

**SCHUYLKILL TECHNOLOGY CENTER
SINGLE AUDIT REPORT
MAR LIN, PENNSYLVANIA
FOR THE YEAR ENDED JUNE 30, 2011**

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 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.....	5-6

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis	7-18
--	------

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
--	----

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	31-47
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SUPPLEMENTAL INFORMATION

Schedule of Findings and Questioned Costs	48
Schedule of Expenditures of Federal Awards	49
Notes to Schedule of Expenditures of Federal Awards.....	50-51

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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, 2011, 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, 2011, and the respective changes in financial position, and cash flows, where applicable, 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 March 23, 2012, 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, Hall & Solomon

March 23, 2012

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, 2011, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 23, 2012. 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 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*.

We noted certain matters that we reported to management of the Schuylkill Technology Center, in a separate letter dated March 23, 2012.

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, Kell + Solomon

March 23, 2012

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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, 2011. 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, 2011.

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.

Herrung, Koll + Solomon

March 23, 2012

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011. 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	Saint Clair School District
Mahanoy Area School District	Schuylkill Haven School District
Minersville Area School District	Shenandoah Valley School District
Pottsville Area School District	Tamaqua Area School District
Pine Grove School District	Tri Valley School District
North Schuylkill 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, 2011**

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 \$4,644,505 for 2010-2011. 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 2010-2011. The balance of revenue was made up of both state and federal grants and local tuition.

At year end of the 2010-2011 school year, secondary programs revenue exceeded expenditures and the school ended up with a surplus of \$87,345 of which \$47,935 was placed in the capital reserve fund, \$13,000 was transferred to the food service fund and excess funds totaling \$56,250 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, 2011**

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, 2011**

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, 2011**

FINANCIAL ANALYSIS OF THE TECHNOLOGY CENTER AS A WHOLE

The School's total net assets decreased from \$3,041,850 to \$3,026,817, a decrease of \$15,033 or .5%. (See Table A-1)

Table A-1
Fiscal Year Ended June 30, 2010 and June 30, 2011
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current and Other Assets	\$1,820,288	\$1,586,270	\$1,070,971	\$860,263	\$2,891,259	\$2,446,533
Capital Assets	1,373,528	1,513,628	-0-	-0-	1,373,528	1,513,628
Total Assets	\$3,193,816	\$3,099,898	\$1,070,971	\$860,263	\$4,264,787	\$3,960,161
Current Liabilities	673,113	614,785	392,574	174,328	1,065,687	789,113
Long-term Liabilities	146,167	133,148	11,083	11,083	157,250	144,231
Total Liabilities	\$ 819,280	\$ 747,933	\$ 403,657	\$185,411	\$1,222,937	\$ 933,344
Restricted for capital projects	-0-	621,485	-0-	-0-	-0-	621,485
Invested in capital assets, net of related debt	1,373,528	1,513,628	-0-	-0-	1,373,528	1,513,628
Unrestricted net assets	1,001,008	216,852	667,314	674,852	1,668,322	891,704
Total Net Assets	\$ 2,374,536	\$2,351,965	\$ 667,314	\$674,852	\$3,041,850	\$3,026,817
Total Liabilities & Net Assets	\$ 3,193,816	\$3,099,898	\$1,070,971	\$860,263	\$ 4,264,787	\$3,960,161

