

**Forbes Road Career & Technology Center
Financial Statements
June 30, 2012**

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Independent Auditor's Report

Members of the Board
Forbes Road Career & Technology Center
Monroeville, Pennsylvania

Dear Members:

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 Forbes Road Career & Technology Center as of and for the year ended June 30, 2012, which collectively comprise Forbes Road Career & Technology Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Forbes Road Career & 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 Forbes Road Career & Technology Center as of June 30, 2012, 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 January 3, 2013 on our consideration of Forbes Road Career & 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be 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, budgetary comparison information and post-employment benefit information as shown in the table of contents 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 performed for the purpose of forming opinions on the financial statements that collectively comprise Forbes Road Career & 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 not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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.

Respectfully submitted,



HOSACK, SPECHT, MUETZEL & WOOD LLP
January 3, 2013

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

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

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Forbes Road Career & Technology Center (Center) adopts three budgets annually: the general operating budget; administrative/site budget; and the adult vocational education/day care budget. The total combined original budget for the 2011/2012 school year was \$7,124,177. The general operating budget is the largest of the three totaling \$6,272,717. The general operating and administrative/site budget is largely supported by the nine member districts. In the 2011/2012 school year, approximately 75% of the general operating budget was supported by member district contributions. The Center is a recipient of Carl Perkins' federal funds, and in fact received \$535,533 which is the largest portion of federal funds that the Center receives. The Perkins' grant continues to focus on academic rigor, linking secondary and post-secondary career and technical education, professional development, and the improvement, expansion and modernization of quality career technical education. The Center receives a number of state subsidies including vocational education subsidy, retirement and social security totaling more than \$950,000.

In the 2011/2012 school year, the Center applied for and was awarded one vocational education equipment grant totaling \$36,295.50. The item purchased through this grant included a pressurized, automotive select semi-downdraft paint and cure spray booth for the collision repair program. The equipment "job ready" grants enable the Center to purchase much needed large pieces of equipment to update programs by supporting 50% of the cost of the equipment. Programs must meet stringent criteria to qualify and not all programs offered at the Center are eligible.

In addition, during the 2011/2012 school year, the center applied for and was awarded the safe schools targeted grant in the amount of \$12,374.85. The grant enabled staff members to be trained in the use of positive behavior supports, de-escalation techniques and appropriate responses to student behavior that may require immediate intervention.

The adult vocational education/day care budget is funded through both federal and state grants as well as tuition payments paid by participants. These programs support the community through their many program offerings and services. The adult vocational education department provides vocational training to adults. These adults are able to participate in all vocational programs offered at the Center, as well as refresher courses for program certifications.

The day care program is housed at the Center and students that participate in our secondary child care program have hands-on practical clinical experience working at the ABC's at Forbes Day Care Center. The day care program

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Financial Highlights (Cont'd)

has also begun to receive inquiries from college students seeking observation hours through the day care. The ABC's Day Care at Forbes maintained its third Keystone Star rating and continues to work towards obtaining their fourth Keystone Star rating. The day care center continues to grant employees who meet established criteria, with single healthcare benefits and the cost is partially paid through funds awarded through Keystone Star.

The Center's professional instructional staff received salary increases of \$2,400, totaling \$81,600. Approximately 64% of the instructional staff holds bachelor, master or master's equivalent degrees and the remaining 36% hold vocational certification at varying levels. For the 2011/2012 school year, the Center began its third year of a five-year collective bargaining agreement with Forbes Road CTC Educators, PSEA/NEA. The salary increases for the instructional staff are as follows: first year \$2,200; second year \$2,300; third year \$2,400; fourth year \$2,500; and fifth year \$2,500. The monthly health insurance premium co-pay will increase by \$5 per year for the life of the contract. Any employee who elects not to be covered under the employer's health program receives a monthly medical allowance.

In 2011/2012, the Center experienced an increase in enrollment. The Center continues to stress the need for district personnel to appropriately place students in career and technical center programs so that they can be successful. During 2011/2012, the Center's administrative staff continues to make strides to increase enrollment. The administrative staff has increased the communication between the Center and the member districts through meetings with superintendents, principals and guidance counselors. The administrative staff also updated the titles of several programs to make the programs more attractive to incoming students.

The 2011/2012 school year is the fourth year the Center was selected to be a participant in the Bureau of Career and Technical Education (BCTE) Technical Assistance Program. The purpose of the technical assistance is to increase the academic and occupational achievement of all students at the Center. Through this technical assistance project, PDE will assist career and technical centers with raising student performance on the PSSA and occupational end-of-program assessments. Each participating career and technical center agrees to develop an improvement plan for increasing student achievement, work closely with a designated improvement coach (Career and Technical Distinguished School Leader) and participate in all professional development activities provided by BCTE.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Forbes Road Career & Technology Center as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two 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.

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Using the Annual Financial Report (Cont'd)

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. These statements will cover governmental, proprietary and fiduciary funds. The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A-1
Required Components of
Forbes Road Career & Technology Center's
Financial Report

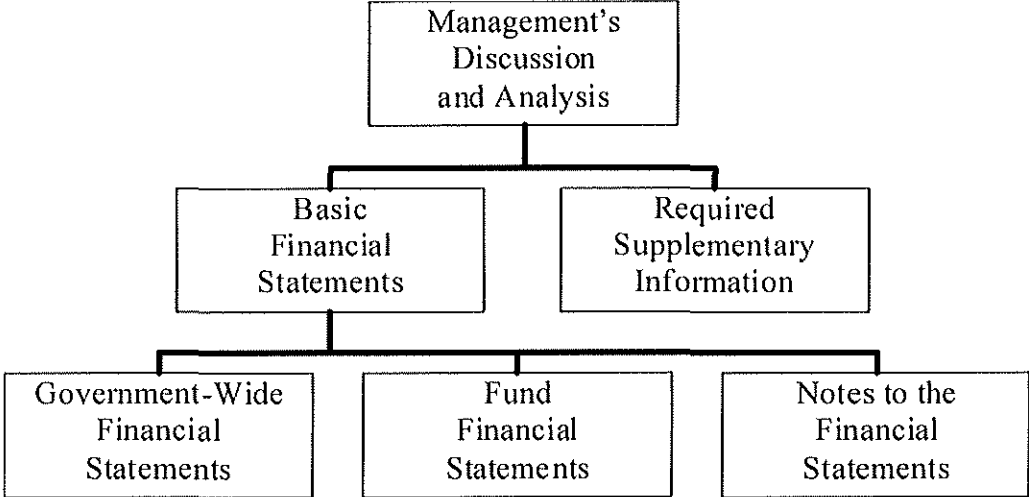


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Using the Annual Financial Report (Cont'd)

Figure A-2
Major Features of Forbes Road Career & Technology Center's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as education, administration and community services	Activities the School operates similar to private business - food services	Instances in which the School is the trustee or agent to someone else's resources
Required financial statements	Statement of net assets; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net assets; statement of revenues, expenses and changes in net assets; statement of cash flows	Statement of fiduciary net assets; statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Overview of Financial Statements

Government-Wide Statements

The government-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 government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Overview of Financial Statements (Cont'd)

Government-Wide Statements (Cont'd)

The two government-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 non-financial factors, such as changes in the School's student population and the performance of the students.

The government-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. Receipts from member districts, state and federal subsidies and grants 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 it cover the costs of the food service operation.

