

**SCHUYLKILL TECHNOLOGY CENTER
SINGLE AUDIT REPORT
MAR LIN, PENNSYLVANIA**

FOR THE YEAR ENDED JUNE 30, 2012

EIN: 23-1675973

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Independent Auditor's Report

Board of School Directors
Schuylkill Technology Center
Mar Lin, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Schuylkill Technology Center as of and for the year ended June 30, 2012, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Schuylkill Technology Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Schuylkill Technology Center, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2013, on our consideration of the Schuylkill Technology Center's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 18 and 25 be presented to supplement the basic financial statements. Such information, although not a

part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schuylkill Technology Center's financial statements as a whole. 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 financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Herring, Roll & Solomon

February 14, 2013

Herring, Roll & Solomon, P.C.

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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*

Board of School Directors
Schuylkill Technology Center
Mar Lin, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Schuylkill Technology Center, as of and for the year ended June 30, 2012, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 14, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Schuylkill Technology Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Schuylkill Technology Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schuylkill Technology Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Schuylkill Technology Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schuylkill Technology Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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*.

This report is intended solely for the information and use of management, the Board of School Directors, others within the entity, 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.

Herring, Roll & Solomon

February 14, 2013

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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

Board of School Directors
Schuylkill Technology Center
Mar Lin, Pennsylvania

Compliance

We have audited the Schuylkill Technology Center's 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 Schuylkill Technology Center's major federal programs for the year ended June 30, 2012. The Schuylkill Technology Center'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 Schuylkill Technology Center's management. Our responsibility is to express an opinion on the Schuylkill Technology Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Schuylkill Technology Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Schuylkill Technology Center's compliance with those requirements.

In our opinion, the Schuylkill Technology Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the Schuylkill Technology Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of School Directors, others within the entity, 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.

Herring, Roll & Solomon

February 14, 2013

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Our discussion and analysis of the Schuylkill Technology Center's financial performance provides an overall view of the School's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments issued June 1999.

JOINT VENTURE

Schuylkill Technology Center is a joint venture of twelve public schools in Schuylkill County, PA organized under the Public School Code of PA, namely:

Blue Mountain School District
Mahanoy Area School District
Minersville Area School District
Pottsville Area School District
Pine Grove School District
North Schuylkill School District

Saint Clair School District
Schuylkill Haven School District
Shenandoah Valley School District
Tamaqua Area School District
Tri Valley School District
Williams Valley School District

The School provides career and technology programs for high school students who are residents of the participating school districts and out of school youths and adults. Career and Technology programs are provided at 2 campuses; 1 South (Mar Lin) and 1 North (Frackville) and include the following programs:

Regular Instruction – Social Studies
Agriculture
Marketing
Health Occupations
Home Economics – Child Care, and Food Preparation
Technology - Drafting, Electronics and Computer Technology
Trade and Industry - Auto Body, Auto Mechanics, Carpentry, Cosmetology,
Electrical, Electromechanical, Machine Trades, Masonry, Plumbing, Small
Engine Repair and Welding.

In addition, a post secondary program is offered for adults in the area of Heavy Equipment Operation, Commercial Driver Licensing and Licensed Practical Nursing.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Each district is responsible for a share of the operating budget based on student enrollment using a formula described within the Articles of Agreement.

As a result of an amendment to the articles of agreement made in October of 2004, the formula used to calculate the district contributions was changed from a 21% projection of enrollment to a 17% projection beginning with the 2005-2006 school year.

Continuing Education for out of school youths and adults receives no school district funding and operates on student paid tuition, and state and federal grants that become available.

FINANCIAL HIGHLIGHTS

The twelve participating school districts provide the largest sum of revenue, which supports the secondary education programs and totaled \$5,043,095 for 2011-2012. This amount is based on a funding formula that is agreed upon by all districts as part of the Articles of Agreement.

Total contributions from participating school districts were over 81% of the secondary program's revenue for 2011-2012. The balance of revenue was made up of both state and federal grants and local tuition.

At year end of the 2011-2012 school year, secondary programs revenue exceeded expenditures and the school ended up with a surplus of \$85,323 of which \$7,232 was placed in the capital reserve fund, \$13,000 was transferred to the food service fund and excess funds totaling \$65,091 were returned to the districts to bring the fund balance to the allowable amount of \$350,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management's Discussion and Analysis (this section);
- The basic financial statements, and
- Notes to the financial statements.

The basic financial statements include two types of statements that present different views of the Schuylkill Technology Center. The first 2 statements are government-wide financial statements – the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about the School's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements.

The governmental fund statements tell how the School's services were financed for the current period as well as what remains for future spending.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Proprietary funds statements offer short and long-term financial information about the activities of the food service operations. These activities are operated as a business entity.

Fiduciary funds statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Entity-wide Statements

The entity-wide statements report information about the School as a whole, using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School's assets and liabilities. All of the current year's revenues and expenditures are accounted for in the statement of activities, regardless of when cash is received or paid.

The entity-wide statements report the School's net assets and how they have changed. Net assets, the difference between the School's assets and liabilities, are one way to measure the School's financial health or position.

Over time, increases or decreases in the School's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School, you need to consider additional factors, such as change in the member district contributions and the projected enrollment of the students.

The entity-wide financial statements of the school are divided into two categories:

Governmental activities – All of the School's basic services are included here, such as instruction, administration and community services. Participating school district contributions, state and federal subsidies, grants and tuition finance most of these activities

Business Type activities – The school operates a food service operation and charges fees to staff, students and visitors to help cover the cost of the food service operation. The post secondary program is also reported as a business type activity.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Fund Financial Statements

Governmental funds – Most of the School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's services. Because this information does not encompass the long-term focus on the School-wide statements, we provide additional information with the governmental funds statements to explain the relationship between them.

Proprietary funds – These funds are used to account for the School's activities that are similar to business operations in the private sector; or where reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. The food service operation and post secondary programs are reported in this fund.