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Table A-2
Change in Net Assets
For the Year Ended June 30, 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues						
Program Revenues						
Charges for Services	\$ 140,809	\$ 41,716	\$ 276,698	\$ 406,862	\$ 417,507	\$ 448,078
Operating Grants & Contributions	1,126,206	1,044,388	1,449,923	1,701,705	2,576,129	2,746,093
General Revenues						
State Subsidies & Contributions	4,699,284	4,644,505	-0-	-0-	4,699,284	4,644,505
Investment Income	3,335	4,221	757	554	4,092	4,775
Transfers In (Out)	(48,378)	(13,000)	48,378	13,000	-0-	-0-
Total Revenues	\$5,921,256	\$5,721,830	\$1,775,756	\$2,121,621	\$7,697,012	\$7,843,451
Expenses						
Instructional	2,880,587	2,835,841			2,880,587	2,835,841
Instructional Support	372,812	536,992			372,812	536,992
Administrative	1,002,397	832,908			1,002,397	832,908
Operation & Maintenance of facilities	1,312,541	1,181,339			1,312,541	1,181,339
Pupil Transportation	361,199	350,297			361,199	350,297
Student Activities	7,666	7,024			7,666	7,024
Community Services						
Food Services			208,055	207,725	208,055	207,725
Other Enterprise Fund (Post Secondary)			1,193,160	1,906,358	1,193,160	1,906,358
Total Expenses	\$5,937,202	\$5,744,401	\$1,401,215	\$ 2,114,083	\$7,338,417	\$7,858,484
Increase (decrease) in net assets	\$ (15,946)	\$ (22,571)	\$374,541	\$ 7,538	\$358,595	\$ (15,033)

Table A-2

Changes in net assets: The School's total revenues were \$7,843,451 for the year ended June 30, 2011 (see Table A-2). Member district contributions make up \$4,644,505 or 59% 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 \$7,858,484. The School's costs related to education and servicing students amounted to \$3,730,154 or 47% (Instruction, Instructional Student Support, Pupil Transportation, Student Activities), Administration costs accounted for \$832,908, 11%, Operation and Maintenance of Facilities accounted for \$1,181,339, 15%, Food Service Costs \$207,725, or 3%, and Post Secondary expenses of \$1,906,358, or 24% (see Table A-2).

Total expenditures exceeded revenues decreasing net assets by \$15,033.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

**Table A-3
Fiscal Year Ended June 30, 2011
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

Description	Total Cost of Services		Net Cost of Services	
	2010	2011	2010	2011
Instruction	\$2,880,587	\$2,835,841	\$2,258,408	\$1,889,078
Instructional Student Support	372,812	536,992	293,074	505,082
Administration	1,002,397	832,908	788,003	797,908
Operation and Maintenance of Facilities	1,312,541	1,181,339	1,031,813	1,140,487
Pupil Transportation	361,199	350,297	293,030	318,718
Student Activities	7,666	7,024	6,219	7,024
Food Service	208,055	207,725	49,062	10,873
Other Enterprise Fund (Post Secondary)	1,193,160	1,906,358	(374,468)	(4,857)
Total Expenses	\$7,338,417	\$7,858,484	\$4,344,781	\$4,664,313

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

FUND BALANCES

The Schools fund balance and net assets of \$1,646,337 decreased \$193,259 from the prior year. The schedule below summarizes the fund balances and the total change in fund balances as of June 30, 2010 and 2011:

	Fund Balance June 30, 2010	Fund Balance June 30, 2011	Increase Decrease)
General Fund	\$379,840	\$350,000	\$(29,840)
Post Secondary	667,314	672,646	5,332
Capital Reserve	792,442	621,485	(170,957)
Cafe	-0-	2,206	2,206
Total	<u>\$1,839,596</u>	<u>\$1,646,337</u>	<u>\$(193,259)</u>

GENERAL FUND – EXPENDITURES (BUDGET vs. ACTUAL) June 30, 2011

	Budget Final	Actual Cost	Variance Positive (Negative)
EXPENDITURES - General Fund			
Regular Programs	308,318	273,327	34,991
Vocational Programs	2,534,636	2,387,161	147,475
Other Instructional Programs	0	34	(34)
Pupil Personnel Services	227,370	223,972	3,398
Instructional Staff Services	210,146	213,231	(3,085)
Administrative Services	605,769	587,177	18,592
Pupil Health	104,389	99,789	4,600
Business Services	264,395	252,975	11,420
Operation of Plant	1,248,946	1,305,388	(56,442)
Student Transportation Service	384,800	350,297	34,503
Student Activities	16,812	7,024	9,788
Total Expenditures	<u>5,905,581</u>	<u>5,700,375</u>	<u>205,206</u>
Interfund Transfers out	<u>(268)</u>	<u>(60,935)</u>	<u>(60,667)</u>
NET CHANGE IN FUND BALANCE	25,007	(29,840)	(54,847)
Fund Balance – Beginning of Year	379,840	379,840	0
FUND BALANCE – END OF YEAR	404,847	350,000	(54,847)

