

SCHUYLKILL TECHNOLOGY CENTER
SINGLE AUDIT REPORT
MAR LIN, PENNSYLVANIA
FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

AUDITOR'S REPORTS

Independent Auditor's Report.....	1-2
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <u>Government Auditing Standards</u>	3-4
Independent Auditor's Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	5-6

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis	7-18
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BASIC FINANCIAL STATEMENTS

SCHOOL-WIDE FINANCIAL STATEMENTS

Statement of Net Assets.....	19
Statement of Activities	20

FUND FINANCIAL STATEMENTS

Governmental Funds

Balance Sheet	21
Reconciliation of the Balance Sheet to the Statement of Net Assets	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	24

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	25
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Proprietary Funds

Statement of Net Assets	26
Statement of Revenues, Expenses, and Changes in Net Assets	27
Statement of Cash Flows.....	28

Fiduciary Funds

Statement of Net Assets	29
Statement of Changes in Net Assets	30

Notes to Financial Statements	31-46
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SUPPLEMENTAL INFORMATION

Schedule of Findings and Questioned Costs	47
Schedule of Expenditures of Federal Awards	48
Notes to Schedule of Expenditures of Federal Awards	49

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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, 2010, which collectively comprise the School'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 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 opinion.

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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund 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 a report dated March 21, 2011 on our consideration of the Schuylkill Technology Center 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 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 our audit.

The management's discussion and analysis on pages 7 through 18 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken 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 not a required part of the financial statements of the Schuylkill Technology Center. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Jones & Co. P.C.

March 21, 2011
Pottsville, Pennsylvania

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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
Marlin, 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 Schuylkill Technology Center as of and for the year ended June 30, 2010, which collectively comprise the Schuylkill Technology Center's basic financial statements and have issued our report thereon dated March 21, 2011. 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

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 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 the audit committee, management, board of directors, 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.

Jones & Co., P.C.

March 21, 2011
Pottsville, Pennsylvania

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of School Directors
Schuylkill Technology Center
Marlin, Pennsylvania

Compliance

We have audited the compliance of Schuylkill Technology Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. 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 Schuylkill Technology Center's management. Our responsibility is to express an opinion on 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 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 on Schuylkill Technology Center's compliance with those requirements.

In our opinion, the Schuylkill Technology Center complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of 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 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 our 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 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 the board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Jones & Co., P.C

March 21, 2011
Pottsville, Pennsylvania

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. 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, 2010**

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 \$4,642,594 for 2009-2010. 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 78% of the secondary program's revenue for 2009-2010. The balance of revenue was made up of both state and federal grants and local tuition.

At year end of the 2009-2010 school year, secondary programs revenue exceeded expenditures and the school ended up with a surplus of \$94,463 of which \$6,462 was placed in the capital reserve fund \$29,840 was reserved for encumbrances and excess funds totaling \$58,161 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, 2010**

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, 2010**

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, 2010**

FINANCIAL ANALYSIS OF THE TECHNOLOGY CENTER AS A WHOLE

The School's total net assets increased from \$2,683,255 to \$3,041,850, an increase of \$358,595 or 13%. (See Table A-1)

Table A-1
Fiscal Year Ended June 30, 2010 and June 30, 2009
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	1,820,288	1,483,561	1,070,971	630,812	2,891,259	2,114,373
Capital Assets	1,373,528	1,390,432	-0-	-0-	1,373,528	1,390,432
Total Assets	\$3,193,816	\$2,873,993	\$1,070,971	\$630,812	\$4,264,787	\$3,504,805
Current Liabilities	673,113	333,732	392,574	338,039	1,065,687	671,771
Long-term Liabilities	146,167	149,779	11,083	-0-	157,250	149,779
Total Liabilities	\$ 819,280	\$ 483,511	\$ 403,657	\$338,039	\$1,222,937	\$ 821,550
Invested in capital assets, net of related debt	1,373,528	1,390,432	-0-	-0-	1,373,528	1,390,432
Unrestricted total net assets	1,001,008	1,000,050	667,314	292,773	1,668,322	1,292,823
Total Net Assets	\$ 2,374,536	\$2,390,482	\$ 667,314	\$292,773	\$3,041,850	\$2,683,255
Total Liabilities & Net Assets	<u>\$ 3,193,816</u>	<u>\$2,873,993</u>	<u>\$1,070,971</u>	<u>\$630,812</u>	<u>\$4,264,787</u>	<u>\$3,504,805</u>

