FINDINGS

Number 2010-1 – Significant deficiency that is not a material weakness.

Condition – There is not a trained accountant on staff to prepare the financial statements and notes.

Effect – The school district must rely on someone outside the District to assist with the financial statements

Resolution – The school district successfully hired a CPA to work for the district and prepare the financial statements and related notes for the 2010-2011 fiscal year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS.

No matters were reported.

***The accompanying notes are an integral part of these financial statements.**

HOWE SCHOOL DISTRICT NO. I-67
LEFLORE COUNTY, OKLAHOMA
STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Expiration Date</u>
SURETY/ALL POSITIONS	RLI SURETY	FID 0101767	\$ 40,000	08/22/2011
SURETY/TREASURER	WESTERN SURETY	69542721	\$100,000	06/19/2012
SURETY/SUPERINTENDENT	WESTERN SURETY	70814375	\$100,000	08/03/2011

**Howe School District I-67
Leflore County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
June 30, 2011**

State of Oklahoma)

)
County of Haskell)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the audit engagement with Howe School District I-67 for the year 2010-2011.

John D. Turrentine, CPA P.C.
Auditing Firm

by _____
Authorized Agent

Subscribed and sworn before me this _____ day of _____, 2011

NOTARY PUBLIC