Fiduciary funds – The School is the trustee, or fiduciary, for assets that belong to others, such as student activities funds and payroll liabilities. The School is responsible for ensuring that those to whom the assets belong are used only for their intended purposes and assets reported in these funds. All of the School's fiduciary activities are reported separate of the fiduciary net assets. We exclude these activities from the entity-wide financial statements because the School cannot use these assets to finance program services.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE TECHNOLOGY CENTER AS A WHOLE

The School's total net assets decreased from \$3,026,817 to \$2,611,039, a decrease of \$415,778 or 14%. (See Table A-1)

**Table A-1
Fiscal Year Ended June 30, 2011 and June 30, 2012
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,765,227	\$ 1,586,270	\$ 1,009,053	\$ 860,263	\$ 2,774,280	\$ 2,446,533
Capital assets	1,305,028	1,513,628	0	0	1,305,028	1,513,628
Total Assets	\$ 3,070,255	\$ 3,099,898	\$ 1,009,053	\$ 860,263	\$ 4,079,308	\$ 3,960,161
Current Liabilities	1,083,832	614,785	223,511	174,328	1,307,343	789,113
Long-term Liabilities	149,843	133,148	11,083	11,083	160,926	144,231
Total Liabilities	\$ 1,233,675	\$ 747,933	\$ 234,594	\$ 185,411	\$ 1,468,269	\$ 933,344
Restricted for Capital Projects	331,395	621,485	0	0	331,395	621,485
Invest in capital assets, net of related debt	1,305,028	1,513,628	0	0	1,305,028	1,513,628
Unrestricted net assets	200,157	216,852	774,459	674,852	974,616	891,704
Total Net Assets	\$ 1,836,580	\$ 2,351,965	\$ 774,459	\$ 674,852	\$ 2,611,039	\$ 3,026,817
Total Liabilities & Net Assets	\$ 3,070,255	\$ 3,099,898	\$ 1,009,053	\$ 860,263	\$ 4,079,308	\$ 3,960,161

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Table A-2
Change in Net Assets
For the Year Ended June 30, 2012

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$93,311	\$41,716	\$824,008	\$406,362	\$917,319	\$448,078
Operating Grants and Contributions	1,077,429	1,044,388	1,150,200	1,701,705	2,227,629	2,746,093
General Revenues						
Member Districts	5,043,095	4,644,505	0	0	5,043,095	4,644,505
Investment Income	476	4,221	0	554	476	4,775
Transfer In (Out)	(13,000)	(13,000)	13,000	13,000	0	0
Total Revenues	\$ 6,201,311	\$ 5,721,830	\$ 1,987,208	\$ 2,121,621	\$ 8,188,519	\$ 7,843,451
Expenses						
Instructional	3,520,936	2,835,841	0	0	3,520,936	2,835,841
Instructional Support	574,150	536,992	0	0	574,150	536,992
Administration	850,896	832,908	0	0	850,896	832,908
Operation and Maintenance of facilities	1,395,506	1,181,339	0	0	1,395,506	1,181,339
Pupil Transportation	365,760	350,297	0	0	365,760	350,297
Student Activities	9,448	7,024	0	0	9,448	7,024
Community Services	0	0	0	0	0	0
Food Service	0	0	225,503	207,725	225,503	207,725
Other Enterprise Fund(Post Secondary)	0	0	1,662,098	1,906,358	1,662,098	1,906,358
Total Expenses	\$ 6,716,696	\$ 5,744,401	\$ 1,887,601	\$ 2,114,083	\$ 8,604,297	\$ 7,858,484
Increase (Decrease) in net assets	\$ (515,385)	\$ (22,571)	\$ 99,607	\$ 7,538	\$ (415,778)	\$ (15,033)

Changes in net assets: The School's total revenues were \$8,188,519 for the year ended June 30, 2012 (see Table A-2). Member district contributions make up \$5,043,095 or 62% of the total revenue for the year. The balance of the revenue came from Charges for Services, Other State and Federal Subsidies, Grants, Investment Income and Tuition.

The total cost of all programs and services was \$8,604,297. The School's costs related to education and servicing students amounted to \$4,470,294 or 52% (Instruction, Instructional Student Support, Pupil Transportation, Student Activities), Administration costs accounted for \$850,896, 10%, Operation and Maintenance of Facilities accounted for \$1,395,506, 16%, Food Service Costs \$225,503, or 3%, and Post Secondary expenses of \$1,662,098, or 19% (see Table A-2).

Total expenditures exceeded revenues decreasing net assets by \$415,778.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The table below presents the expenditures of both Governmental-type and Business-type Activities of the School.

Table A-3 shows the School's largest functions – instructional programs, instructional student support, administration, pupil health, business services, operation and maintenance of plants, pupil transportation services, central services, student activities as well as each program's net cost (total cost less revenues generated by the activity). This table also shows the net cost offset by other related grants, subsidies and contributions to show the remaining financial needs supported by local revenue and other miscellaneous revenues

**Table A-3
Fiscal Year Ended June 30, 2012
Net Cost of Governmental and Business-type Activities**

	Total Cost of Services		Net Cost of Services	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction	\$3,520,936	\$2,835,841	\$2,477,341	\$1,889,078
Instructional Student Support	574,150	536,992	552,755	505,082
Administration	850,896	832,908	806,954	797,908
Operation and Maintenance of facilities	1,395,506	1,181,339	1,345,584	1,140,487
Pupil Transportation	365,760	350,297	353,874	318,718
Student Activities	9,448	7,024	9,448	7,024
Food Service	225,503	207,725	11,466	10,873
Other Enterprise Fund (Post Secondary)	1,662,098	1,906,358	(98,073)	(4,857)
	<u>\$8,604,297</u>	<u>\$7,858,484</u>	<u>\$5,459,349</u>	<u>\$4,664,313</u>

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

FUND BALANCES

The Schools fund balance and net assets of \$1,455,854 decreased \$190,483 from the prior year. The schedule below summarizes the fund balances and the total change in fund balances as of June 30, 2012 and 2011:

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase (Decrease)
General	\$ 350,000	\$ 350,000	\$ -
Post Secondary	770,719	672,646	98,073
Capital Reserve	331,395	621,485	(290,090)
Café	3,740	2,206	1,534
Total	\$ 1,455,854	\$ 1,646,337	\$ (190,483)