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

Table A-2
Change in Net Assets
For the Year Ended June 30, 2010

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	140,809	60,617	276,698	563,306	417,507	623,923
Operating Grants & Contributions	1,126,206	1,036,213	1,449,923	1,103,398	2,576,129	2,139,611
General Revenues						
State Subsidies & Contributions	4,699,284	4,692,053			4,699,284	4,692,053
Investment Income	3,335	23,819	757	2,934	4,092	26,753
Transfers In (Out)	(48,378)	(78,365)	48,378	78,365		
Other	-0-	-0-			-0-	-0-
Prior Period Adj						
Total Revenues	\$5,921,256	\$5,734,337	\$1,775,756	\$1,748,003	\$7,697,012	\$7,482,340
Expenses						
Instructional	2,880,587	2,855,929			2,880,587	2,855,929
Instructional Support	372,812	269,292			372,812	269,292
Administrative	1,002,397	845,641			1,002,397	845,641
Operation & Maintenance of facilities	1,312,541	954,169			1,312,541	954,169
Pupil Transportation	361,199	382,126			361,199	382,126
Student Activities	7,666	8,639			7,666	8,639
Community Services						
Food Services			208,055	207,206	208,055	207,206
Other Enterprise Fund (Post Secondary)			1,193,160	1,503,793	1,193,160	1,503,793
Total Expenses	\$5,937,202	\$5,315,796	\$1,401,215	\$1,710,999	\$7,338,417	\$7,026,795
Increase (decrease) in net assets	<u>\$ (15,946)</u>	<u>\$ 418,541</u>	<u>\$ 374,541</u>	<u>\$ 37,004</u>	<u>\$ 358,595</u>	<u>\$ 455,545</u>

Table A-2

Changes in net assets: The School's total revenues were \$7,697,012 for the year ended June 30, 2010 (see Table A-2). Member district contributions make up \$4,642,594 or 60% 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 \$7,338,417. The School's costs related to education and servicing students amounted to \$3,672,264 or 50% (Instruction, Instructional Student Support, Pupil Transportation, Student Activities), Administration costs accounted for \$1,002,397, 14%, Operation and Maintenance of Facilities accounted for \$1,312,541, 18%, Food Service Costs \$208,055, or 3%, and Post Secondary expenses of \$1,193,160, or 16% (see Table A-2).

Total revenue exceeded expenditures increasing net assets by \$358,595.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

**Table A-3
Fiscal Year Ended June 30, 2010
Net Cost of Governmental and Business-type Activities**

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
Net Cost of governmental and business-type activities

<u>Description</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2010	2009	2010	2009
Instruction	2,880,587	2,855,929	2,258,408	2,258,663
Instructional Student Support	372,812	269,292	293,074	216,953
Administration	1,002,397	845,641	788,003	675,670
Operation and Maintenance of Facilities	1,312,541	954,169	1,031,813	753,107
Pupil Transportation	361,199	382,126	293,030	307,618
Student Activities	7,666	8,639	6,219	6,955
Food Service	208,055	207,206	49,062	37,362
Other Enterprise Fund (Post Secondary)	1,193,160	1,503,793	(374,468)	6,933
Total Expenses	<u>\$7,338,417</u>	<u>\$7,026,795</u>	<u>\$4,344,781</u>	<u>\$4,263,261</u>

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

FUND BALANCES

The Schools fund balance of \$1,839,576 increased \$396,974 from the prior year. The schedule below summarizes the fund balances and the total change in fund balances as of June 30, 2010 and 2009:

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Increase Decrease)
General Fund	379,840	350,000	29,840
Post Secondary	667,314	292,773	374,541
Capital Reserve	792,442	799,829	(7,387)
Cafe	-0-	-0-	-0-
Total	<u>\$1,839,596</u>	<u>\$1,442,602</u>	<u>\$396,994</u>

GENERAL FUND – EXPENDITURES (BUDGET vs. ACTUAL)

	Budget Final	Actual Cost	Variance Positive (Negative)
EXPENDITURES - General Fund			
Regular Programs	287,072	298,013	(10,941)
Vocational Programs	2,571,610	2,553,668	17,942
Other Instructional Programs	-0-	5,830	(5,830)
Pupil Personnel Services	206,879	208,473	(1,594)
Instructional Staff Services	69,136	68,608	528
Administrative Services	616,708	599,667	17,041
Pupil Health	106,711	95,729	10,982
Business Services	403,970	402,729	1,241
Operation of Plant	1,340,776	1,282,701	58,075
Student Transportation Service	346,633	361,199	(14,566)
Student Activities	17,606	7,666	9,940
Total Expenditures	5,967,101	5,884,283	82,818
Interfund Transfers out	(25,197)	(54,840)	(29,643)
NET CHANGE IN FUND BALANCE	(74,803)	29,840	129,840
Fund Balance – Beginning of Year	350,000	350,000	-0-
Fund Balance for encumbrances	-0-	29,840	29,840
FUND BALANCE – END OF YEAR	<u>250,000</u>	<u>379,840</u>	<u>129,840</u>

