March 15, 2013

Ms. Mary Carricato
Steelton-Highspire School District
PO Box 7645
Steelton, PA 17113-7645

Re: Financial Watch Status

Dear Ms. Mary Carricato:

The Pennsylvania Department of Education ("Department") was required pursuant to Act 141 of 2012 to develop and implement an Early Warning System in order to identify and offer technical assistance to school districts experiencing financial difficulties. The Early Warning System identifies a number of indicators of financial difficulty that the Department evaluates in order to determine that a school district should be designated in Financial Watch Status.

Pursuant to the Early Warning System, the Department conducts an initial analysis of the financial health of a school district. See 22 Pa. Code § 731.2(I). Based upon this initial analysis, the following indicators were present in Steelton-Highspire School District ("District") which supports the District’s designation in Financial Watch Status:

- Fund Balance Ratio: -13.6%, based on 2011-2012 annual financial report
- Basic Education Funding Advance: District was provided an advance of $1,300,000 in January 2013; advance will be recovered in June 2013
- 2012-13 Market Value/Personal Income Aid Ratio: .7707
- 2010-11 Equalized Mills: 26.4 (ranked 36th highest out of 500 school districts)

Based upon the results of the initial analysis, the Department gathered additional information from the District. See 22 Pa. Code § 731.2(II). The following indicators were present in the District which further supports the District’s designation in Financial Watch Status:

- District petitioned Court of Common Pleas, pursuant to 53 Pa. C.S. § 8130, in January 2013 for permission to borrow $2,500,000 to "fund unfunded debt"
- District had a delinquent real estate tax rate of 14.3% in the 2011-12 fiscal year
• District requested in March 2012 that the Commonwealth pay $284,997.04, pursuant to 24 P.S. § 6-633, to M&T Bank to prevent the District from defaulting on a payment due for a bond issue
• District has unpaid invoices from other local education agencies totaling $1.2 million that are more than 90 days past due

Based upon the existence of these indicators, both separately and cumulatively, in the District, this letter serves as your official notification that the District is hereby designated in Financial Watch Status pursuant to section 611-A of the Public School Code of 1949. 24 P.S. § 6-611-A; see also 22 Pa. Code § 731.2.

As such, the Department will offer technical assistance to help the District with its financial challenges. The Department will be contacting you soon to discuss and schedule this technical assistance.

Sincerely,

Carolyn C. Dumas, Ed. D
Deputy Secretary

cc: Dr. Audrey L. Utley, Superintendent
    Vincent L. Champion, Esq., Solicitor