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

GENERAL FUND – EXPENDITURES (2010 vs. 2011)

	2010 Cost	2011 Cost	Difference Increase (Decrease)
EXPENDITURES - General Fund			
Regular Programs	298,013	273,327	(24,686)
Vocational Programs	2,553,668	2,387,161	(166,507)
Other Instructional Programs	5,830	34	(5,796)
Pupil Personnel Services	208,473	223,972	15,499
Instructional Staff Services	68,608	213,231	144,623
Administrative Services	599,667	587,177	(12,490)
Pupil Health	95,729	99,789	4,060
Business Services	402,729	252,975	(149,754)
Operation of Plant	1,282,701	1,305,388	22,687
Student Transportation Service	361,199	350,297	(10,902)
Student Activities	7,666	7,024	(642)
Total Expenditures	5,884,283	5,700,375	(183,908)
			3% decrease

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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 an excess of revenue over expenditures of \$25,007. Actual results reflected a decrease in the General Fund balance of \$29,840, a budget variance of \$54,847.

**SCHUYLKILL TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The Technology Center has invested to date, \$1,513,628 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 \$286,573.

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 2010-2011 year was the fourth year of a five-year agreement that will end on August 31, 2012. 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 2010-2011 year was the fourth 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, 2011**

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, 2012, the rate has increased to 8.65% from 5.64% of gross wages and is projected at 12.36% for the year ended June 30, 2013.

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 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, 2011

ASSETS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 99,880	\$ 500,325	\$ 600,205
Investments	1,070,299	476,664	1,546,963
Due from other governments	178,588	64,267	242,855
Other receivables	1,540	0	1,540
Internal Balances	187,865	(187,865)	0
Inventories	48,098	6,872	54,970
TOTAL CURRENT ASSETS	<u>1,586,270</u>	<u>860,263</u>	<u>2,446,533</u>
NON-CURRENT ASSETS			
Land	124,948	0	124,948
Site improvements (net)	210	0	210
Building and building improvements - net	337,292	0	337,292
Furniture and equipment - net	1,051,178	0	1,051,178
TOTAL NON-CURRENT ASSETS	<u>1,513,628</u>	<u>0</u>	<u>1,513,628</u>
TOTAL ASSETS	<u>\$ 3,099,898</u>	<u>\$ 860,263</u>	<u>\$ 3,960,161</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to other governments	166,664	0	166,664
Accounts payable	108,629	95,770	204,399
Accrued salaries and benefits	339,492	75,567	415,059
Deferred revenues	0	466	466
Other current liabilities	0	2,525	2,525
TOTAL CURRENT LIABILITIES	<u>614,785</u>	<u>174,328</u>	<u>789,113</u>
NON-CURRENT LIABILITIES			
Long-term portion of compensated absences	133,148	0	133,148
Other postemployment benefits	0	11,083	11,083
TOTAL NON-CURRENT LIABILITIES	<u>133,148</u>	<u>11,083</u>	<u>144,231</u>
TOTAL LIABILITIES	<u>747,933</u>	<u>185,411</u>	<u>933,344</u>
NET ASSETS			
Restricted for capital projects	621,485	0	621,485
Invested in capital assets, net of related debt	1,513,628	0	1,513,628
Unassigned	216,852	674,852	891,704
TOTAL NET ASSETS	<u>2,351,965</u>	<u>674,852</u>	<u>3,026,817</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,099,898</u>	<u>\$ 860,263</u>	<u>\$ 3,960,161</u>