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

GENERAL FUND – EXPENDITURES (2010 vs. 2009)

	2010 Cost	2009 Cost	Difference Increase (Decrease)
EXPENDITURES - General Fund			
Regular Programs	298,013	277,013	21,000
Vocational Programs	2,553,668	2,536,419	17,249
Other Instructional Programs	5,830	4,746	1,084
Adult Education Programs	-0-	-0-	-0-
Pupil Personnel Services	208,473	198,614	9,859
Instructional Staff Services	68,608	52,545	16,063
Administrative Services	599,667	518,800	80,867
Pupil Health	95,729	32,950	62,779
Business Services	402,729	327,994	74,735
Operation of Plant	1,282,701	955,269	327,432
Student Transportation Service	361,199	381,992	(20,793)
Other Support Services	-0--	-0-	-0-
Student Activities	<u>7,666</u>	<u>8,774</u>	<u>(1,108)</u>
Total Expenditures	5,884,283	5,295,116	589,167
			(11.1% increase)

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

BUDGETARY PROCESS

General Fund Budget

Annually in October and November, 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 November Meeting for review, discussion and approval. At the meeting of the School's Board of Directors in December, 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. During the months of February and March, 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 per the Director of Finance and Assistant Business Manager's recommendations to cover unexpected expenditures in the annual operating budget that exceed the original line item budget.

The General Fund Budget was prepared utilizing \$100,000 of beginning fund balance. Actual results reflected an increase in the General Fund balance of \$94,464 of which \$6,462 was placed in the capital reserve fund, 29,840 was placed in a fund balance reserved for encumbrances and the excess of \$58,161 was refunded to the districts to bring the fund balance to the allowable amount of \$350,000.

The main reason revenue exceeded expenditures was programs and positions were eliminated and never filled.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The Technology Center has invested to date, \$1,373,528 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 \$1,500.00". 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 \$265,127.

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 41 employees, has the responsibility of bargaining for these employees. The 2009-2010 year was the second year of a five-year agreement that will end on August 31, 2013. The current agreement provides for a compressed salary schedule with an average increase of \$1,500.

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 37 employees, has the responsibility of bargaining for these employees. The 2009-2010 year was the second year of a five-year agreement. The current agreement provides for an annual increase of \$.50 per hour.

The Schuylkill Technology Center approved a (3) three year contract for the Act 93 and Compensation Plan Personnel during the 2009-2010 year. This Act 93 plan consists of 5 administrators and the Compensation Plan consists of 8 employees. Representatives from each of the various levels meet annual 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, 2009 through June 30, 2012.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

FACTORS BEARING ON THE TECHNOLOGY CENTER'S FUTURE

The 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.

Another area of concern is the Commonwealth's ability to fund the Technology Center and school districts when Federal Stimulus Funds expire at the end of 2011. Due to the current economic conditions and projected revenue shortfall at the state level, funding in (2) years is a concern

Additionally, the School Administration is currently reviewing a feasibility study for renovations and improvements to the North and South Campus Buildings. Several future projects include, but are not limited to, the replacement of the fire alarm system in the Buildings, upgrade of the heating and ventilating system, replacement of carpeting throughout the Buildings, resurfacing of the parking lots at both buildings and comply with American's With Disabilities Act requirements for handicapped access to both buildings. In reviewing the feasibility study, one recommendation the board will be considering is to close the north campus and consolidate all programs into the south campus, a recommendation that will have a considerable impact on the budget.

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 Charles J Mannello, 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, 2010