	Budget Final	Actual Cost	Variance Positive (Negative)
EXPENDITURES -- General Fund			
Regular Programs	\$ 298,656	\$ 294,801	\$ 3,855
Vocational Programs	2,517,384	2,416,834	100,550
Special Programs	529,865	588,518	(58,653)
Pupil Personnel Services	232,354	232,334	20
Instructional Staff Services	212,154	211,307	847
Administrative Services	593,318	552,089	41,229
Pupil Health	139,246	130,509	8,737
Business Services	280,054	291,050	(10,996)
Operation of Plant	1,202,757	1,098,093	104,664
Student Transportation Service	384,800	365,760	19,040
Other Support Services	-	3,249	(3,249)
Student Activities	16,838	9,448	7,390
Total Expenditures	\$ 6,407,426	\$ 6,193,992	\$ 213,434
Interfund Transfers Out	\$ (268)	\$ (20,232)	\$ (19,964)
NET CHANGE IN FUND BALANCE	\$ (90,565)	\$ -	\$ 90,565
Fund Balance--Beginning of Year	\$ 404,847	\$ 350,000	\$ (54,847)
FUND BALANCE-END OF YEAR	\$ 314,282	\$ 350,000	\$ 35,718

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

GENERAL FUND - EXPENDITURES (2012 vs. 2011)

	2012	2011	Difference
	Cost	Cost	Increase(Decrease)
Regular Programs	\$ 294,801	\$ 273,327	\$ 21,474
Vocational Programs	2,416,834	2,387,161	29,673
Special Programs	588,518	34	588,484
Pupil Personnel Services	232,334	223,972	8,362
Instructional Staff Services	211,307	213,231	(1,924)
Administrative Services	552,089	587,177	(35,088)
Pupil Health	130,509	99,789	30,720
Business Services	291,050	252,975	38,075
Operation of Plant	1,098,093	1,305,388	(207,295)
Student Transportation Service	365,760	350,297	15,463
Other Support Services	3,249	-	3,249
Student Activities	9,448	7,024	2,424
Total Expenditures	\$ 6,193,992	\$ 5,700,375	\$ 493,617

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

BUDGETARY PROCESS

General Fund Budget

Annually in December and January, the School Administration prepares the General Fund Program Budget for the following fiscal year. The Program Budget is presented to the Chief School Administrators at their February Meeting for review, discussion and approval. At the meeting of the School's Board of Directors, the budget is presented for review and approval. Following the approval of the budget by the Board of Directors, the Administration forwards copies of the program budget to the twelve member districts of the School. Included with the program budget are individual ballots and a resolution that must be completed by each member district. The local member districts are required to approve the program budget, indicate on the individual ballot how each member voted and adopt the resolution. An original resolution and each signed ballots are then forwarded to the School. A program budget is approved when a majority of the twelve school districts and a majority of the 108 board members, using the proportionate vote as calculated by the Pennsylvania Department of Education, vote in favor of the budget.

Over the course of the year, the School reviews expenditures and makes appropriate adjustments to cover unexpected expenditures in the annual operating budget that exceed the original line item budget.

The General Fund Budget was prepared projecting a deficit of revenue over expenditures of \$90,565. Actual results reflected an excess of revenues over expenditures of \$65,091 before paying out the remaining balance to the school districts.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The Technology Center has invested to date, \$1,305,028 net of accumulated depreciation, in capital assets that includes the land, buildings and equipment. Currently, Board Policy states "anything to be considered as equipment must be valued at a minimum of \$1,500". Computer equipment is recorded as equipment when the value of all components equal or exceed the \$1,500.00 threshold. Depreciation expense for the year totaled \$295,393.

DEBT ADMINISTRATION

The Non-Current Liabilities consist of accrued vacation pay, sick leave, retirement incentives, and other post employment benefits for qualifying employees of the Center. Additional detailed information about the Non-current Liabilities is included in the financial statements.

LABOR RELATIONS

The Schuylkill Technology Center Education Association, an affiliation of the Pennsylvania State Teachers Association (PSEA), represents the teachers of the technology center. This group, which represents approximately 39 employees, has the responsibility of bargaining for these employees. A three year agreement was approved beginning July 1, 2012 which provided for wage increases determined each year based on the average wage increase of the 12 member district's teachers. The wage increase for the 2012-2013 year was \$1,713 for each teacher.

The Schuylkill Technology Center Education Support Services Association, an affiliation of the Pennsylvania State Teachers Association (PSEA), represents the non-professional personnel. This group consists of secretaries, teacher aides, custodians, bus drivers and cafeteria personnel. This group, which represents approximately 29 employees, has the responsibility of bargaining for these employees. A three year agreement was effective July 1, 2012 which provided wage increases of \$0.50, \$0.60 and \$0.60.

The Schuylkill Technology Center approved a (3) three year contract for the Act 93 and Compensation Plan Personnel effective July 1, 2012. This Act 93 plan consists of 3 administrators and the Compensation Plan consists of 7 employees. Representatives from each of the various levels meet annually with the administration to discuss salaries and benefits provided by the compensation plan. The Administrators of the Technology Center meet with a Committee of the Board of Directors to prepare recommendations to the Board as a whole for increases in salaries and /or benefits. The Act 93 Plan was approved for a (3) year period beginning July 1, 2012 through June 30, 2015 and provides for percentage wage increases equal to the average percentage wage increase of the 12 member district's Act 93 employees. The wage increase was 2.5% for the 2012-2013 school year.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

FACTORS BEARING ON THE TECHNOLOGY CENTER'S FINANCIAL FUTURE

One major issue facing the Technology Center, and all school entities throughout the Commonwealth is future retirement cost. It is projected that rates will increase dramatically over the next 2 (two) years. For the year ended June 30, 2013, the rate had increased to 12.36% from 8.65% of gross wages and is projected at 16.93% for the year ended June 30, 2014.

CONTACTING THE TECHNOLOGY CENTER FINANCIAL MANAGEMENT

This financial report is designed to provide the Board of Directors, the Administration and citizens of the member districts with a general overview of the Technology Center's finances and to show the Board's accountability for the monies received. If you have any questions about this report or wish to request additional financial information, please contact Edwin F. Musser, CPA, Business Manager, Schuylkill Technology Center, P O Box 130, 17 Maple Avenue, Mar Lin, PA 17951.