Fund Financial Statements

The School's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

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 the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School charges customers for services it provides - whether to outside customers or to other units in the School - these services are generally reported in proprietary funds. The food service fund is the School's proprietary fund and is the

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Overview of Financial Statements (Cont'd)

Fund Financial Statements (Cont'd)

same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School is the trustee, or fiduciary, for some agency funds. All of the School's fiduciary activities are reported in separate statements of fiduciary net assets on Exhibit 10. We exclude these activities from the School's other financial statement because the School cannot use these assets to finance its operations.

Financial Analysis of the School as a Whole

The School's total net assets were \$2,054,849 at June 30, 2012 and \$2,188,794 at June 30, 2011.

Table A-1
Years Ended June 30, 2012 and 2011
Net Assets

	2012			2011		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 540,602	\$26,540	\$ 567,142	\$ 647,709	\$17,766	\$ 665,475
Capital Assets	<u>2,493,763</u>	<u>191</u>	<u>2,493,954</u>	<u>2,540,888</u>	<u>287</u>	<u>2,541,175</u>
Total Assets	<u>\$3,034,365</u>	<u>\$26,731</u>	<u>\$3,061,096</u>	<u>\$3,188,597</u>	<u>\$18,053</u>	<u>\$3,206,650</u>
Current and Other Liabilities	\$ 553,548	\$ 9,377	\$ 562,925	\$ 673,155	\$ 2,060	\$ 675,215
Long-Term Liabilities	<u>443,322</u>	<u>-</u>	<u>443,322</u>	<u>342,641</u>	<u>-</u>	<u>342,641</u>
Total Liabilities	<u>996,870</u>	<u>9,377</u>	<u>1,006,247</u>	<u>1,015,796</u>	<u>2,060</u>	<u>1,017,856</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	2,493,763	191	2,493,954	2,540,888	287	2,541,175
Unrestricted	<u>(456,268)</u>	<u>17,163</u>	<u>(439,105)</u>	<u>(368,087)</u>	<u>15,706</u>	<u>(352,381)</u>
Total Net Assets	<u>2,037,495</u>	<u>17,354</u>	<u>2,054,849</u>	<u>2,172,801</u>	<u>15,993</u>	<u>2,188,794</u>
Total Liabilities and Net Assets	<u>\$3,034,365</u>	<u>\$26,731</u>	<u>\$3,061,096</u>	<u>\$3,188,597</u>	<u>\$18,053</u>	<u>\$3,206,650</u>

Most of the School's net assets are invested in capital assets (buildings, land, and equipment).

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School's activities that are supported by other general revenues. The largest general revenues are the assessments to member districts.

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Financial Analysis of the School as a Whole (Cont'd)

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

Table A-2
Years Ended June 30, 2012 and 2011
Changes in Net Assets

	2012			2011		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 54,433	\$ 54,433	\$ -	\$ 61,686	\$ 61,686
Operating Grants and Contribs.	2,278,474	100,479	2,378,953	2,489,539	76,599	2,566,138
General Revenues						
Receipts from Member Districts	3,720,813	-	3,720,813	4,511,805	-	4,511,805
Investment Earnings	3,675	-	3,675	5,508	-	5,508
Miscellaneous	53,891	-	53,891	10,992	-	10,992
Transfers	(5,500)	5,500	-	(11,000)	11,000	-
Total Revenues	6,051,353	160,412	6,211,765	7,006,844	149,285	7,156,129
Expenses						
Instruction	3,462,888	-	3,462,888	3,629,061	-	3,629,061
Instructional Student Support	463,175	-	463,175	525,052	-	525,052
Admin. and Financial Support Svcs.	905,319	-	905,319	891,416	-	891,416
Operation and Maintenance of Plant Services	885,625	-	885,625	956,419	-	956,419
Student Activities	7,711	-	7,711	7,346	-	7,346
Community Services	374,860	-	374,860	362,861	-	362,861
Interest on Long-Term Debt	87,081	-	87,081	104,647	-	104,647
Food Service	-	159,051	159,051	-	147,577	147,577
Total Expenses	6,186,659	159,051	6,345,710	6,476,802	147,577	6,624,379
Increase (Decrease) in Net Assets	(135,306)	1,361	(133,945)	530,042	1,708	531,750
Beginning Net Assets	2,172,801	15,993	2,188,794	1,642,759	14,285	1,657,044
Ending Net Assets	<u>\$2,037,495</u>	<u>\$17,354</u>	<u>\$2,054,849</u>	<u>\$2,172,801</u>	<u>\$ 15,993</u>	<u>\$2,188,794</u>

The tables below present the expenses of the governmental activities of the School.

Table A-3 shows the School's seven largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, student activities, community services, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local revenues.

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Financial Analysis of the School as a Whole (Cont'd)

Table A-3
Years Ended June 30, 2012 and 2011
Governmental Activities

Functions/Programs	2012		2011	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$3,462,888	\$1,677,074	\$3,629,061	\$1,694,656
Instructional Student Support	463,175	423,601	525,052	402,841
Admin. and Financial Support Services	905,319	846,638	891,416	820,112
Operation and Maintenance of Plant Services	885,625	858,405	956,419	934,511
Student Activities	7,711	7,182	7,346	6,929
Community Services	374,860	8,204	362,861	23,567
Interest on Long-Term Debt	<u>87,081</u>	<u>87,081</u>	<u>104,647</u>	<u>104,647</u>
Total Governmental Activities	<u>\$6,186,659</u>	<u>\$3,908,185</u>	<u>\$6,476,802</u>	<u>\$3,987,263</u>

Table A-4 reflects the activities of the food service program, the only business-type activity of the School.

Table A-4
Years Ended June 30, 2012 and 2011
Business-Type Activities

Functions/Programs	2012		2011	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Food Service	<u>\$159,051</u>	\$ 4,139	<u>\$147,577</u>	\$ 9,292
Less: Transfers		<u>(5,500)</u>		<u>(11,000)</u>
Total Business-Type Activities		<u>\$(1,361)</u>		<u>\$(1,708)</u>

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Financial Analysis of the School as a Whole (Cont'd)

The statement of revenues, expenses and changes in fund net assets for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

School Funds

It is the policy of the Center to return to member districts at the end of each year all unspent monies from the vocational-technical school operation.

General Fund

During the fiscal year, the Joint Operating Committee (the JOC) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the Center. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. This schedule can be found in the required supplementary information section of the annual audit.

The Center applies for federal, state and local grants and these grants cannot always be anticipated in the budgeting process.

Budgeted expenditures and other financing uses also increased this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budget reserve category to specific expenditure areas.

During the year ended June 30, 2012, budgeted revenues exceeded actual revenues by \$1,067,324 and actual expenditures were less than budgeted. The Center maintains its \$0 change in general fund balance by refunding unspent monies to member districts. However, due to GASB 54, the Center maintains an assigned fund balance for future capital projects. An additional amount of \$109,209 will be billed to the member districts.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2012, the Center had \$2,493,763 invested in a broad range of capital assets, including land, buildings and furniture and equipment.

Debt Administration

As of June 30, 2012, the Center had no outstanding bond obligations.

Other obligations include accrued vacation pay and sick leave for specific employees of the Center.

**Forbes Road Career & Technology Center
Management's Discussion and Analysis
June 30, 2012**

Economic Factors and Next Year's Budget and Rates

The Center has prepared its general operating budget for the 2012/2013 school year. The budgeted amount of \$6,494,684 for the combined general operating and administrative budget and \$771,176 for the adult vocational education/day care budget for a grand total of \$7,265,860.