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, 2011

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
GOVERNMENTAL ACTIVITIES	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Instruction	\$ 2,835,841	\$ 26,143	\$ 920,620	\$ (1,889,078)	\$ 0	\$ (1,889,078)
Instructional student support	536,992	5,152	26,758	(505,082)	0	(505,082)
Administrative and financial support services	832,908	10,421	24,579	(797,908)	0	(797,908)
Operation and maintenance of plant services	1,181,339	0	40,852	(1,140,487)	0	(1,140,487)
Pupil transportation	350,297	0	31,579	(318,718)	0	(318,718)
Student activities	7,024	0	0	(7,024)	0	(7,024)
TOTAL GOVERNMENTAL ACTIVITIES	5,744,401	41,716	1,044,388	(4,658,297)	0	(4,658,297)
BUSINESS-TYPE ACTIVITIES						
Food services	207,725	92,666	104,186	0	(10,873)	(10,873)
Post secondary education	1,906,358	313,696	1,597,519	0	4,857	4,857
TOTAL PRIMARY GOVERNMENT	7,858,484	448,078	2,746,093	(4,658,297)	(6,016)	(4,664,313)
GENERAL REVENUES AND TRANSFERS						
Receipts from member districts				4,644,505	0	4,644,505
Investment earnings				4,221	554	4,775
Transfers				(13,000)	13,000	0
TOTAL GENERAL REVENUES AND TRANSFERS				4,635,726	13,554	4,649,280
CHANGE IN NET ASSETS				(22,571)	7,538	(15,033)
NET ASSETS - BEGINNING				2,374,536	667,314	3,041,850
NET ASSETS - ENDING				\$ 2,351,965	\$ 674,852	\$ 3,026,817

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

SCHUYLKILL TECHNOLOGY CENTER

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 99,641	\$ 239	\$ 99,880
Investments	560,196	510,103	1,070,299
Due from other funds	346,199	155,429	501,628
Due from other governments	178,588	0	178,588
Inventories	48,098	0	48,098
TOTAL ASSETS	\$ 1,232,722	\$ 665,771	\$ 1,898,493
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 312,223	\$ 0	\$ 312,223
Due to other governments	166,664	0	166,664
Accounts payable	64,343	44,286	108,629
Accrued salaries and benefits	<u>339,492</u>	<u>0</u>	<u>339,492</u>
TOTAL LIABILITIES	882,722	44,286	927,008
FUND BALANCES			
Restricted fund balance	0	621,485	621,485
Unassigned fund balance	<u>350,000</u>	<u>0</u>	<u>350,000</u>
TOTAL FUND BALANCES	350,000	621,485	971,485
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,232,722	\$ 665,771	\$ 1,898,493

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, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 971,485**

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	9,599,569	
Less: accumulated depreciation	<u>(8,085,941)</u>	1,513,628

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>(133,148)</u>
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 2,351,965**

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

SCHUYLKILL TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	General	Capital Reserve	Total Governmenta Funds
REVENUES			
Local sources	\$ 4,715,895	\$ 3,360	\$ 4,719,255
State sources	692,374	0	692,374
Federal sources	323,201	0	323,201
TOTAL REVENUES	5,731,470	3,360	5,734,830
EXPENDITURES			
Instruction	2,660,522	0	2,660,522
Support services	3,032,829	222,252	3,255,081
Non-instructional services	7,024	0	7,024
TOTAL EXPENDITURES	5,700,375	222,252	5,922,627
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	31,095	(218,892)	(187,797)
OTHER FINANCING SOURCES (USES)			
Interfund transfers	(60,935)	47,935	(13,000)
TOTAL OTHER FINANCING SOURCES (USES)	(60,935)	47,935	(13,000)
NET CHANGE IN FUND BALANCES	(29,840)	(170,957)	(200,797)
FUND BALANCES - BEGINNING	379,840	792,442	1,172,282
FUND BALANCES - ENDING	\$ 350,000	\$ 621,485	\$ 971,485

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

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, 2011

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (200,797)
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.	140,100
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.	13,019
Postemployment benefits recognized	<u>(25,107)</u>
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u><u>\$ (22,571)</u></u>