SCHUYLKILL TECHNOLOGY CENTER

STATEMENT OF NET ASSETS

JUNE 30, 2012

ASSETS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,541,789	\$ 863,527	\$ 2,405,316
Due from other governments	120,970	137,984	258,954
Other receivables	20,525	400	20,925
Inventories	81,943	7,142	89,085
TOTAL CURRENT ASSETS	1,765,227	1,009,053	2,774,280
NON-CURRENT ASSETS			
Land	124,948	0	124,948
Site improvements (net)	69	0	69
Building and building improvements - net	323,238	0	323,238
Furniture and equipment - net	856,773	0	856,773
TOTAL NON-CURRENT ASSETS	1,305,028	0	1,305,028
TOTAL ASSETS	\$ 3,070,255	\$ 1,009,053	\$ 4,079,308
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Internal Balances	\$ (78,156)	\$ 78,156	\$0
Due to other governments	360,285	0	360,285
Accounts payable	351,656	65,056	416,712
Accrued salaries and benefits	450,047	79,807	529,854
Deferred revenues	0	465	465
Other current liabilities	0	27	27
TOTAL CURRENT LIABILITIES	1,083,832	223,511	1,307,343
NON-CURRENT LIABILITIES			
Long-term portion of compensated absences	149,843	0	149,843
Other postemployment benefits	0	11,083	11,083
TOTAL NON-CURRENT LIABILITIES	149,843	11,083	160,926
TOTAL LIABILITIES	1,233,675	234,594	1,468,269
NET ASSETS			
Restricted for capital projects	331,395	0	331,395
Invested in capital assets, net of related debt	1,305,028	0	1,305,028
Unassigned	200,157	774,459	974,616
TOTAL NET ASSETS	1,836,580	774,459	2,611,039
TOTAL LIABILITIES AND NET ASSETS	\$ 3,070,255	\$ 1,009,053	\$ 4,079,308

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 3,520,936	\$ 83,910	\$ 959,685	\$ (2,477,341)	\$ 0	\$ (2,477,341)
Instructional student support	574,150	0	21,395	(552,755)	0	(552,755)
Administrative and financial support services	850,896	9,401	34,541	(806,954)	0	(806,954)
Operation and maintenance of plant services	1,395,506	0	49,922	(1,345,584)	0	(1,345,584)
Pupil transportation	365,760	0	11,886	(353,874)	0	(353,874)
Student activities	9,448	0	0	(9,448)	0	(9,448)
TOTAL GOVERNMENTAL ACTIVITIES	6,716,696	93,311	1,077,429	(5,545,956)	0	(5,545,956)
BUSINESS-TYPE ACTIVITIES						
Food services	225,503	100,652	113,385	0	(11,466)	(11,466)
Post secondary education	1,662,098	723,356	1,036,815	0	98,073	98,073
TOTAL PRIMARY GOVERNMENT	8,604,297	917,319	2,227,629	(5,545,956)	86,607	(5,459,349)
GENERAL REVENUES AND TRANSFERS						
Receipts from member districts				5,043,095	0	5,043,095
Investment earnings				476	0	476
Transfers				(13,000)	13,000	0
TOTAL GENERAL REVENUES AND TRANSFERS				5,030,571	13,000	5,043,571
CHANGE IN NET ASSETS				(515,385)	99,607	(415,778)
NET ASSETS - BEGINNING				2,351,965	674,852	3,026,817
NET ASSETS - ENDING				\$ 1,836,580	\$ 774,459	\$ 2,611,039

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	General	Capital Reserve	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,176,258	\$ 365,531	\$ 1,541,789
Due from other funds	514,745	139,262	654,007
Due from other governments	120,970	0	120,970
Inventories	81,943	0	81,943
TOTAL ASSETS	\$ 1,893,916	\$ 504,793	\$ 2,398,709
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 555,326	\$ 0	\$ 555,326
Due to other governments	360,285	0	360,285
Accounts payable	178,258	173,398	351,656
Accrued salaries and benefits	450,047	0	450,047
TOTAL LIABILITIES	1,543,916	173,398	1,717,314
FUND BALANCES			
Restricted fund balance	0	331,395	331,395
Unassigned fund balance	350,000	0	350,000
TOTAL FUND BALANCES	350,000	331,395	681,395
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,893,916	\$ 504,793	\$ 2,398,709

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 681,395
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in
governmental funds.

Cost of capital assets	9,686,362	
Less: accumulated depreciation	<u>(8,381,334)</u>	1,305,028

Long-term liabilities, are not due and payable in the current
period and, therefore, are not reported as liabilities in the funds.

Compensated absences	<u>(149,843)</u>
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ <u>1,836,580</u>
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SCHUYLKILL TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General	Capital Reserve	Total Governmental Funds
REVENUES			
Local sources	\$ 5,136,795	\$ 87	\$ 5,136,882
State sources	785,822	0	785,822
Federal sources	291,607	0	291,607
TOTAL REVENUES	<u>6,214,224</u>	<u>87</u>	<u>6,214,311</u>
EXPENDITURES			
Instruction	3,300,153	0	3,300,153
Support services	2,884,391	297,409	3,181,800
Non-instructional services	9,448	0	9,448
TOTAL EXPENDITURES	<u>6,193,992</u>	<u>297,409</u>	<u>6,491,401</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>20,232</u>	<u>(297,322)</u>	<u>(277,090)</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers	(20,232)	7,232	(13,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,232)</u>	<u>7,232</u>	<u>(13,000)</u>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>(290,090)</u>	<u>(290,090)</u>
FUND BALANCES - BEGINNING	<u>350,000</u>	<u>621,485</u>	<u>971,485</u>
FUND BALANCES - ENDING	<u><u>\$ 350,000</u></u>	<u><u>\$ 331,395</u></u>	<u><u>\$ 681,395</u></u>

SCHUYLKILL TECHNOLOGY CENTER

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (290,090)

Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

(208,600)

Long-term compensated absences are not recognized until they are paid out on the governmental statement. This amount represents the change in long-term compensated absences from the prior period.