Highlights of the 2012/2013 budget are as follows:

- The 2012/2013 school year is the fourth year of a five-year contract with Forbes Road CTC Educators, PSEA/NEA. Teachers will receive a \$2,500 salary increase. The monthly healthcare premium copayments increased to \$17.50 per month for individual coverage and to \$35 per month for family coverage.
- The 2012/2013 school year is the second year of a five-year Custodial/Maintenance Agreement with Teamsters Local Union No. 205. Custodians received a \$0.35 per hour increase and maintenance employees received \$0.37 per hour increase. The monthly healthcare premium copayments are calculated at one percent of the employee's base salary. The copayments are capped at \$60 per month for the length of the contract.
- Act 93 Agreements are in place for the Director, Assistant Director/ Supervisor of Vocational Education, Principal, Business Manager, Coordinators, Administrative Assistant and Secretaries. The agreements expire on June 30, 2015.
- In the 2012/2013 school year, the Carl D. Perkins funding decreased by \$82,679.
- Additional funds were allocated to the following: the addition of a second health science technology program, general supplies for the collision repair and electrical programs, and software upgrades and new computers for the advertising design and multimedia programs.

Contacting the School Financial Management

The mission of Forbes Road Career & Technology Center is to provide quality educational programs that enable all individuals to achieve their fullest potential in the pursuit of high skill employment and advanced education. Each student shall be equipped with the technical, academic, human relation and lifelong learning skills necessary to adapt in a changing economy and to compete in the global market place.

Our financial report is designed to provide our member districts, citizens, taxpayers, parents, students and creditors with a general overview of the Center's finances and to show the JOC's accountability for the money it receives. If you have any questions about this report or wish to request additional information, please contact Jennifer Kautz, Business Manager/Board Secretary, at 607 Beatty Road, Monroeville, PA 15146, (412) 373-8100.

**Forbes Road Career & Technology Center
Statement of Net Assets
June 30, 2012**

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 205,205	\$ 8,498	\$ 213,703
Due from Other Governments	242,248	-	242,248
Other Receivables	24,724	13,743	38,467
Inventories	-	4,299	4,299
Prepaid Items	<u>68,425</u>	<u>-</u>	<u>68,425</u>
Total Current Assets	<u>540,602</u>	<u>26,540</u>	<u>567,142</u>
Noncurrent Assets			
Land	316,318	-	316,318
Land Improvements (Net)	97,654	-	97,654
Buildings and Building Improvements (Net)	1,555,715	-	1,555,715
Furniture and Equipment (Net)	<u>524,076</u>	<u>191</u>	<u>524,267</u>
Total Noncurrent Assets	<u>2,493,763</u>	<u>191</u>	<u>2,493,954</u>
TOTAL ASSETS	<u>\$3,034,365</u>	<u>\$ 26,731</u>	<u>\$3,061,096</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Internal Balances	\$ 10,992	\$(10,992)	\$ -
Accounts Payable	46,135	18,950	65,085
Current Portion of Long-Term Debt	20,000	-	20,000
Accrued Salaries and Benefits	330,062	-	330,062
Payroll Deductions and Withholdings	11,884	-	11,884
Deferred Revenues	<u>134,475</u>	<u>1,419</u>	<u>135,894</u>
Total Current Liabilities	<u>553,548</u>	<u>9,377</u>	<u>562,925</u>
Noncurrent Liabilities			
Long-Term Portion of Compensated Absences	18,540	-	18,540
Other Post-Employment Benefits	399,782	-	399,782
Other Long-Term Liabilities	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Noncurrent Liabilities	<u>443,322</u>	<u>-</u>	<u>443,322</u>
Total Liabilities	<u>996,870</u>	<u>9,377</u>	<u>1,006,247</u>
Net Assets			
Invested in Capital Assets (Net of Related Debt)	2,493,763	191	2,493,954
Unrestricted	<u>(456,268)</u>	<u>17,163</u>	<u>(439,105)</u>
Total Net Assets	<u>2,037,495</u>	<u>17,354</u>	<u>2,054,849</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,034,365</u>	<u>\$ 26,731</u>	<u>\$3,061,096</u>

See Accompanying Notes

**Forbes Road Career & Technology Center
Statement of Activities
Year Ended June 30, 2012**

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Govern- mental Activities	Business- Type Activities	Totals
Governmental Activities						
Instruction	\$3,462,888	\$ -	\$1,785,814	\$(1,677,074)	\$ -	\$(1,677,074)
Instructional Student Support	463,175	-	39,574	(423,601)	-	(423,601)
Administrative and Financial Support Services	905,319	-	58,681	(846,638)	-	(846,638)
Operation and Maintenance of Plant Services	885,625	-	27,220	(858,405)	-	(858,405)
Student Activities	7,711	-	529	(7,182)	-	(7,182)
Community Services	374,860	-	366,656	(8,204)	-	(8,204)
Interest on Long-Term Debt	<u>87,081</u>	<u>-</u>	<u>-</u>	<u>(87,081)</u>	<u>-</u>	<u>(87,081)</u>
Total Governmental Activities	<u>6,186,659</u>	<u>-</u>	<u>2,278,474</u>	<u>(3,908,185)</u>	<u>-</u>	<u>(3,908,185)</u>
Business-Type Activities						
Food Service	<u>159,051</u>	<u>54,433</u>	<u>100,479</u>	<u>-</u>	<u>(4,139)</u>	<u>(4,139)</u>
Total Primary Government	<u>\$6,345,710</u>	<u>\$54,433</u>	<u>\$2,378,953</u>	<u>(3,908,185)</u>	<u>(4,139)</u>	<u>(3,912,324)</u>
General Revenues and Transfers						
Receipts from Member Districts				3,720,813	-	3,720,813
Investment Earnings				3,675	-	3,675
Contributions and Donations from Private Sources				30,000	-	30,000
Miscellaneous Income				23,891	-	23,891
Transfers				<u>(5,500)</u>	<u>5,500</u>	<u>-</u>
Total General Revenues and Transfers				<u>3,772,879</u>	<u>5,500</u>	<u>3,778,379</u>
Changes in Net Assets				(135,306)	1,361	(133,945)
Net Assets - July 1, 2011				<u>2,172,801</u>	<u>15,993</u>	<u>2,188,794</u>
Net Assets - June 30, 2012				<u>\$ 2,037,495</u>	<u>\$17,354</u>	<u>\$ 2,054,849</u>

See Accompanying Notes

**Forbes Road Career & Technology Center
Balance Sheet
Governmental Funds
June 30, 2012**

Exhibit 3

	General Fund
ASSETS	
Cash and Cash Equivalents	\$205,205
Due from Other Funds	3,523
Due from Other Governments	242,248
Other Receivables	21,201
Prepaid Items	<u>68,425</u>
TOTAL ASSETS	<u>\$540,602</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to Other Funds	\$ 10,992
Accounts Payable	46,135
Accrued Salaries and Benefits	330,062
Payroll Deductions and Withholdings	11,884
Deferred Revenues	<u>134,475</u>
Total Liabilities	<u>533,548</u>
Fund Balances	
Assigned	<u>7,054</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$540,602</u>

See Accompanying Notes

**Forbes Road Career & Technology Center
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2012**

Exhibit 4

Total Fund Balances - Governmental Funds		\$ 7,054
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$9,365,288 and the accumulated depreciation is \$6,871,525.</p>		2,493,763
<p>Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Net Other Post-Employment Benefits	\$(399,782)	
Termination Payments	(37,500)	
Compensated Absences	<u>(26,040)</u>	<u>(463,322)</u>
Total Net Assets - Governmental Activities		<u>\$2,037,495</u>