ASSETS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 257,715	\$ 576,636	\$ 834,351
Investments	1,356,851	292,171	1,649,022
Due from other governments	149,512	186,940	336,452
Other receivables	24,204	13,416	37,620
Inventories	32,006	1,808	33,814
TOTAL CURRENT ASSETS	1,820,288	1,070,971	2,891,259
NON-CURRENT ASSETS			
Land	124,948	0	124,948
Site improvements (net)	492	0	492
Building and building improvements - net	0	0	0
Furniture and equipment - net	1,248,088	0	1,248,088
TOTAL NON-CURRENT ASSETS	1,373,528	0	1,373,528
TOTAL ASSETS	\$ 3,193,816	\$ 1,070,971	\$ 4,264,787
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Internal balances	\$ (138,792)	\$ 138,792	\$ 0
Due to other governments	82,423	0	82,423
Accounts payable	236,458	119,446	355,904
Accrued salaries and benefits	467,917	110,157	578,074
Deferred revenues	0	22,496	22,496
Other current liabilities	25,107	1,683	26,790
TOTAL CURRENT LIABILITIES	673,113	392,574	1,065,687
NON-CURRENT LIABILITIES			
Long-term portion of compensated absences	146,167	0	146,167
Other postemployment benefits	0	11,083	11,083
TOTAL NON-CURRENT LIABILITIES	146,167	11,083	157,250
TOTAL LIABILITIES	819,280	403,657	1,222,937
NET ASSETS			
Invested in capital assets, net of related debt	1,373,528	0	1,373,528
Unrestricted	1,001,008	667,314	1,668,322
TOTAL NET ASSETS	2,374,536	667,314	3,041,850
TOTAL LIABILITIES AND NET ASSETS	\$ 3,193,816	\$ 1,070,971	\$ 4,264,787

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, 2010

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 2,880,587	\$ 73,208	\$ 549,331	\$ (2,258,048)	\$ (2,258,048)
Instructional student support	372,812	9,377	70,361	(293,074)	(293,074)
Administrative and financial support services	1,002,397	25,212	189,182	(788,003)	(788,003)
Operation and maintenance of plant services	1,312,541	33,012	247,716	(1,031,813)	(1,031,813)
Pupil transportation	361,199	0	68,169	(293,030)	(293,030)
Student activities	7,666	0	1,447	(6,219)	(6,219)
TOTAL GOVERNMENTAL ACTIVITIES	5,937,202	140,809	1,126,206	(4,670,187)	(4,670,187)
BUSINESS-TYPE ACTIVITIES					
Food services	208,055	76,062	82,931	0	(49,062)
Post secondary education	1,193,160	200,636	1,366,992	0	374,468
TOTAL PRIMARY GOVERNMENT	7,338,417	417,507	2,576,129	(4,670,187)	(4,344,781)
GENERAL REVENUES AND TRANSFERS					
Receipts from member districts					0
Investment earnings					757
Transfers					48,378
TOTAL GENERAL REVENUES AND TRANSFERS				49,135	4,703,376
CHANGE IN NET ASSETS					
				(15,946)	358,595
NET ASSETS - BEGINNING				2,390,482	2,683,255
NET ASSETS - ENDING				\$ 2,374,536	\$ 3,041,850

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

SCHUYLKILL TECHNOLOGY CENTER

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 257,475	\$ 239	\$ 257,714
Investments	563,243	793,609	1,356,852
Due from other funds	240,109	17,315	257,424
Due from other governments	149,512	0	149,512
Other receivables	24,204	0	24,204
Inventories	32,006	0	32,006
TOTAL ASSETS	\$ <u>1,266,549</u>	\$ <u>811,163</u>	\$ <u>2,077,712</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 118,632	\$ 0	\$ 118,632
Due to other governments	82,423	0	82,423
Accounts payable	217,737	18,721	236,458
Accrued salaries and benefits	467,917	0	467,917
Deferred revenues	0	0	0
TOTAL LIABILITIES	<u>886,709</u>	<u>18,721</u>	<u>905,430</u>
 FUND BALANCES			
Reserved for encumbrances	29,840	0	29,840
Unreserved/undesignated fund balance	350,000	792,442	1,142,442
TOTAL FUND BALANCES	<u>379,840</u>	<u>792,442</u>	<u>1,172,282</u>
 TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,266,549</u>	\$ <u>811,163</u>	\$ <u>2,077,712</u>

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, 2010

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,172,282
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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	9,172,896	
Less: accumulated depreciation	<u>(7,799,368)</u>	1,373,528

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

Compensated absences	(146,167)	
Other postemployment benefits	<u>(25,107)</u>	<u>(171,274)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ <u>2,374,536</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, 2010