Compensated absences recognized

(16,695)

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES

\$ (515,385)

SCHUYLKILL TECHNOLOGY CENTER

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 5,271,674	\$ 5,271,674	\$ 5,136,795	\$ (134,879)
State sources	771,056	771,056	785,822	14,766
Federal sources	274,399	274,399	291,607	17,208
TOTAL REVENUES	<u>6,317,129</u>	<u>6,317,129</u>	<u>6,214,224</u>	<u>(102,905)</u>
EXPENDITURES				
Regular programs	298,656	298,656	294,801	3,855
Vocational programs	2,533,069	2,517,384	2,416,834	100,550
Special programs	529,865	529,865	588,518	(58,653)
Pupil personnel services	232,354	232,354	232,334	20
Instructional staff services	199,659	212,154	211,307	847
Administrative services	593,318	593,318	552,089	41,229
Pupil health	136,056	139,246	130,509	8,737
Business services	280,054	280,054	291,050	(10,996)
Operation and maintenance of plant services	1,188,757	1,202,757	1,098,093	104,664
Student transportation services	384,800	384,800	365,760	19,040
Other support services	0	0	3,249	(3,249)
Student activities	16,838	16,838	9,448	7,390
TOTAL EXPENDITURES	<u>6,393,426</u>	<u>6,407,426</u>	<u>6,193,992</u>	<u>213,434</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(76,297)</u>	<u>(90,297)</u>	<u>20,232</u>	<u>110,529</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(268)	(268)	(20,232)	(19,964)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(268)</u>	<u>(268)</u>	<u>(20,232)</u>	<u>(19,964)</u>
NET CHANGE IN FUND BALANCES	<u>(76,565)</u>	<u>(90,565)</u>	<u>0</u>	<u>90,565</u>
FUND BALANCE - BEGINNING OF YEAR	<u>404,847</u>	<u>404,847</u>	<u>350,000</u>	<u>(54,847)</u>
FUND BALANCE - END OF YEAR	<u>\$ 328,282</u>	<u>\$ 314,282</u>	<u>\$ 350,000</u>	<u>\$ 35,718</u>

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Post- Secondary Education	Food Service	Total Proprietary Funds
ASSETS			
Cash and cash equivalents	\$ 807,291	\$ 56,236	\$ 863,527
Due from other funds	226,618	110,662	337,280
Due from other governments	136,377	1,607	137,984
Other receivables	0	400	400
Inventories	0	7,142	7,142
TOTAL ASSETS	\$ 1,170,286	\$ 176,047	\$ 1,346,333
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to other funds	\$ 257,717	\$ 157,719	\$ 415,436
Accounts payable	65,056	0	65,056
Accrued salaries and benefits	66,382	13,425	79,807
Deferred revenue	0	465	465
Other current liabilities	0	27	27
TOTAL CURRENT LIABILITIES	389,155	171,636	560,791
 NONCURRENT LIABILITIES			
Other post employment benefits	10,412	671	11,083
 TOTAL LIABILITIES	399,567	172,307	571,874
 NET ASSETS			
Unrestricted	770,719	3,740	774,459
 TOTAL LIABILITIES AND NET ASSETS	\$ 1,170,286	\$ 176,047	\$ 1,346,333

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Post- Secondary Education	Food Service	Total
OPERATING REVENUES			
Food service revenue	\$ 0	\$ 100,652	\$ 100,652
Charges for services	723,356	0	723,356
TOTAL OPERATING REVENUES	723,356	100,652	824,008
OPERATING EXPENSES			
Salaries	625,237	71,068	696,305
Employee benefits	257,683	45,450	303,133
Purchased professional services	76,045	0	76,045
Purchased property services	317,945	0	317,945
Other purchased services	10,312	57	10,369
Supplies	83,760	108,928	192,688
Dues	1,115	0	1,115
Student loan and grant disbursements	290,001	0	290,001
TOTAL OPERATING EXPENSES	1,662,098	225,503	1,887,601
OPERATING (LOSS)	(938,742)	(124,851)	(1,063,593)
NON-OPERATING REVENUES (EXPENSES)			
Interfund transfers	0	13,000	13,000
Earnings on investments	0	0	0
State sources	262,469	15,409	277,878
Federal sources	774,346	97,976	872,322
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,036,815	126,385	1,163,200
CHANGE IN NET ASSETS	98,073	1,534	99,607
NET ASSETS - BEGINNING OF YEAR	672,646	2,206	674,852
NET ASSETS - END OF YEAR	\$ <u>770,719</u>	\$ <u>3,740</u>	\$ <u>774,459</u>

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Post- Secondary Education	Food Service	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users	\$ 723,356	\$ 100,406	\$ 823,762
Cash payments to suppliers for goods and services	(1,017,061)	(88,165)	(1,105,226)
Cash payments to employees for services	(881,744)	(113,454)	(995,198)
Cash payment for other operating expenses	0	0	0
NET CASH (USED FOR) OPERATING ACTIVITIES	<u>(1,175,449)</u>	<u>(101,213)</u>	<u>(1,276,662)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	0	13,000	13,000
State sources	262,469	15,409	277,878
Federal sources	774,346	97,976	872,322
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,036,815</u>	<u>126,385</u>	<u>1,163,200</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Withdrawals (Deposits) from/to investment pools	445,675	30,989	476,664
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>445,675</u>	<u>30,989</u>	<u>476,664</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	307,041	56,161	363,202
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>500,250</u>	<u>75</u>	<u>500,325</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u><u>807,291</u></u>	\$ <u><u>56,236</u></u>	\$ <u><u>863,527</u></u>
OPERATING (LOSS)	\$ (938,742)	\$ (124,851)	\$ (1,063,593)
ADJUSTMENTS TO RECONCILE OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:			
Changes in current assets and current liabilities			
(Increase) Decrease in accounts receivable	(73,202)	(915)	(74,117)
(Increase) Decrease in inventories	0	(270)	(270)
(Increase) Decrease in prepaid expenses	0	0	0
Increase (Decrease) in accounts payable	(30,619)	(95)	(30,714)
Increase (Decrease) in accrued salaries and benefits	1,176	3,064	4,240
Increase (Decrease) in deferred revenue	(270)	269	(1)
Increase (Decrease) in advances from other funds	(133,792)	24,083	(109,709)
Increase (Decrease) in other current liabilities	0	(2,498)	(2,498)
TOTAL ADJUSTMENTS	<u>(236,707)</u>	<u>23,638</u>	<u>(213,069)</u>
TOTAL CASH (USED FOR) OPERATING ACTIVITIES	\$ <u><u>(1,175,449)</u></u>	\$ <u><u>(101,213)</u></u>	\$ <u><u>(1,276,662)</u></u>