See Accompanying Notes

**Forbes Road Career & Technology Center
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2012**

Exhibit 5

	General Fund
Revenues	
Local Sources	\$4,530,644
State Sources	977,180
Federal Sources	<u>549,029</u>
Total Revenues	<u>6,056,853</u>
Expenditures	
Instruction	3,267,292
Support Services	2,227,269
Noninstructional Services	403,533
Capital Outlay	66,178
Debt Service (Principal and Interest)	<u>87,081</u>
Total Expenditures	<u>6,051,353</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,500</u>
Other Financing Sources (Uses) Transfers Out	<u>(5,500)</u>
Net Changes in Fund Balance	-
Fund Balance - July 1, 2011	<u>7,054</u>
Fund Balance - June 30, 2012	<u>\$ 7,054</u>

See Accompanying Notes

**Forbes Road Career & Technology Center
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balances to the Statement of Activities
Year Ended June 30, 2012**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$	-
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Depreciation Expense	\$(229,535)	
Capital Outlays	<u>182,410</u>	(47,125)
<p>In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations), special termination benefits (early retirement) and other post-employment benefits (OPEB) - are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
Compensated Absences	(560)	
Termination Benefits	25,000	
OPEB Obligation	<u>(112,621)</u>	<u>(88,181)</u>
Change in Net Assets of Governmental Activities		<u>\$(135,306)</u>

See Accompanying Notes

Forbes Road Career & Technology Center
Statement of Net Assets
Proprietary Fund
June 30, 2012

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 8,498
Due from Other Funds	10,992
Other Receivables	13,743
Inventories	<u>4,299</u>
Total Current Assets	<u>37,532</u>
Noncurrent Assets	
Furniture and Equipment (Net)	<u>191</u>
TOTAL ASSETS	<u>\$37,723</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$18,950
Deferred Revenues	<u>1,419</u>
Total Current Liabilities	<u>20,369</u>
Net Assets	
Invested in Capital Assets	191
Unrestricted	<u>17,163</u>
Total Net Assets	<u>17,354</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$37,723</u>

See Accompanying Notes

**Forbes Road Career & Technology Center
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2012**

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>54,433</u>
Operating Expenses	
Other Purchased Services	152,158
Supplies	6,797
Depreciation	<u>96</u>
Total Operating Expenses	<u>159,051</u>
Operating Income (Loss)	<u>(104,618)</u>
Nonoperating Revenues (Expenses)	
State Sources	4,911
Federal Sources	<u>95,568</u>
Total Nonoperating Revenues (Expenses)	<u>100,479</u>
Income (Loss) Before Transfers	(4,139)
Transfers In	<u>5,500</u>
Change in Net Assets	1,361
Net Assets - July 1, 2011	<u>15,993</u>
Net Assets - June 30, 2012	<u>\$ 17,354</u>

See Accompanying Notes

**Forbes Road Career & Technology Center
Statement of Cash Flows
Proprietary Fund Type
Year Ended June 30, 2012**

Exhibit 9

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 54,433
Cash Payments to Suppliers for Goods and Services	<u>(136,231)</u>
Net Cash Used for Operating Activities	<u>(81,798)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	4,312
Federal Sources	78,390
Operating Transfers In	<u>5,500</u>
Net Cash Provided by Non-Capital Financing Activities	<u>88,202</u>
Net Increase in Cash and Cash Flows	6,404
Cash and Cash Equivalents - July 1, 2011	<u>2,094</u>
Cash and Cash Equivalents - June 30, 2012	<u>\$ 8,498</u>
Operating Income (Loss)	<u>\$(104,618)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	96
Donated Commodities	6,784
Increase (Decrease) in Inventories	(2,879)
Increase (Decrease) in Other Current Assets	(131)
Increase (Decrease) in Accounts Payable	<u>18,950</u>
Total Adjustments	<u>22,820</u>
Cash Used for Operating Activities	<u>\$ (81,798)</u>
Noncash Investing, Capital and Financing Activities	
During the year ended June 30, 2012, the School received \$6,143 of U. S. D. A. Donated Commodities in the food service fund.	

See Accompanying Notes

Forbes Road Career & Technology Center
Statement of Net Assets
Fiduciary Fund
June 30, 2012

Exhibit 10

	Agency Fund
ASSETS	
Cash and Cash Equivalents	<u>\$4,820</u>
LIABILITIES	
Liabilities	
Due to Other Funds	\$3,523
Other Current Liabilities	<u>1,297</u>
TOTAL LIABILITIES	<u>\$4,820</u>

See Accompanying Notes

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

Forbes Road Career & Technology Center (Forbes), located in Allegheny County, Pennsylvania, provides vocational and technical education to secondary students of the member districts. Forbes is controlled and governed by the Joint Board, which is composed of school board members of the member districts.

The School's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the School has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the School has chosen not to do so. The more significant accounting policies established in GAAP and used by the School are discussed below.

The following is a summary of the more significant policies:

A. Financial Reporting Entity

In evaluating how to define a government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and more specifically, the provisions of Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The following summarizes the guidance provided by GASB in determining the governmental activities, organizations, functions and component units that should be included in the governing entity's financial statements. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, it has been determined that the School (the primary government) has no potential component units to be included in its financial reporting entity.

Forbes Road Career & Technology Center (Forbes) was formed by a jointure of area school districts on July 1, 1971 to provide vocational and technical education to secondary students of the member districts. Forbes is controlled and governed by the Joint Board, which is composed of all the school board members of all of the member districts. Direct oversight of Forbes' operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Forbes. The member's share of annual operating costs for Forbes fluctuates, based on the percentage of enrollment of each member district in the school. Forbes' members are Allegheny Valley, East Allegheny, Gateway, Highlands, Penn Hills, Plum Borough, Riverview, Wilksburg and Woodland Hills school districts. The member districts are not included in the Forbes Road Career & Technology Center's reporting entity.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, investment income, rent and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues (state and federal sources), the legal and contractual requirements of the individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School; therefore, revenues are recognized based

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

The School reports the following major governmental fund:

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

The School reports the following major proprietary fund:

The *food service fund* accounts for the revenues, food purchases, and other costs and expenses providing meals to students and/or faculty during the school year.

Additionally, the School reports the following fund type:

The *agency fund* represents the School's student activity funds. These funds account for student activities in the School.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Other revenue sources not properly included with program revenues are reported as general revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the School's enterprise

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

fund are charges to customers for sales of food. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

The School's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

F. Budgets

The Board of School Directors shall at least thirty (30) days prior to the adoption of the annual budget, prepare a proposed budget of the amount of funds that will be required by the School for the following fiscal year. The proposed budget shall be made available for public inspection to all persons at least twenty (20) days prior to date set for the adoption of the budget. The general fund is the only fund for which a budget was legally adopted.

The Board shall have power to authorize the transfer of any unencumbered balance from one class of expenditure to another, but such action shall be taken only during the last nine months of the fiscal year. The School's management may amend the budget without the approval of the governing body within an object by function and must have board approval for all other transfers. The School's expenditures may not legally exceed the revised budget amounts in total.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

H. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

I. Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

J. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

J. Capital Assets (Cont'd)

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	25-30
Land Improvements	20
Furniture	5-10
Vehicles	8
Equipment	5-20

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums, discount and issuance costs are reported as deferred charges and amortized over the term of the related debt if incurred in the current year and thereafter.

In the fund financial statements, governmental fund types recognize bond premiums and discount, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discount on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Compensated Absences

The School's policies regarding vacation time under various contracts provide for employees to accumulate sick days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

M. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the School classifies governmental funds balances as follows:

Nonspendable - amount that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the school's highest level of authority, school board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money.