	General	Capital Reserve	Total Governmental Funds
REVENUES			
Local sources	\$ 4,842,757	\$ 4,872	\$ 4,847,629
State sources	803,830	0	803,830
Federal sources	322,376	0	322,376
TOTAL REVENUES	<u>5,968,963</u>	<u>4,872</u>	<u>5,973,835</u>
EXPENDITURES			
Instruction	2,857,511	18,721	2,876,232
Support services	3,019,106	0	3,019,106
Non-instructional services	7,666	0	7,666
TOTAL EXPENDITURES	<u>5,884,283</u>	<u>18,721</u>	<u>5,903,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>84,680</u>	<u>(13,849)</u>	<u>70,831</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers	(54,840)	6,462	(48,378)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(54,840)</u>	<u>6,462</u>	<u>(48,378)</u>
NET CHANGE IN FUND BALANCES	<u>29,840</u>	<u>(7,387)</u>	<u>22,453</u>
FUND BALANCES - BEGINNING	<u>350,000</u>	<u>799,829</u>	<u>1,149,829</u>
FUND BALANCES - ENDING	<u><u>\$ 379,840</u></u>	<u><u>\$ 792,442</u></u>	<u><u>\$ 1,172,282</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, 2010

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 22,453
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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 depreciation exceeded capital outlays in the current period.	(16,904)
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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.	3,612
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Postemployment benefits recognized	<u>(25,107)</u>
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CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ <u>(15,946)</u>
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SCHUYLKILL TECHNOLOGY CENTER

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 4,929,604	\$ 4,929,604	\$ 4,842,757	\$ (86,847)
State sources	669,928	669,928	803,830	133,902
Federal sources	292,766	292,766	322,376	29,610
TOTAL REVENUES	<u>5,892,298</u>	<u>5,892,298</u>	<u>5,968,963</u>	<u>76,665</u>
EXPENDITURES				
Regular programs	300,972	287,072	298,013	(10,941)
Vocational programs	2,834,660	2,571,610	2,553,668	17,942
Other instructional programs	0	0	5,830	(5,830)
Pupil personnel services	203,879	206,879	208,473	(1,594)
Instructional staff services	60,221	69,136	68,608	528
Administrative services	545,395	616,708	599,667	17,041
Pupil health	32,622	106,711	95,729	10,982
Business services	403,970	403,970	402,729	1,241
Operation and maintenance of plant services	1,187,776	1,340,776	1,282,701	58,075
Student transportation services	380,000	346,633	361,199	(14,566)
Student activities	17,606	17,606	7,666	9,940
TOTAL EXPENDITURES	<u>5,967,101</u>	<u>5,967,101</u>	<u>5,884,283</u>	<u>82,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(74,803)</u>	<u>(74,803)</u>	<u>84,680</u>	<u>159,483</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,197)	(25,197)	(54,840)	(29,643)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,197)</u>	<u>(25,197)</u>	<u>(54,840)</u>	<u>(29,643)</u>
NET CHANGE IN FUND BALANCES	<u>(100,000)</u>	<u>(100,000)</u>	<u>29,840</u>	<u>129,840</u>
FUND BALANCE - BEGINNING OF YEAR	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 379,840</u>	<u>\$ 129,840</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, 2010

	Post- Secondary Education	Food Service	Total Proprietary Funds
ASSETS			
Cash and cash equivalents	\$ 572,049	\$ 4,587	\$ 576,636
Investments	278,703	13,468	292,171
Due from other funds	42,501	59,637	102,138
Due from other governments	186,940	0	186,940
Other receivables	13,416	0	13,416
Inventories	0	1,808	1,808
TOTAL ASSETS	\$ 1,093,609	\$ 79,500	\$ 1,173,109

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Due to other funds	\$ 179,630	\$ 61,300	\$ 240,930
Accounts payable	119,358	88	119,446
Accrued salaries and benefits	94,644	15,513	110,157
Deferred revenue	22,251	245	22,496
Other current liabilities	0	1,683	1,683
TOTAL CURRENT LIABILITIES	415,883	78,829	494,712

NONCURRENT LIABILITIES

Other post employment benefits	10,412	671	11,083
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TOTAL LIABILITIES	426,295	79,500	505,795
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NET ASSETS

Unrestricted (deficit)	667,314	0	667,314
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TOTAL LIABILITIES AND NET ASSETS	\$ 1,093,609	\$ 79,500	\$ 1,173,109
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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, 2010

	Post- Secondary Education	Food Service	Total
OPERATING REVENUES			
Food service revenue	\$ 0	\$ 76,062	\$ 76,062
Charges for services	200,636	0	200,636
TOTAL OPERATING REVENUES	200,636	76,062	276,698
OPERATING EXPENSES			
Salaries	661,250	73,989	735,239
Employee benefits	243,758	40,128	283,886
Purchased professional services	92,130	3,566	95,696
Purchased property services	91,653	170	91,823
Other purchased services	18,559	0	18,559
Supplies	85,045	90,202	175,247
Dues	765	0	765
TOTAL OPERATING EXPENSES	1,193,160	208,055	1,401,215
OPERATING (LOSS)	(992,524)	(131,993)	(1,124,517)
NON-OPERATING REVENUES (EXPENSES)			
Interfund transfers	(671)	49,049	48,378
Earnings on investments	744	13	757
State sources	364,362	8,591	372,953
Federal sources	1,002,630	74,340	1,076,970
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,367,065	131,993	1,499,058
CHANGE IN NET ASSETS	374,541	0	374,541
NET ASSETS - BEGINNING OF YEAR	292,773	0	292,773
NET ASSETS END OF YEAR	\$ 667,314	\$ 0	\$ 667,314