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

SCHUYLKILL TECHNOLOGY CENTER

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 4,912,373	\$ 4,912,373	\$ 4,715,895	\$ (196,478)
State sources	727,432	727,432	692,374	(35,058)
Federal sources	291,051	291,051	323,201	32,150
TOTAL REVENUES	5,930,856	5,930,856	5,731,470	(199,386)
EXPENDITURES				
Regular programs	308,318	308,318	273,327	34,991
Vocational programs	2,567,036	2,534,636	2,387,161	147,475
Other instructional programs	0	0	34	(34)
Pupil personnel services	227,370	227,370	223,972	3,398
Instructional staff services	210,146	210,146	213,231	(3,085)
Administrative services	611,769	605,769	587,177	18,592
Pupil health	104,389	104,389	99,789	4,600
Business services	264,395	264,395	252,975	11,420
Operation and maintenance of plant services	1,210,546	1,248,946	1,305,388	(56,442)
Student transportation services	384,800	384,800	350,297	34,503
Student activities	16,812	16,812	7,024	9,788
TOTAL EXPENDITURES	5,905,581	5,905,581	5,700,375	205,206
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	25,275	25,275	31,095	5,820
OTHER FINANCING SOURCES (USES)				
Transfers out	(268)	(268)	(60,935)	(60,667)
TOTAL OTHER FINANCING SOURCES (USES)	(268)	(268)	(60,935)	(60,667)
NET CHANGE IN FUND BALANCES	25,007	25,007	(29,840)	(54,847)
FUND BALANCE - BEGINNING OF YEAR	379,840	379,840	379,840	0
FUND BALANCE - END OF YEAR	\$ 404,847	\$ 404,847	\$ 350,000	\$ (54,847)

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, 2011

	<u>Post- Secondary Education</u>	<u>Food Service</u>	<u>Total Proprietary Funds</u>
ASSETS			
Cash and cash equivalents	\$ 500,250	\$ 75	\$ 500,325
Investments	445,675	30,989	476,664
Due from other funds	43,490	85,515	129,005
Due from other governments	63,175	1,092	64,267
Inventories	0	6,872	6,872
TOTAL ASSETS	\$ <u>1,052,590</u>	\$ <u>124,543</u>	\$ <u>1,177,133</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to other funds	\$ 208,381	\$ 108,489	\$ 316,870
Accounts payable	95,675	95	95,770
Accrued salaries and benefits	65,206	10,361	75,567
Deferred revenue	270	196	466
Other current liabilities	0	2,525	2,525
TOTAL CURRENT LIABILITIES	369,532	121,666	491,198
NONCURRENT LIABILITIES			
Other post employment benefits	<u>10,412</u>	<u>671</u>	<u>11,083</u>
 TOTAL LIABILITIES	 379,944	 122,337	 502,281
NET ASSETS			
Unrestricted	<u>672,646</u>	<u>2,206</u>	<u>674,852</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>1,052,590</u>	 \$ <u>124,543</u>	 \$ <u>1,177,133</u>

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, 2011

	<u>Post- Secondary Education</u>	<u>Food Service</u>	<u>Total</u>
OPERATING REVENUES			
Food service revenue	\$ 0	\$ 92,666	\$ 92,666
Charges for services	<u>313,696</u>	<u>0</u>	<u>313,696</u>
TOTAL OPERATING REVENUES	<u>313,696</u>	<u>92,666</u>	<u>406,362</u>
OPERATING EXPENSES			
Salaries	677,791	68,670	746,461
Employee benefits	293,060	40,998	334,058
Purchased professional services	108,678	0	108,678
Purchased property services	204,647	0	204,647
Other purchased services	13,620	0	13,620
Supplies	102,843	98,057	200,900
Dues	690	-	690
Student loan and grant disbursements	<u>505,029</u>	<u>0</u>	<u>505,029</u>
TOTAL OPERATING EXPENSES	<u>1,906,358</u>	<u>207,725</u>	<u>2,114,083</u>
OPERATING (LOSS)	<u>(1,592,662)</u>	<u>(115,059)</u>	<u>(1,707,721)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interfund transfers		13,000	13,000
Earnings on investments	475	79	554
State sources	500,441	13,590	514,031
Federal sources	<u>1,097,078</u>	<u>90,596</u>	<u>1,187,674</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,597,994</u>	<u>117,265</u>	<u>1,715,259</u>
CHANGE IN NET ASSETS	<u>5,332</u>	<u>2,206</u>	<u>7,538</u>
NET ASSETS - BEGINNING OF YEAR	<u>667,314</u>	<u>0</u>	<u>667,314</u>
NET ASSETS - END OF YEAR	<u>\$ 672,646</u>	<u>\$ 2,206</u>	<u>\$ 674,852</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, 2011