Assigned - reflects the school's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the superintendent or business manager.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

M. Equity Classifications (Cont'd)

Fund Statements - Fund Balance (Cont'd)

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School's informal policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

Note 2 - Deposits and Investments

The deposit and investment policy of the School adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2012, \$126,887 of the School's bank balance of \$417,830 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the School's Name	<u>\$126,887</u>
------------------------------------------------------------------------------------	------------------

As of June 30, 2012, the School had the following investments:

Investments	Fair Value
PSDLAF	<u>\$ 10,918</u>

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.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1E. The School has no investment policy that would further limit its investment choices. The School's investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF) were rated AAAm by Standard & Poor's.

Concentration of Credit Risk - The School places no limit on the amount it may invest in any one issue.

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund maintains net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF is the same as the value of PSDLAF shares.

Note 3 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School. At June 30, 2012, the following amounts are due from other governmental units:

	Governmental Activities
Federal (through the state)	\$ 61,254
State	71,786
Member Districts	<u>109,208</u>
	<u>\$242,248</u>

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 4 - Interfund Transfers

For the year ended June 30, 2012, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>
	General Fund
Food Service Fund	<u>\$5,500</u>

The purpose of this transfer from the general fund to the food service fund is to support the School's operation of the food service program.

Note 5 - Interfund Balances

Interfund balances at June 30, 2012 were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$3,523	\$ -
Agency Fund	<u> -</u>	<u>3,523</u>
	<u>\$3,523</u>	<u>\$3,523</u>

Note 6 - Capital Assets

For the year ended June 30, 2012, capital asset activity was as follows:

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ <u>316,318</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>316,318</u>
Capital Assets Being Depreciated				
Land Improvements	292,896	42,570	-	335,466
Buildings and Building Improvements	6,785,300	-	-	6,785,300
Furniture and Equipment	<u>1,788,364</u>	<u>139,840</u>	<u> -</u>	<u>1,928,204</u>
Total Capital Assets Being Depreciated	<u>8,866,560</u>	<u>182,410</u>	<u> -</u>	<u>9,048,970</u>

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 6 - Capital Assets (Cont'd)

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
Governmental Activities (Cont'd)				
Less Accumulated Depreciation				
Land Improvements	\$ 232,398	\$ 5,414	\$ -	\$ 237,812
Buildings and Building Improvements	5,103,459	126,126	-	5,229,585
Furniture and Equipment	<u>1,306,133</u>	<u>97,995</u>	<u>-</u>	<u>1,404,128</u>
Total Accumulated Depreciation	<u>6,641,990</u>	<u>229,535</u>	<u>-</u>	<u>6,871,525</u>
Total Capital Assets Being Depreciated, Net	<u>2,224,570</u>	<u>(47,125)</u>	<u>-</u>	<u>2,177,445</u>
Governmental Activities Capital Assets, Net	<u>\$2,540,888</u>	<u>\$(47,125)</u>	<u>\$ -</u>	<u>\$2,493,763</u>
Business-Type Activities				
Furniture and Equipment	\$ 5,918	\$ -	\$ -	\$ 5,918
Less Accumulated Depreciation	<u>5,631</u>	<u>96</u>	<u>-</u>	<u>5,727</u>
Business-Type Capital Assets, Net	<u>\$ 287</u>	<u>\$(96)</u>	<u>\$ -</u>	<u>\$ 191</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$213,057
Instruction Student Support	2,527
Administrative and Financial Support Services	10,308
Operation and Maintenance of Plant Services	<u>3,643</u>
Total Depreciation Expense	<u>\$229,535</u>
Business-Type Activities	
Food Service	\$ <u>96</u>

Note 7 - Public School Employees' Retirement System (PSERS)

A. Plan Description

Forbes Road Career & Technology Center contributes to the Public School Employees' Retirement System of Pennsylvania (PSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by PSERS. PSERS provides retirement and disability benefits, legislative mandated ad hoc cost of living

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 7 - Public School Employees' Retirement System (PSERS) (Cont'd)

A. Plan Description (Cont'd)

adjustments, and health care insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended, 24 Pa. C.S. 8101-8535) assigns the authority to establish and amend benefit provisions to the PSERS Board of Trustees. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. That report may be obtained by writing to Public School Employees' Retirement System; P.O. Box 125; Harrisburg, PA 17108-0125.

B. Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.50% (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% (Membership Class TC) or at 7.50% (Membership Class TD) of the member's qualifying compensation. Members who joined the system after June 30, 2001 contribute at 7.50% (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. Two new classes of membership (Class T-E and Class T-F) were created for anyone that becomes a new member of PSERS for the first time on or after July 1, 2011. For Class T-E members, the pension multiplier is 2% and the employee contribution base rate is 7.5% with a "shared risk". For Class T-F members, the pension multiplier is 2.5% and the employee contribution base rate is 10.3% with a "shared risk". Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2012, the rate of employee contribution was 8.65% of covered payroll, or 4.325% for both the School and the Commonwealth.

The School's contributions to PSERS for the years ending June 30, 2012, 2011 and 2010 were \$229,932, 191,578, and \$169,106 respectively, equal to the required contributions for each year. One half of the required contributions noted above were paid by the Commonwealth of Pennsylvania either directly to the Plan or as a reimbursement to the School.

Note 8 - Long-Term Debt

The following are changes in the long-term liabilities for the year ended June 30, 2012:

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 8 - Long-Term Debt (Cont'd)

	Balance 07/01/11	Additions	Retirements	Balance 06/30/12	Current Portion
Governmental Activities					
Compensated Absences Payable	\$25,480	\$15,185	\$14,625	\$26,040	\$ 7,500
Retirement Incentive	<u>62,500</u>	<u>-</u>	<u>25,000</u>	<u>37,500</u>	<u>12,500</u>
	<u>\$87,980</u>	<u>\$15,185</u>	<u>\$39,625</u>	<u>\$63,540</u>	<u>\$20,000</u>

The debt service source for the above debt is the general fund.

Note 9 - Short-Term Debt - Revenue Anticipation Notes

The School issues revenue anticipation notes in advance of local school district funding. These notes are necessary because the School's payments for operating and debt expenditures are made beginning July 1, whereas the member district's payments are due in June.

Short-term debt activity for the year ended June 30, 2012 was as follows:

	Balance 07/01/11	Issued	Redeemed	Balance 06/30/12
Revenue Anticipation Notes	\$ <u>-</u>	<u>\$4,800,000</u>	<u>\$4,800,000</u>	\$ <u>-</u>

Note 10 - Contingent Liabilities

Forbes Road Career & Technology Center participates in a number of federally assisted grant programs, principal of which are Vocational Education and Adult Basic Education. These programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2012 have not yet been conducted.

Accordingly, the School's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

Note 11 - Operating Leases

The School is committed under various leases for equipment and classroom space. These leases are considered, for accounting purposes, to be operating leases. Total payments made on these leases for the year ended June 30, 2012 were \$26,256. Future minimum payments for these leases are as follows:

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 11 - Operating Leases (Cont'd)

Year Ended June 30,	Amount
2013	\$11,192
2014	<u>3,050</u>
	<u>\$14,242</u>

Note 12 - Risk Management

The School is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$753,591 and \$810,341 for the years ended June 30, 2012 and 2011, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net assets or deficiency in net assets, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2012, the net assets of the Consortium were \$44,251,280 of which \$149,038 is attributable to the School.

The School is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 13 - On Behalf Payments

The amount recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2012 was \$264,161.