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER

STATEMENT OF NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Private Purpose Trust	Agency	Activity	Total Fiduciary Funds
ASSETS				
Cash and cash equivalents	\$ 33,057	\$ 40,557	\$ 20,528	\$ 94,142
Other receivables	50	0	0	50
TOTAL ASSETS	<u>\$ 33,107</u>	<u>\$ 40,557</u>	<u>\$ 20,528</u>	<u>\$ 94,192</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Due to other funds	\$ 150	\$ 20,375	\$ 0	\$ 20,525
Payroll deductions and withholding	0	20,182	0	20,182
Other current liabilities	0	0	20,528	20,528
TOTAL LIABILITIES	<u>150</u>	<u>40,557</u>	<u>20,528</u>	<u>61,235</u>
 NET ASSETS				
Resticted	<u>32,957</u>	<u>0</u>	<u>0</u>	<u>32,957</u>
TOTAL NET ASSETS	<u>32,957</u>	<u>0</u>	<u>0</u>	<u>32,957</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,107</u>	<u>\$ 40,557</u>	<u>\$ 20,528</u>	<u>\$ 94,192</u>

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Trust</u>
ADDITIONS	
Other additions	\$ 140
DEDUCTIONS	
Scholarships awarded	<u>100</u>
CHANGES IN NET ASSETS	40
NET ASSETS - BEGINNING OF FISCAL YEAR	<u>32,917</u>
NET ASSETS - END OF FISCAL YEAR	<u><u>\$ 32,957</u></u>

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schuylkill Technology Center provides vocational education and training to students of the twelve member school districts who provide financial support to the School. The School also provides various vocational education and training programs to adults which are funded by tuition charges to students and federal grants. The board has designated the North Center as the Schuylkill Training and Technology Center, adopted a separate operating budget, and established a separate Proprietary Fund to record the direct and overhead charges for the operation of the Schuylkill Training and Technology Center in order to distinguish between costs relating to the operation of secondary and adults classes.

The financial statements of the Schuylkill Technology Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments.

The financial statements include:

- ! Management's Discussion and Analysis (MD&A), providing an analysis of the School's overall financial position and results of operations.
- ! Financial statements prepared using full-accrual accounting for all of the School's activities.
- ! A change in the fund financial statements to focus on major funds.

The School has implemented the provisions of Statement No. 34 as well as other new standards related to note disclosure, non-exchange transactions and certain liabilities and expenditures.

REPORTING ENTITY

The School includes all funds, agencies and boards for which the School is financially accountable. Government Accounting Standards Board (GASB)

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Statement 14 states the primary basis of determining whether outside agencies and organizations should be considered component units of the School and included in the School's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The School has no component units.

BASIS OF PRESENTATION

School-wide statements - The statement of net assets and the statement of activities provide information about the financial activities of the overall School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each business-type activity of the School and for each function of the School's governmental activities.

- ! Direct Expenses are those that are clearly identifiable with a specific program.
- ! Program revenues include 1) charges to students or recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.
- ! Unrestricted grants and other items not properly included among program revenues are reported as general revenues.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. The effect of interfund activity has been removed from these statements.

Fund Financial Statements - The fund financial statements provide information about the School's funds, including fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Enterprise fund operating revenues are related to charges for food in the School's cafeteria and operation of the School's post-secondary education operations. The primary non-operating revenues are federal nutrition program grants, commodities received from the U.S. Department of Agriculture, and federal and state grants and subsidies.

The fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the School, these funds are not incorporated into the School-wide statements.

The School reports the following major governmental funds:

General Fund - The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

The School reports the following major proprietary fund types:

Food Service Fund - The Food Service Fund is used to account for all financial transactions related to the food service operation.

Post-Secondary Education Fund - This fund was established to segregate this operation from the General Fund beginning July 1, 2005.

Other fund types:

Trust and Agency Funds - These funds account for assets held by the School as an agent for various student groups and clubs.

BASIS OF ACCOUNTING

The School-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF ACCOUNTING - continued

All business-type activities and enterprise funds of the School follow FASB Statements and Interpretations on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BUDGETING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All unencumbered budget appropriations, except capital projects, lapse at the end of each fiscal year.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the board, budgetary transfers between accounts can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all transfers.

DEPOSITS

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

INVENTORY

Inventories are recorded using the lower of cost or market on a first-in, first-out bases and are expensed when used. Inventories consist of purchased food, supplies, and surplus commodities received from the federal government. Surplus commodities are stated at standard costs, as determined by the Department of Agriculture. In the financial statements, commodities received are recorded as deferred revenue until consumed.

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, and furniture

SCHUYLKILL TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

and equipment, are reported in the government-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not depreciated
Land Improvements	20 years
Buildings and Improvements	15-30 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

COMPENSATED ABSENCES

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The School maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences. Sick leave is recorded using the termination payment method, which has no current maximum per employee. The School allows only restricted sabbatical leave and therefore, has no recorded liability in advance of the sabbatical. The School also records estimated vested retirement incentives for employees.

FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a restricted purpose.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

NET ASSETS

Net assets represent the difference between assets and liabilities in the School-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

During 2010, the School adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement provides the accounting and reporting requirements for the benefit plans as well as require that public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB) they may offer to employees. For the purpose of the financial statements, GASB Statement No. 45 requires that governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Accordingly, the School's net OPEB obligation for 2012 has been reported on the statement of net assets. As retroactive application of the measurement requirements of GASB Statement No.45 is not required, the liability at the beginning of 2010 was zero. The disclosure requirements of GASB Statement No. 45 are included in Note 7.

GASB STATEMENT #54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

During 2010/2011, the School adopted the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds. The requirements of the Statement are effective for financial statements for period beginning after June 15, 2010. Fund balance reclassifications made to conform to the provisions of the Statement are to be applied retroactively by restating fund balance for all prior periods presented. The disclosure requirements of GASB Statement No. 54 are included in the accompanying footnotes.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The deposit policy of the School adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions.

Under Section 440.1 of the Public School Code of 1949, as amended, the School is permitted to invest its monies as follows:

Deposit in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

At June 30, 2012, the carrying amount of the School's deposits was \$2,499,458 and the bank balance was \$2,513,458. Of the bank balance, \$231,383 was covered by federal depository insurance coverage and \$0 was uninsured and collateralized with securities held by the pledging institution's trust department, but not in the School's name.