	<u>Post- Secondary Education</u>	<u>Food Service</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users	\$ 456,658	\$ 91,574	\$ 548,232
Cash payments to suppliers for goods and services	(959,190)	(80,810)	(1,040,000)
Cash payments to employees for services	<u>(1,000,289)</u>	<u>(115,020)</u>	<u>(1,115,309)</u>
NET CASH (USED FOR) OPERATING ACTIVITIES	(1,502,821)	(104,256)	(1,607,077)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	0	13,000	13,000
State sources	500,441	13,590	514,031
Federal sources	<u>1,097,078</u>	<u>90,596</u>	<u>1,187,674</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	1,597,519	117,186	1,714,705
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on investments	475	79	554
Withdrawals (Deposits) from/to investment pools	<u>(166,972)</u>	<u>(17,521)</u>	<u>(184,493)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(166,497)	(17,442)	(183,939)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
	(71,799)	(4,512)	(76,311)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR			
	<u>572,049</u>	<u>4,587</u>	<u>576,636</u>
CASH AND CASH EQUIVALENTS - END OF YEAR			
	<u>\$ 500,250</u>	<u>\$ 75</u>	<u>\$ 500,325</u>
OPERATING (LOSS)			
	\$ (1,592,662)	\$ (115,059)	\$ (1,707,721)
ADJUSTMENTS TO RECONCILE OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:			
Changes in current assets and current liabilities			
(Increase) Decrease in accounts receivable	137,181	(1,092)	136,089
(Increase) Decrease in inventories	0	(5,064)	(5,064)
Increase (Decrease) in accounts payable	(23,683)	7	(23,676)
Increase (Decrease) in accrued salaries and benefits	(29,438)	(5,152)	(34,590)
Increase (Decrease) in deferred revenue	(21,981)	(49)	(22,030)
Increase (Decrease) in advances from other funds	27,762	21,311	49,073
Increase (Decrease) in other current liabilities	<u>0</u>	<u>842</u>	<u>842</u>
TOTAL ADJUSTMENTS	89,841	10,803	100,644
TOTAL CASH (USED FOR) OPERATING ACTIVITIES			
	<u>\$ (1,502,821)</u>	<u>\$ (104,256)</u>	<u>\$ (1,607,077)</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, 2011

	<u>Private Purpose Trust</u>	<u>Agency</u>	<u>Activity</u>	<u>Total Fiduciary Funds</u>
ASSETS				
Cash and cash equivalents	\$ 17,067	\$ 11,187	\$ 24,889	\$ 53,143
Investments	16,000	0	0	16,000
TOTAL ASSETS	<u>\$ 33,067</u>	<u>\$ 11,187</u>	<u>\$ 24,889</u>	<u>\$ 69,143</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Due to other funds	\$ 150	\$ 1,390	\$ 0	\$ 1,540
Payroll deductions and withholding	0	9,797	0	9,797
Other current liabilities	0	0	24,889	24,889
TOTAL LIABILITIES	<u>150</u>	<u>11,187</u>	<u>24,889</u>	<u>36,226</u>
 NET ASSETS				
Restricted	32,917	0	0	32,917
TOTAL NET ASSETS	<u>32,917</u>	<u>0</u>	<u>0</u>	<u>32,917</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 33,067</u>	 <u>\$ 11,187</u>	 <u>\$ 24,889</u>	 <u>\$ 69,143</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, 2011

	<u>Private Purpose Trust</u>
ADDITIONS	
Other additions	\$ 8
DEDUCTIONS	
Scholarships awarded	<u>100</u>
CHANGES IN NET ASSETS	(92)
NET ASSETS - BEGINNING OF FISCAL YEAR	<u>33,009</u>
NET ASSETS - END OF FISCAL YEAR	\$ <u><u>32,917</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, 2011

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.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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 2011 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.