This includes \$143,615 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$120,546 to the federal government for social security and Medicare taxes for the year ended June 30, 2012. The School pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 14 - Post-Employment Retirement Incentives

Retirement Incentives - The following retirement incentives are available to the following groups of employees:

A. Director

The School will pay at the time of retirement a one-time cash payment of \$10,000 in lieu of a paid-up life insurance policy and a one-time cash incentive of \$15,000.

B. Assistant Director, Supervisor of Curriculum and Instruction and Business Manager

The School will pay at the time of retirement a one-time cash payment of \$7,000.

C. Teachers

Upon retirement, employees age fifty-eight (58) or older with fifteen (15) years of service with the School will receive a \$25,000 cash incentive payable over three (3) years commencing the end of the next month following the official date of retirement.

The incentives that have been earned are reflected in the long-term debt portion of these financial statements and the balance owing at June 30, 2012, is \$37,500.

Note 15 - Post-Employment Healthcare Plan

A. Plan Description

Forbes Road Career & Technology Center administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical, dental and vision benefits for five groups of employees: teachers; administrators; coordinators; custodians; and secretaries. The benefits provided are for the eligible retirees through the School group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School and union or group representing the employees. The plan does not issue a publicly available financial report.

B. Funding Policy

Post-retirement benefits for each employment category are as follows:

- Teachers

The current teachers' contract runs from July 1, 2009 through June 30, 2014.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 15 - Post-Employment Healthcare Plan (Cont'd)

B. Funding Policy (Cont'd)

- **Teachers (Cont'd)**

Benefit Plan - Eligible teachers who retire in years 1, 3, or 5 of the contract are provided with post-retirement medical, dental, and vision coverage. The plan design is the same as is provided to active employees. Benefits are provided for a period of seven years.

Contribution Requirements - Retired teachers must make the same contribution as active employees. The contribution schedule is as follows:

Year	Individual	Family
2009-2010	\$10.00	\$20.00
2010-2011	12.50	25.00
2011-2012	15.00	30.00
2012-2013	17.50	35.00
2013-2014	20.00	40.00

In addition to the above requirements, teachers are also required to pay the \$100 PSERS monthly allowance.

Eligibility - Teachers become eligible for post-retirement benefits upon attainment of age 58 with at least 15 years of service with the School.

Note: Post-retirement benefits for counselors are the same as teachers.

- **Administrators**

Benefit Plan - Post-retirement benefits for administrators are the same as teachers.

- **Coordinators**

Benefit Plan - Retired coordinators are provided with post-retirement medical, dental and vision benefits.

Benefit Duration - Benefits are provided up to the age of 65, or for a period of 5 years, whichever occurs first.

Contribution Requirements - Retirees are required to contribute only the \$100 PSERS allowance.

Eligibility - Coordinators become eligible for post-retirement benefits upon attainment of age 62 with at least 10 years of service with the School.

**Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012**

Note 15 - Post-Employment Healthcare Plan (Cont'd)

B. Funding Policy (Cont'd)

- **Custodians**

Benefit Plan - Retiring custodians are provided with post-retirement medical, dental, and vision benefits per the contract which runs from July 1, 2006 through June 30, 2012.

Benefit Duration - Benefits are provided until the retiree becomes eligible for Medicare or for three years, whichever occurs first.

Contribution Requirements - Retirees are required to contribute the \$100 PSERS monthly allowance plus 50% of the premium for spousal coverage.

Eligibility - Custodians become eligible for post-retirement benefits upon attainment of age 62 with at least 10 years of service with the School.

- **Secretaries**

Benefit Plan - Secretaries/administrative assistants are provided with post-retirement medical, dental and vision benefits.

Benefit Duration - Benefits continue until the retiree is eligible for Medicare or any other coverage of 5 years, whichever occurs first.

Contribution Requirements - Contributions for secretaries/administrative assistants are the same as active employees. Contribution amounts are as follows:

Year	Individual	Family
2009-2010	\$10.00	\$20.00
2010-2011	12.50	25.00
2011-2012	15.00	30.00
2012-2013	17.50	35.00
2013-2014	20.00	40.00

Eligibility - Age 60 with 10 years of service with the School.

For the year ended June 30, 2012, the School contributed \$38,969. Plan members receiving benefits contributed \$9,651. The plan is financed on a pay-as-you-go basis.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 15 - Post-Employment Healthcare Plan (Cont'd)

C. Annual OPEB Cost and Net OPEB Obligation

The School's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The following table shows the components of the School's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the School's net OPEB obligation.

Annual Required Contribution	\$205,047
Interest	12,204
Adjustment	<u>(17,114)</u>
Total	200,137
Contribution Made	<u>(87,516)</u>
Increase in OPEB Obligation	112,621
Net OPEB Obligation - Beginning of Year	<u>287,161</u>
Net OPEB Obligation - End of Year	<u>\$399,782</u>

The School's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the past three years, is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/12	\$200,137	43.73%	\$399,782
06/30/11	202,325	36.77%	287,161
06/30/10	205,047	22.35%	159,221

D. Funded Status and Funding Progress

As of July 1, 2009, the actuarial accrued liability for benefits was \$1,139,842, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,684,214 and the ratio of unfunded actuarial accrued liability to the covered payroll was 30.94%.

Forbes Road Career & Technology Center
Notes to Financial Statements
June 30, 2012

Note 15 - Post-Employment Healthcare Plan (Cont'd)

D. Funded Status and Funding Progress (Cont'd)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 employer and plan members to that point. 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 long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 4.25%; an annual healthcare cost trend rate of 9.0% initially decreasing by 1.0% per year to an ultimate rate of 5.0%. The method used to determine the actuarial value of assets is not applicable since there are no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is thirty years. The period is open.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Forbes Road Career & Technology Center
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Earnings on Investments	\$ 20,000	\$ 20,000	\$ 3,675	\$ (16,325)
Other Local Revenues				
Revenue from Local Governments	-	-	12,704	12,704
Rentals	3,000	3,000	-	(3,000)
Contribs. and Donations from				
Private Sources	-	-	30,000	30,000
Adult Education Tuition	219,580	219,580	271,708	52,128
Receipts from Member Districts	4,991,059	4,991,059	3,720,813	(1,270,246)
Revenues from Other LEAs	150,000	150,000	160,486	10,486
Revenue from Community				
Service Activities	327,531	327,531	320,071	(7,460)
Miscellaneous Revenue	<u>42,100</u>	<u>42,100</u>	<u>11,187</u>	<u>(30,913)</u>
Total Revenues from Local Sources	<u>5,753,270</u>	<u>5,753,270</u>	<u>4,530,644</u>	<u>(1,222,626)</u>
State Sources				
Subsidies for Specific Educ. Programs				
Vocational Education	589,659	589,659	686,200	96,541
Other Program Subsidies	9,500	9,500	12,593	3,093
Safe Schools	-	-	12,375	12,375
Dual Enrollment	-	-	1,850	1,850
Subsidies for Noneducational Programs				
Social Security Payments	117,456	117,456	120,547	3,091
State Retirement Revenue	<u>148,551</u>	<u>148,551</u>	<u>143,615</u>	<u>(4,936)</u>
Total Revenues from State Sources	<u>865,166</u>	<u>865,166</u>	<u>977,180</u>	<u>112,014</u>
Federal Sources				
Restricted Grants-in-Aid from the Fed. Gov't. through the Commonwealth				
Vocational Education and Training	485,841	485,841	535,533	49,692
Day Care Lunch	9,900	9,900	13,496	3,596
Other Restricted Federal Grants	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total Revenues from Federal Sources	<u>505,741</u>	<u>505,741</u>	<u>549,029</u>	<u>43,288</u>
Total Revenues	<u>7,124,177</u>	<u>7,124,177</u>	<u>6,056,853</u>	<u>(1,067,324)</u>