The District's deposits include \$2,282,075 in the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - CAPITAL ASSETS:

A summary of capital asset activity during the fiscal year follows:

	Balance June 30, 2011	Net Additions (Deductions)	Balance June 30, 2012
Governmental Activities:			
Capital Assets, Not Being Depreciated			
Land	\$ 124,948	\$ 0	\$ 124,948
Total Capital Assets, Not Being Depreciated	124,948	0	124,948
Capital Assets, Being Depreciated:			
Site Improvements	20,825	0	20,825
Buildings and Improvements	4,487,587	0	4,487,587
Furniture and Equipment	4,966,209	86,793	5,053,002
Total Capital Assets, Being Depreciated	9,474,621	86,793	9,561,414
Accumulated Depreciation For:			
Site Improvements	(20,615)	(141)	(20,756)
Buildings and Improvements	(4,150,295)	(14,054)	(4,164,349)
Furniture and Equipment	(3,915,031)	(281,198)	(4,196,229)
Total Accumulated Depreciation	(8,085,941)	(295,393)	(8,381,334)
Governmental Activities -			
Capital Assets, Net	<u>\$ 1,513,628</u>	<u>\$ (208,600)</u>	<u>\$ 1,305,028</u>

Depreciation expense was charged to functions of the District as follows:

Instruction	\$ 279,075
Support Services	16,318
Total Depreciation Expense	<u>\$ 295,393</u>

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 - CHANGES IN LONG-TERM DEBT:

A summary of the changes in long-term debt follows:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Long-Term Debt - July 1, 2011	\$ 133,148	\$ 11,083
Additions	16,695	91,499
Reductions	<u>(0)</u>	<u>(91,499)</u>
Long-Term Debt - June 30, 2012	<u>\$ 149,843</u>	<u>\$ 11,083</u>
Due Within One Year	0	0

COMPENSATED ABSENCES

Compensated absences at June 30, 2012, consist of the following:

Retirement Incentive	\$ 11,403
Sick Leave	73,576
Vacation	<u>64,864</u>
Total	<u>\$ 149,843</u>

SCHUYLKILL TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 - PENSION PLAN:

PLAN DESCRIPTION

The Schuylkill Technology Center contributes to the Pennsylvania Public School System Employees' Retirement System (the System), a multiple-employer defined benefit public employee retirement system administered by the Pennsylvania Public School Employees' Retirement System Board. The System provides retirement and disability retirement benefits, legislative mandated ad hoc cost-of-living adjustments, and has a health insurance premium assistance program. The Pennsylvania Public School Employees Retirement Code (the Code) assigns the Authority to establish and amend benefit provisions to the System by the Pennsylvania General Assembly. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Diane J. Wert, Office of Financial Management, PA Public School System Employees Retirement System, 5 N. 5th Street, Harrisburg, Pa 17101-1925.

FUNDING POLICY

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth. Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%. Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2012, the rate of employer's contribution was 8.65 percent of covered payroll. The 8.65 percent rate is composed of a pension contribution rate of 8.00 percent for pension benefits and .65 for healthcare insurance premium assistance. The employer and Commonwealth share such cost. The School's contributions (net of any reimbursement from the Commonwealth) to the System for the years ended June 30, 2012, 2011, and 2010, were \$140,287, \$82,792, and \$67,675, respectively, equal to the required contributions for each year.

SCHUYLKILL TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 - RISK MANAGEMENT:

The School is a member of the Schuylkill County Health and Welfare Trust - a nonprofit organization which is an association of several governmental entities established to share the costs of providing health, dental, vision, prescription drug, and income protection coverage to employees. Members of the Trust include: Schuylkill County Intermediate Unit No.29, Schuylkill County A.V.T.S., Tri-Valley School District, Pine Grove Area School District, Tamaqua School District, and Williams Valley School District. The School is co-insured with outside insurance companies against any claim in excess of \$100,000. As of June 30, 2011, the date of the latest audit report, the Trust has reserves in the amount of \$8,700,379. Contribution rates are set by the Trust based on previous years cost experience. The School would share with other members, any costs in excess of the Trust's reserves.

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School provides for these risks by the purchase of commercial insurance.

NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

PLAN DESCRIPTION

The Schuylkill Technology Center Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the School Board. The Plan provides postemployment healthcare benefits to eligible retirees of the School in accordance with the various labor contracts and personnel policies. At July 1, 2008, 10 retired employees were eligible to participate. Inasmuch as the Plan has no assets, reporting another employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – continued

FUNDING POLICY

The contribution requirements of plan members and the School are established and may be amended by the School Board, subject to applicable labor contracts and benefit plans. Plan members are required to pay \$100. per month towards the premium for medical, drugs, dental, and vision. The School pays the remaining premium for the members until medicare eligibility or varying percentages for varying option chosen. Teachers who retire with more that 35 years of membership in the state retirement plan have the percentage of school paid premiums reduced in increments to 55%. Administrators meeting plan criteria have the options to receive a \$10,000 lump sum cash payment in lieu of insurance coverage. Support personnel with 10 years of service with the school and Superannuation Retirement receive school paid coverage for 180 days after which members may continue coverage by paying the full premium as determined for the purpose of COBRA, to the school.

The School may contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For 2012, the School made no contributions and instead elected to continue funding on a *pay-as-you-go* basis. These costs are recognized as an expense when claims or premiums are paid.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2012, the components of the School's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the School's net OPEB obligation to the Plan were as follows:

Annual Required Contribution	\$ 91,676
Interest on Net OPEB Obligation	231
Adjustment to Annual Required Contribution	<u>(408)</u>
Annual OPEB Cost	91,499
Contributions or Payments Made (Estimated)	<u>(91,499)</u>
Decrease in Net OPEB Obligation	(0)
Net OPEB Obligation, Beginning of Year	<u>11,083</u>
Net OPEB Obligation, End of Year	<u>\$ 11,083</u>
Percentage of Annual OPEB Cost Contributed	100.00%

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of July 1, 2008, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 734,589
Actuarial Value of Assets	<u>0</u>
Unfunded AAL (UAAL)	\$ <u>734,589</u>

Funded Ratio	0.0%
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Covered Payroll	\$ <u>2,663,510</u>
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UAAL as % of Covered Payroll	27.58%
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ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the District and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

SCHUYLKILL TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ACTUARIAL METHODS AND ASSUMPTIONS - continued

In the July 1, 2008 actuarial valuation, the individual entry age normal actuarial cost method was used. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed rate ranges from 8.5% in the short-term to 5% in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 19 years.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund balances at June 30, 2012, consisted of the following individual fund receivables and payables.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 514,745	\$ 555,326
Capital Reserve Fund	139,262	0
Post-Secondary Education Fund	226,618	257,717
Food Service Fund	110,662	157,719
Private Purpose Trust Fund	0	150
Agency Fund	0	20,375
Total	<u><u>\$ 991,287</u></u>	<u><u>\$ 991,287</u></u>