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, 2011

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 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 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, 2011, the carrying amount of the School's deposits was \$653,348 and the bank balance was \$617,177. Of the bank balance, \$252,810 was covered by federal depository insurance coverage and \$364,367 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, 2011, the School had the following investment:

PA School District Liquid Asset Fund (PSDLAF)	\$1,562,963
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SCHUYLKILL TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS – continued

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS – continued

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.

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, 2011

NOTE 3 - CAPITAL ASSETS:

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

	<u>Balance</u> <u>June 30, 2010</u>	<u>Net Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2011</u>
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	351,346	4,487,587
Furniture and Equipment	4,890,882	75,327	4,966,209
Total Capital Assets, Being Depreciated	<u>9,047,948</u>	<u>426,673</u>	<u>9,474,621</u>
Accumulated Depreciation For:			
Site Improvements	(20,474)	(141)	(20,615)
Buildings and Improvements	(4,136,241)	(14,054)	(4,150,295)
Furniture and Equipment	(3,642,653)	(272,378)	(3,915,031)
Total Accumulated Depreciation	<u>(7,799,368)</u>	<u>(286,573)</u>	<u>(8,085,941)</u>
Governmental Activities -			
Capital Assets, Net	<u>\$ 1,373,528</u>	<u>\$ 140,100</u>	<u>\$ 1,513,628</u>

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

Instruction	\$ 272,378
Plant Services	14,195
Total Depreciation Expense	<u>\$ 286,573</u>

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2011

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, 2010	\$ 146,167	\$ 36,190
Additions	0	91,499
Reductions	<u>(13,019)</u>	<u>(116,606)</u>
Long-Term Debt - June 30, 2011	\$ 133,148 =====	\$ 11,083 =====
Due Within One Year	0	0

COMPENSATED ABSENCES

Compensated absences at June 30, 2011, consist of the following:

Retirement Incentive	\$ 32,000
Sick Leave	48,444
Vacation	<u>52,704</u>
Total	\$ 133,148 =====

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, the rate of employer's contribution was 5.64 percent of covered payroll. The 5.64 percent rate is composed of a pension contribution rate of 5.00 percent for pension benefits and .64 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, 2011, 2010, and 2009, were \$82,792, \$67,675, and \$68,143, respectively, equal to the required contributions for each year.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2011

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, 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:

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, 2011

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 2011, 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 2011, 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	<u>(116,606)</u>
Decrease in Net OPEB Obligation	(25,107)
Net OPEB Obligation, Beginning of Year	<u>36,190</u>
Net OPEB Obligation, End of Year	\$ 11,083
	=====
Percentage of Annual OPEB Cost Contributed	127.40%
	=====

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011

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, 2011, consisted of the following individual fund receivables and payables.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 346,199	\$ 312,223
Capital Reserve Fund	155,429	0
Post-Secondary Education Fund	43,490	208,381
Food Service Fund	85,515	108,489
Private Purpose Trust Fund	0	150
Agency Fund	<u>0</u>	<u>1,390</u>
Total	\$ 630,633	\$ 630,633
	=====	=====

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. During the year ended June 30, 2011 the school reimbursed the Unit a total of \$505,529 for the above services. There were no related party receivables or payables at June 30, 2011.