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, 2010

	Post- Secondary Education	Food Service	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users	\$ 208,980	\$ 75,119	\$ 284,099
Cash payments to suppliers for goods and services	0	(98,029)	(98,029)
Cash payments to employees for services	(914,541)	(110,855)	(1,025,396)
Cash payment for other operating expenses	(231,727)	(3,736)	(235,463)
NET CASH (USED FOR) OPERATING ACTIVITIES	<u>(937,288)</u>	<u>(137,501)</u>	<u>(1,074,789)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	0	49,049	49,049
State sources	364,362	8,591	372,953
Federal sources	1,012,371	74,340	1,086,711
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,376,733</u>	<u>131,980</u>	<u>1,508,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on investments	744	13	757
Withdrawals (Deposits) from/to investment pools	(147,740)	7,532	(140,208)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(146,996)</u>	<u>7,545</u>	<u>(139,451)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	292,449	2,024	294,473
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>279,600</u>	<u>2,563</u>	<u>282,163</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u><u>572,049</u></u>	\$ <u><u>4,587</u></u>	\$ <u><u>576,636</u></u>
OPERATING (LOSS)	\$ (992,524)	\$ (131,993)	\$ (1,124,517)
ADJUSTMENTS TO RECONCILE OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:			
Changes in current assets and current liabilities			
(Increase) Decrease in accounts receivable	(7,406)	309	(7,097)
(Increase) Decrease in inventories	0	1,252	1,252
(Increase) Decrease in prepaid expenses	0	367	367
Increase (Decrease) in accounts payable	70,585	(280)	70,305
Increase (Decrease) in accrued salaries and benefits	(19,945)	3,262	(16,683)
Increase (Decrease) in deferred revenue	12,680	(1,252)	11,428
Increase (Decrease) in advances from other funds	(678)	(11,217)	(11,895)
Increase (Decrease) in other current liabilities	0	2,051	2,051
TOTAL ADJUSTMENTS	<u>55,236</u>	<u>(5,508)</u>	<u>49,728</u>
TOTAL CASH (USED FOR) OPERATING ACTIVITIES	\$ <u><u>(937,288)</u></u>	\$ <u><u>(137,501)</u></u>	\$ <u><u>(1,074,789)</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, 2010

	Private Purpose Trust	Agency	Activity	Total Fiduciary Funds
ASSETS				
Cash and cash equivalents	\$ 17,159	\$ 10,827	\$ 18,901	\$ 46,887
Investments	15,950	0	0	15,950
TOTAL ASSETS	<u>\$ 33,109</u>	<u>\$ 10,827</u>	<u>\$ 18,901</u>	<u>\$ 62,837</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Payroll deductions and withholding	\$ 0	\$ 10,827	\$ 0	\$ 10,827
Other current liabilities	100	0	18,901	19,001
TOTAL LIABILITIES	<u>100</u>	<u>10,827</u>	<u>18,901</u>	<u>29,828</u>
 NET ASSETS				
Restricted	33,009	0	0	33,009
TOTAL NET ASSETS	<u>33,009</u>	<u>0</u>	<u>0</u>	<u>33,009</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,109</u>	<u>\$ 10,827</u>	<u>\$ 18,901</u>	<u>\$ 62,837</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, 2010

	Private Purpose Trust
ADDITIONS	
Other additions	\$ 155
DEDUCTIONS	
Scholarships awarded	<u>150</u>
CHANGES IN NET ASSETS	5
NET ASSETS - BEGINNING OF FISCAL YEAR	<u>33,004</u>
NET ASSETS - END OF FISCAL YEAR	<u><u>\$ 33,009</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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schuylkill Technology Center provides vocational education and training to students of the twelve member school districts which provides 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.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

REPORTING ENTITY

The School includes all funds, agencies and boards for which the School is financially accountable. Government Accounting Standards Board (GASB) 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, 2010

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, 2010

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, 2010

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 account can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all transfers.

DEPOSITS AND INVESTMENTS

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.