NOTE 9 - RELATED PARTIES

The School shares a board of directors, executive director, director of plant services, computer technology, and business office staff with the Schuylkill Intermediate Unit 29. The School also purchased the services of two special education supervisors from the Schuylkill Intermediate Unit 29. During the year ended June 30, 2012 the school reimbursed the Unit a total of \$724,412 for the above services. There was a related party payable at June 30, 2012 to the IU 29 of \$192,499.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 – GASB STATEMENT NO. 54:

On June 15, 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 (Fund Balance Reporting and Government Fund Type Definitions). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB-54 establishes criteria for classifying fund balances into specifically defined classifications that should be based on hierarchy that reflects the extent to which the government is bound to honor constraints on how those funds can be spent. Established classifications are as follows:

Nonspendable – Amounts that cannot be spend because they are either in a nonspendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts constrained to be used for a specific purpose stipulated by constitution, external resource providers or through enabling legislation.

Committed – Amounts constrained to be used for a specific purpose determined by a formal action of the Unit's board of directors (the Unit's highest level of decision-making authority).

Assigned – Amounts intended to be used for a specific purpose by the finance committee or an individual authorized by the governing body.

Unassigned – Residual amounts available for any purpose not contained in other classifications.

ORDER OF FUND BALANCE SPENDING POLICY

The Unit's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting entries.

First, nonspendable fund balances are determined. Then, restricted fund balances for the nongeneral funds are classified as restricted fund balance.

It is possible for the nongeneral funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balance for the nongeneral fund.

SUPPLEMENTAL INFORMATION

SCHUYLKILL TECHNOLOGY CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. Auditor's report expresses an unqualified opinion on the general purpose financial statements of Schuylkill Technology Center.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Schuylkill Technology Center were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is 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 Schuylkill Technology Center expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Schuylkill Technology Center.
7. The programs tested as major programs were: CFDA#84.032 and CFDA #84.063.
8. The threshold for distinguishing types A and B Programs was \$300,000.
9. Schuylkill Technology Center was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SCHUYLKILL TECHNOLOGY CENTERS

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass Through Grantors' Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received For Year	Accrued or (Deferred) Revenue 7/1/2011	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 6/30/2012
U.S. DEPARTMENT OF EDUCATION										
Pell Grants (*)	(D)	84.063	N/A	07-01-11/06-30-12	N/A	\$ 136,943	\$ -	\$ 155,593	\$ 155,593	\$ 18,650
PASSED THROUGH STATE DEPARTMENT OF EDUCATION										
Perkins-Secondary	(I)	84.048	380-122053	07-01-11/06-30-12	257,681	193,565	0	257,681	257,681	64,116
Perkins-Secondary	(I)	84.048	380-111039	07-01-10/06-30-11	272,716	22,726	22,726	0	0	0
PASSED THROUGH LUZERNE COUNTY COMMUNITY COLLEGE										
Perkins-Post Secondary	(I)	84.048	381-12-2030	07-01-11/06-30-12	33,106	32,682	0	32,682	32,682	0
Subtotal						248,973	22,726	290,363	280,363	64,116
PASSED THROUGH PA HIGHER EDUCATION ASSISTANCE AGENCY										
Federal Family Education Loans (*)	(I)	84.032	N/A	07-01-11/06-30-12	N/A	547,064	0	605,360	605,360	58,296
TOTAL U.S. DEPARTMENT OF EDUCATION						932,980	22,726	1,051,316	1,051,316	141,062
PASSED THROUGH CORPORATION FOR NATIONAL & COMMUNITY SERVICES										
Learn and Serve America	(I)	94.004	019-110005	07-01-11/06-30-12	11,000	5,500	0	11,000	11,000	5,500
Learn and Serve America	(I)	94.004	019-102019	07-01-10/06-30-11	11,000	6,068	6,068	0	0	0
TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICES						11,568	6,068	11,000	11,000	5,500
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES										
Passed Through State Department of Public Welfare										
Medicare	(I)	93.776	N/A	07-01-11/06-30-12	N/A	3,202	0	3,637	3,637	435

SCHUYLKILL TECHNOLOGY CENTERS

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass Through Grantors' Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received For Year	Accrued or (Deferred) Revenue 7/1/2011	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 6/30/2012
U.S. DEPARTMENT OF AGRICULTURE										
PASSED THROUGH DEPARTMENT OF AGRICULTURE										
National School Lunch	(I)	10.555	1-29-54-690-7	07-01-11/06-30-12	N/A	68,691	0	68,691	68,691	0
National School Lunch	(S)	N/A	1-29-54-690-7	07-01-11/06-30-12	N/A	5,815	0	5,815	5,815	0
Reg/Daily Breakfast	(I)	10.553	1-29-54-690-7	07-01-11/06-30-12	N/A	20,376	0	20,376	20,376	0
Reg/Daily Breakfast	(S)	N/A	1-29-54-690-7	07-01-11/06-30-12	N/A	1,709	0	1,709	1,709	0
PASSED THROUGH DEPARTMENT OF AGRICULTURE										
Value of USDA Commodities	(I)	10.555	1-29-54-690-7	07-01-09/06-30-10	N/A	9,178	(196)	8,908	8,908	(466)
TOTAL DEPARTMENT OF AGRICULTURE						<u>105,769</u>	<u>(196)</u>	<u>105,499</u>	<u>105,499</u>	<u>(466)</u>
Less State Funds						(7,524)	0	(7,524)	(7,524)	0
TOTAL FEDERAL ASSISTANCE						\$ 1,045,995	\$ 28,598	\$ 1,163,928	\$ 1,163,928	\$ 146,531

Source Codes:
(I) Indicates Indirect Funding
(D) Indicates Direct Funding
(S) Indicates State Matching Funds
(*) Indicates Major Program

Other Code Legend:
(A) Total amount of commodities received
(B) Beginning inventory at July 1, 2011
(C) Total amount of commodities used
(D) Ending inventory at June 30, 2012

See notes to Schedule of Federal Financial Assistance which are an integral part of this statement.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND NON-FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.