**Forbes Road Career & Technology Center
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	\$ 183,000	\$ 183,570	\$ 178,604	\$ 4,966
Employee Benefits	99,829	99,829	72,238	27,591
Other Purchased Services	500	500	-	500
Supplies	14,377	29,962	28,470	1,492
Property	30,000	23,530	22,435	1,095
Other Objects	<u>120</u>	<u>120</u>	<u>112</u>	<u>8</u>
Total Regular Programs	<u>327,826</u>	<u>337,511</u>	<u>301,859</u>	<u>35,652</u>
Special Programs				
Personal Services				
Salaries	258,594	253,699	248,879	4,820
Employee Benefits	108,552	95,277	98,161	(2,884)
Other Purchased Services	7,845	5,881	5,000	881
Supplies	4,600	4,693	4,004	689
Property	9,200	15,484	6,283	9,201
Other Objects	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total Special Programs	<u>388,841</u>	<u>375,084</u>	<u>362,327</u>	<u>12,757</u>
Vocational Education Programs				
Personal Services				
Salaries	1,376,809	1,401,014	1,264,115	136,899
Employee Benefits	640,432	655,024	554,360	100,664
Purchased Prof. and Tech. Services	5,935	7,210	5,321	1,889
Purchased Property Services	48,107	48,930	39,311	9,619
Other Purchased Services	1,300	1,535	1,215	320
Supplies	335,700	315,659	252,716	62,943
Property	79,500	150,848	204,527	(53,679)
Other Objects	<u>400</u>	<u>6,987</u>	<u>823</u>	<u>6,164</u>
Total Vocational Educ. Programs	<u>2,488,183</u>	<u>2,587,207</u>	<u>2,322,388</u>	<u>264,819</u>

**Forbes Road Career & Technology Center
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Instruction (Cont'd)				
Adult Education Programs				
Personal Services				
Salaries	\$ 136,284	\$ 136,284	\$ 80,497	\$ 55,787
Employee Benefits	24,391	24,391	13,899	10,492
Purchased Prof. and Tech. Services	2,400	2,400	174,411	(172,011)
Other Purchased Services	7,841	7,841	2,115	5,726
Supplies	54,559	53,564	8,801	44,763
Other Objects	<u> -</u>	<u> 995</u>	<u> 995</u>	<u> -</u>
Total Adult Education Programs	<u>225,475</u>	<u>225,475</u>	<u>280,718</u>	<u>(55,243)</u>
Total Instruction	<u>3,430,325</u>	<u>3,525,277</u>	<u>3,267,292</u>	<u>257,985</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	299,173	272,405	235,370	37,035
Employee Benefits	125,924	111,343	92,977	18,366
Other Purchased Services	3,900	3,650	1,387	2,263
Supplies	<u>1,695</u>	<u>1,695</u>	<u> 293</u>	<u> 1,402</u>
Total Pupil Personnel	<u>430,692</u>	<u>389,093</u>	<u>330,027</u>	<u>59,066</u>
Instructional Staff				
Personal Services				
Salaries	77,815	77,815	77,815	-
Employee Benefits	56,843	56,843	25,815	31,028
Purchased Prof. and Tech. Services	2,000	2,000	5,000	(3,000)
Purchased Property Services	400	-	-	-
Other Purchased Services	9,500	10,102	6,324	3,778
Supplies	4,500	4,798	7,853	(3,055)
Property	4,000	4,000	-	4,000
Other Objects	<u>2,800</u>	<u>2,300</u>	<u> 423</u>	<u> 1,877</u>
Total Instructional Staff	<u>157,858</u>	<u>157,858</u>	<u>123,230</u>	<u>34,628</u>

**Forbes Road Career & Technology Center
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Support Services (Cont'd)				
Administration				
Personal Services				
Salaries	\$ 360,501	\$ 360,501	\$ 323,754	\$ 36,747
Employee Benefits	152,417	152,417	141,883	10,534
Purchased Prof. and Tech. Services	41,940	41,940	21,388	20,552
Purchased Property Services	16,750	16,750	11,388	5,362
Other Purchased Services	45,650	45,650	32,011	13,639
Supplies	17,951	17,351	10,570	6,781
Property	5,600	6,200	1,251	4,949
Other Objects	<u>5,427</u>	<u>5,427</u>	<u>3,887</u>	<u>1,540</u>
Total Administration	<u>646,236</u>	<u>646,236</u>	<u>546,132</u>	<u>100,104</u>
Pupil Health				
Personal Services				
Salaries	2,400	2,400	2,400	-
Employee Benefits	447	447	431	16
Other Purchased Services	250	250	-	250
Supplies	<u>600</u>	<u>918</u>	<u>917</u>	<u>1</u>
Total Pupil Health	<u>3,697</u>	<u>4,015</u>	<u>3,748</u>	<u>267</u>
Business				
Personal Services				
Salaries	125,183	125,183	118,672	6,511
Employee Benefits	74,523	74,523	71,031	3,492
Purchased Prof. and Tech. Services	160	160	-	160
Purchased Property Services	4,261	4,261	2,820	1,441
Other Purchased Services	3,275	3,275	2,167	1,108
Supplies	10,200	10,200	7,600	2,600
Property	1,000	1,000	1,181	(181)
Other Objects	<u>2,000</u>	<u>2,000</u>	<u>1,047</u>	<u>953</u>
Total Business	<u>220,602</u>	<u>220,602</u>	<u>204,518</u>	<u>16,084</u>
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	367,333	367,333	335,253	32,080
Employee Benefits	186,167	186,167	172,924	13,243

**Forbes Road Career & Technology Center
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Support Services (Cont'd)				
Oper. and Maint. of Plant Svcs. (Cont'd)				
Purchased Prof. and Tech. Services	\$ 61,835	\$ 61,835	\$ 42,154	\$ 19,681
Purchased Property Services	75,650	75,650	51,071	24,579
Other Purchased Services	105,335	105,335	63,457	41,878
Supplies	341,250	341,250	206,486	134,764
Property	10,000	10,000	-	10,000
Other Objects	<u>2,820</u>	<u>2,820</u>	<u>467</u>	<u>2,353</u>
Total Oper. and Maint. of Plant Svcs.	<u>1,150,390</u>	<u>1,150,390</u>	<u>871,812</u>	<u>278,578</u>
Central				
Personal Services				
Salaries	62,230	62,230	61,730	500
Employee Benefits	29,624	29,624	28,380	1,244
Purchased Prof. and Tech. Services	2,500	2,500	-	2,500
Other Purchased Services	14,000	14,000	-	14,000
Supplies	32,500	32,500	12,684	19,816
Property	85,000	58,647	43,008	15,639
Other Objects	<u>2,650</u>	<u>2,650</u>	<u>2,000</u>	<u>650</u>
Total Central	<u>228,504</u>	<u>202,151</u>	<u>147,802</u>	<u>54,349</u>
Total Support Services	<u>2,837,979</u>	<u>2,770,345</u>	<u>2,227,269</u>	<u>543,076</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	6,392	6,392	6,348	44
Employee Benefits	1,163	1,163	1,139	24
Supplies	500	500	-	500
Property	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Total Student Activities	<u>8,055</u>	<u>8,055</u>	<u>37,487</u>	<u>(29,432)</u>
Community Services				
Personal Services				
Salaries	252,053	252,053	249,610	2,443
Employee Benefits	75,708	75,708	72,619	3,089