Investments with a maturity of one year or less at the time of purchase are recorded at cost or amortized cost. Those with a maturity of greater than one year are reported at fair value. Changes in the fair value of investments are recorded as investment income.

INVENTORY

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. 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.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, and furniture 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, 2010

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 2010 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 is zero. The disclosure requirements of GASB Statement No. 45 are included in Note 7.

NOTE 2 - DEPOSITS AND INVESTMENTS:

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:

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

DEPOSITS - continued

Custodial Credit Risk

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, 2010, the carrying amount of the School's deposits was \$881,238. and the bank balance was \$949,772. Of the bank balance, \$250,000. was covered by federal depository insurance coverage and \$699,772. was uninsured and collateralized with securities held by the pledging institution's trust department, but not in the School's name.

INVESTMENTS

As of June 30, 2010, the School had the following investment:

PA School District Liquid Asset Fund (PSDLAF)	\$1,664,972.
	=====

All assets contained in the Pennsylvania School District Liquid Asset Fund (PSDLAF) are invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each school district or government agency owns shares of the Fund, which invests the pooled assets. Since the Fund has the characteristics of a mutual fund, it would not be reported by risk category in accordance with Governmental Accounting Standards Board Statement #3. PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset of \$1 per share.

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the School to limit its interest rate risk by investing in securities with maturity dates under one year.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The School has no investments subject to custodial credit risk.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

INVESTMENTS – continued

Credit Risk

Under Section 4440.1 of the Public School Code of 1949, as amended, the School is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Concentration Risk

The School does not have a policy that would limit the amount it may invest in any one issuer.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 - CAPITAL ASSETS:

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

	Balance June 30, 2009	Net Additions (Deductions)	Balance June 30, 2010
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	4,136,241	0	4,136,241
Furniture and Equipment	4,642,659	248,223	4,890,882
Total Capital Assets, Being Depreciated	8,799,725	248,223	9,047,948
Accumulated Depreciation For:			
Site Improvements	(20,333)	(141)	(20,474)
Buildings and Improvements	(4,136,241)	0	(4,136,241)
Furniture and Equipment	(3,377,667)	(264,986)	(3,642,653)
Total Accumulated Depreciation	(7,534,241)	(265,127)	(7,799,368)
Governmental Activities -			
Capital Assets, Net	\$ 1,390,432	\$ (16,904)	\$ 1,373,528

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

Instructional	\$ 265,127
Total Depreciation Expense	\$ 265,127

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

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, 2009	\$ 149,779.	\$ 0.
Additions	0.	91,383.
Reductions	<u>(3,612.)</u>	<u>(55,193.)</u>
Long-Term Debt - June 30, 2010	\$ 146,167. =====	\$ 36,190. =====
Due Within One Year	\$ 0. =====	\$ 25,107. =====

COMPENSATED ABSENCES

Compensated absences at June 30, 2010, consist of the following:

Retirement Incentive	\$ 48,000.
Sick Leave	50,745.
Vacation	<u>47,422.</u>
Total	\$ 146,147. =====

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

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 Pennsylvania Public School System Employees Retirement System, P.O. Box 125, Harrisburg, Pa 17108.

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 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. Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2010, the rate of employer's contribution was 4.78 percent of covered payroll. The 4.78 percent rate is composed of a pension contribution rate of 4.00 percent for pension benefits and .78 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, 2010, 2009, and 2008, were \$67,675., \$68,143., and \$104,344., respectively, equal to the required contributions for each year.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS.- continued
FOR THE YEAR ENDED JUNE 30, 2010

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 Trust is co-insured with outside insurance companies against any claim in excess of \$85,000. As of June 30, 2010, the date of the latest audit report, the Trust has reserves in the amount of \$7,793,036. 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:

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 an other 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, 2010

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 2010, the School made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$55,193. for 2010. These costs are recognized as an expense when claims or premiums are paid.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2010, 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	\$ 91,383.
Interest on Net OPEBObligation	0.0%
Adjustment to Annual Required Contribution	<u>0.</u>
Annual OPEB Cost	91,383.
Contributions or Payments Made	<u>(55,193.)</u>
Increase in Net OPEB Obligation	36,190.
Net OPEB Obligation, Beginning of Year	<u>0.</u>
Net OPEB Obligation, End of Year	\$ 36,190.
	=====
PercentageofAnnualOPEBCostContributed	60.4%
	=====

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2010

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)	\$ 734,589.
	=====
Funded Ratio	0.0%
	=====
 Covered Payroll	 \$ 2,663,510.
	=====
 UAAL as % of Covered Payroll	 27.58%
	=====