SCHUYLKILL TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011

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: Federal Family Education Loans - CFDA #84.032; Perkins Grants – CFDA #84.048 and Pell Grants – 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 FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2011

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 7/1/2010	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 6/30/2011
U.S. DEPARTMENT OF EDUCATION										
Pell Grants*	(D)	84.063	N/A	07-01-09/06-30-10	N/A	\$ -	\$ (3,959)	\$ 3,959	\$ 3,959	\$ -
Pell Grants*	(D)	84.063	N/A	07-01-10/06-30-11	N/A	\$ 376,748		\$ 376,748	\$ 376,748	\$ 0
PASSED THROUGH STATE DEPARTMENT OF EDUCATION										
Perkins-Secondary	(I)	84.048	380-100060	07-01-09/06-30-10	276,768	23,064	23,064	0	0	0
Perkins-Secondary*	(I)	84.048	380-111039	07-01-10/06-30-11	272,716	249,990	0	272,716	272,716	22,726
PASSED THROUGH LUZERNE COUNTY COMMUNITY COLLEGE										
Perkins-Post Secondary	(I)	84.048	381-11-1022	07-01-10/06-30-11	31,837	31,837	0	31,837	31,837	0
Perkins-Post Secondary	(I)	84.048	381-10-0027	07-01-09/06-30-10	31,429	31,429	31,429	0	0	0
PASSED THROUGH PA HIGHER EDUCATION ASSISTANCE AGENCY										
Federal Family Education Loans*	(I)	84.032	N/A	07-01-10/06-30-11	N/A	725,691	0	725,691	725,691	0
Federal Family Education Loans*	(I)	84.032	N/A	07-01-09/06-30-10	N/A	109,421	109,421	0	0	0
TOTAL U.S. DEPARTMENT OF EDUCATION						1,548,180	159,955	1,410,951	1,410,951	22,726
PASSED THROUGH CORPORATION FOR NATIONAL & COMMUNITY SERVICES										
Learn and Serve America	(I)	94.004	019-092019	07-01-09/06-30-10	8,000	3,556	3,556	0	0	0
Learn and Serve America	(I)	94.004	019-102019	07-01-10/06-30-11	11,000	4,889	0	10,957	10,957	6,068
TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICES						8,445	3,556	10,957	10,957	6,068
U.S. DEPARTMENT OF LABOR PASSED THROUGH STATE DEPARTMENT OF LABOR & INDUSTRY										
WIA	(I)	17.259	313-08-001	01-11-10/04-01-11	150,000	137,730	0	137,730	137,730	0
WIA	(I)	17.260	313-10-413-2	10-01-10/04-01-11	20,000	20,000	0	20,000	20,000	0
TOTAL U.S. DEPARTMENT OF LABOR						157,730	0	157,730	157,730	0
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES										
Passed Through State Department of Public Welfare Medicare	(I)	93.778	N/A	07-01-10/06-30-11	N/A	2,954	623	2,331	2,331	0

SCHUYLKILL TECHNOLOGY CENTERS

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2011

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 7/1/2010	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 6/30/2011
U.S. DEPARTMENT OF AGRICULTURE										
PASSED THROUGH DEPARTMENT OF EDUCATION										
National School Lunch	(I)	10.555	1-29-54-690-7	07-01-10/06-30-11	N/A	65,416	0	65,416	65,416	0
National School Lunch	(S)	N/A	1-29-54-690-7	07-01-10/06-30-11	N/A	5,453	0	5,453	5,453	0
Reg/Ddy Breakfast	(I)	10.553	1-29-54-690-7	07-01-10/06-30-11	N/A	16,593	0	16,593	16,593	0
Reg/Ddy Breakfast	(S)	N/A	1-29-54-690-7	07-01-10/06-30-11	N/A	1,441	0	1,441	1,441	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	8,075	(245)	8,075	8,075	(196)
TOTAL DEPARTMENT OF AGRICULTURE						96,929	(245)	96,978	96,978	(196)
Less State Funds						(6,894)	0	(6,894)	(6,894)	0
TOTAL FEDERAL ASSISTANCE						\$ 1,807,344	\$ 163,889	\$ 1,672,053	\$ 1,672,053	\$ 28,598

Other Code Legend:
 (A) Total amount of commodities received
 (B) Beginning inventory at July 1, 2010
 (C) Total amount of commodities used
 (D) Ending inventory at June 30, 2011

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

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 AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

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