**Forbes Road Career & Technology Center
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Noninstructional Services (Cont'd)				
Community Services (Cont'd)				
Other Purchased Services	\$ -	\$ 1,797	\$ 1,797	\$ -
Supplies	26,200	23,773	23,796	(23)
Property	500	500	450	50
Other Objects	<u>13,257</u>	<u>13,887</u>	<u>17,774</u>	<u>(3,887)</u>
Total Community Services	<u>367,718</u>	<u>367,718</u>	<u>366,046</u>	<u>1,672</u>
Total Noninstructional Services	<u>375,773</u>	<u>375,773</u>	<u>403,533</u>	<u>(27,760)</u>
Facilities Acquisition, Construction and Improvement Services				
Purchased Property Services	37,100	37,100	23,608	13,492
Property	<u>44,000</u>	<u>44,000</u>	<u>42,570</u>	<u>1,430</u>
Total Facilities Acquisition, Construction and Improvement Services	<u>81,100</u>	<u>81,100</u>	<u>66,178</u>	<u>14,922</u>
Debt Service				
Interest	<u>150,000</u>	<u>150,000</u>	<u>87,081</u>	<u>62,919</u>
Total Expenditures	<u>6,875,177</u>	<u>6,902,495</u>	<u>6,051,353</u>	<u>851,142</u>
Other Financing Uses				
Fund Transfers				
Food Service Fund	29,000	29,000	5,500	23,500
Special Revenue Fund	120,000	120,000	-	120,000
Suspense	<u>100,000</u>	<u>72,682</u>	<u>-</u>	<u>72,682</u>
Total Other Financing Uses	<u>249,000</u>	<u>221,682</u>	<u>5,500</u>	<u>216,182</u>
Total Expenditures and Other Financing Uses	<u>7,124,177</u>	<u>7,124,177</u>	<u>6,056,853</u>	<u>1,067,324</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2011	<u>-</u>	<u>-</u>	<u>7,054</u>	<u>7,054</u>
Fund Balance - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,054</u>	<u>\$ 7,054</u>

SINGLE AUDIT SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP

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Members of the Board
Forbes Road Career & Technology Center
Monroeville, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Forbes Road Career & Technology Center for the period ended June 30, 2012 were prepared to fulfill the requirements of the Office of Management and Budget's Circular A-133. A summary of the reports are as follows:

- A. 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*
- B. 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
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
January 3, 2013

HOSACK, SPECHT, MUETZEL & WOOD LLP

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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***

Members of the Board
Forbes Road Career & Technology Center
Monroeville, Pennsylvania

Dear Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Forbes Road Career & Technology Center as of and for the year ended June 30, 2012, which collectively comprise Forbes Road Career & Technology Center's basic financial statements and have issued our report thereon dated January 3, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Internal Control Over Financial Reporting (Cont'd)

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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Forbes Road Career & 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 Forbes Road Career & Technology Center in a separate letter dated January 3, 2013.

This report is intended solely for the information and use of management, Members of the Board, 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.

Respectfully submitted,



HOSACK, SPECHT, MUETZEL & WOOD LLP
January 3, 2013

HOSACK, SPECHT, MUETZEL & WOOD LLP

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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**

Members of the Board
Forbes Road Career & Technology Center
Monroeville, Pennsylvania

Dear Members:

Compliance

We have audited Forbes Road Career & Technology Center's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Forbes Road Career & Technology Center's major federal programs for the year ended June 30, 2012. Forbes Road Career & 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 Forbes Road Career & Technology Center's management. Our responsibility is to express an opinion on Forbes Road Career & 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 Forbes Road Career & 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 Forbes Road Career & Technology Center's compliance with those requirements.

Compliance (Cont'd)

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

Internal Control Over Compliance

Management of Forbes Road Career & 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 Forbes Road Career & 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 Forbes Road Career & 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, Members of the Board, 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.

Respectfully submitted,



HOSACK, SPECHT, MUETZEL & WOOD LLP
January 3, 2013

**Forbes Road Career & Technology Center
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Exhibit C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued was unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes ✓ no
- Significant deficiency(ies) identified? ___ yes ✓ none reported

Noncompliance material to financial
statements noted?

___ yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes ✓ no
- Significant deficiency(ies) identified? ___ yes ✓ none reported

Type of auditor's report issued on compliance for major programs was unqualified.

Any audit findings disclosed that are required to
be reported in accordance with Section 510(a) of
OMB Circular A-133?

___ yes ✓ no

Identification of major programs:

CFDA number(s)	Name of Federal Program or Cluster
84.048	Vocational Education
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<u>✓</u> yes ___ no

Forbes Road Career & Technology Center
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Exhibit C

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Status of Prior Year's Findings

Not applicable.

**Forbes Road Career & Technology Center
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Exhibit D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/11	Revenue Recognized	Expend- itures	Accrued or (Deferred) Revenue 06/30/12
U. S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Career & Technical Education - Carl D. Perkins	I	84.048	380-122075	08/01/11-06/30/12	\$535,533	\$487,110	\$ -	\$535,533	\$535,533	\$48,423
Career & Technical Education - Carl D. Perkins	I	84.048	380-111071	07/22/10-06/30/11	539,824	89,971	89,971	-	-	-
U. S. Department of Education										
Subsidized Direct Student Loans	D	84.268	N/A	07/01/11-06/30/12	N/A	8,823	-	8,823	8,823	-
Unsubsidized Direct Student Loans	D	84.268	N/A	07/01/11-06/30/12	N/A	24,148	-	24,148	24,148	-
Pell Grant Program	D	84.063	N/A	07/01/11-06/30/12	N/A	<u>21,960</u>	-	<u>21,960</u>	<u>21,960</u>	-
Total U. S. Department of Education						<u>632,012</u>	<u>89,971</u>	<u>590,464</u>	<u>590,464</u>	<u>48,423</u>
U. S. Department of Agriculture										
Passed through Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/11-06/30/12	N/A	85,865	7,474	88,783	88,783	10,392
Child & Adult Care Food Program	I	10.558	N/A	07/01/11-06/30/12	N/A	12,108	1,051	13,496	13,496	2,439
Passed through Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Noncash Assistance)	I	10.555	N/A	07/01/11-06/30/12	N/A	<u>6,143</u>	<u>(2,060)</u>	<u>6,784</u>	<u>6,784</u>	<u>(1,419)</u>
Total U. S. Department of Agriculture						<u>104,116</u>	<u>6,465</u>	<u>109,063</u>	<u>109,063</u>	<u>11,412</u>
Total Federal Financial Assistance						<u>\$736,128</u>	<u>\$96,436</u>	<u>\$699,527</u>	<u>\$699,527</u>	<u>\$59,835</u>

**Forbes Road Career & Technology Center
Schedule of Expenditures of Federal Awards**

Exhibit D

**Footnotes
June 30, 2012**

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note B - Source Code

The Source Code (I) indicates funds received indirectly.
The Source Code (D) indicates funds received directly.

Note C - Reconciliation with Subsidy Confirmation

Amount Received Per Schedule	\$736,128
Add: State Funding on Confirmation	49,313
Less: Pell Grant Receipts	(21,960)
Less: Direct Loan Receipts	(32,971)
Less: NSLP - Donated Commodities	(6,143)
Less: Child & Adult Care Food Program	<u>(12,108)</u>
Per Subsidy Confirmation	<u>\$712,259</u>

Forbes Road Career & Technology Center
List of Report Distribution
June 30, 2012

Exhibit E

1 Copy - Bureau of Audits

1 Copy - Bureau of the Census