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, 2010

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, 2010, consisted of the following individual fund receivables and payables.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 240,109.	\$ 118,632.
Capital Reserve	17,315.	0.
Post-Secondary Education	42,501.	179,630.
Food Service	<u>59,637.</u>	<u>61,300.</u>
Total	\$ 359,562.	\$ 359,562.
	=====	=====

SUPPLEMENTAL INFORMATION

SCHUYLKILL TECHNOLOGY CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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 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 CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass Through Grants Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2009	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2010
U.S. DEPARTMENT OF EDUCATION Pell Grants	(D)	84.063	N/A	N/A	07/01/09-06/30/10	\$ 233,551	\$ 0	\$ 229,592	\$ 229,592	\$ (3,959)
PASSED THROUGH STATE DEPARTMENT OF EDUCATION:										
Perkins - Secondary	(I)	84.048	380-09-9076	286,065	08/27/08-09/30/09	52,012	52,012	0	0	0
Perkins - Secondary	(I)	84.048	380-10-0080	276,768	07/01/09-06/30/10	253,704	0	276,768	276,768	23,064
PASSED THROUGH LUZERNE AVTS										
Perkins - Post-Secondary	(I)	84.048	381-09-9027	34,389	07/01/09-06/30/10	34,389	34,389	0	0	0
Perkins - Post Secondary	(I)	84.048	381-10-0027	31,429	07/01/09-06/30/10	0	0	31,429	31,429	31,429
PASSED THROUGH PA HIGHER EDUCATION										
ASSISTANCE AGENCY:										
Federal Family Education Loans	(I)	84.032	N/A	N/A	07/01/09-06/30/10	679,984	0	789,405	789,405	109,421
Federal Family Education Loans	(I)	84.032	N/A	N/A	07/01/08-06/30/09	28,408	28,408	0	0	0
TOTAL U.S. DEPARTMENT OF EDUCATION						<u>1,282,048</u>	<u>114,809</u>	<u>1,327,194</u>	<u>1,327,194</u>	<u>159,955</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES										
Learn and Serve America	(I)	94.004	019-08-0009	3,500	07/01/08-06/30/09	778	778	0	0	0
Learn and Serve America	(I)	94.004	019-09-2019	8,000	07/01/09-06/30/10	4,444	0	8,000	8,000	3,556
TOTAL COOPERATION FOR NATIONAL AND COMMUNITY SERVICES						<u>5,222</u>	<u>778</u>	<u>8,000</u>	<u>8,000</u>	<u>3,556</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through State Department of Public Welfare	(I)	93.778	N/A	N/A	07/01/09-06/30/10	3,671	0	4,294	4,294	623
U.S. DEPARTMENT OF AGRICULTURE										
Passed Through State Department of Public Welfare										
National School Lunch	(I)	10.555	1-29-54-690-7	N/A	07/01/09-06/30/10	53,772	0	53,772	53,772	0
National School Lunch	(S)	N/A	1-29-54-690-7	N/A	07/01/09-06/30/10	4,908	0	4,908	4,908	0
National School Lunch	(I)	10.555	1-29-54-690-7	N/A	07/01/08-06/30/09	150	150	0	0	0
National School Lunch	(S)	N/A	1-29-54-690-7	N/A	07/01/08-06/30/09	10	10	0	0	0
School Breakfast Program	(I)	10.553	1-29-54-690-7	N/A	07/01/09-06/30/10	5,977	0	5,977	5,977	0
PASSED THROUGH DEPARTMENT OF EDUCATION										
Value of USDA Commodities	(I)	10.555	1-29-54-690-7	N/A	07/01/09-06/30/10	(A) 13,267	(B) (1,569)	(C) 14,591	(D) 14,591	(245)
TOTAL DEPARTMENT OF AGRICULTURE						<u>78,084</u>	<u>(1,409)</u>	<u>79,248</u>	<u>79,248</u>	<u>(245)</u>
LESS: STATE FUNDS										
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$ 1,364,107</u>	<u>\$ 114,168</u>	<u>\$ 1,413,828</u>	<u>\$ 1,413,828</u>	<u>\$ 163,889</u>

Other Code Legend:

(A) Indicates value of USDA commodities received in current year.

(B) Indicates beginning inventory value of USDA commodities.

(C) Indicates value of USDA commodities used in current year.

(D) Indicates ending inventory value of USDA commodities.

Source Code Legend:

(D) Indicates direct federal financial assistance funding.

(I) Indicates indirect federal financial assistance funding.

(S) Indicates State matching funding.

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

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

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