



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION
333 MARKET STREET
HARRISBURG, PA 17126-0333

DEPUTY SECRETARY FOR ELEMENTARY
AND SECONDARY EDUCATION

717-787-2127
FAX: 717-214-2786

March 15, 2013

Karen E. Payne
Wilkesburg Borough School District
c/o Superintendent's Office
718 Wallace Ave
Wilkesburg, PA 15221-2215

Re: Financial Watch Status

Dear Ms. Karen E. Payne:

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 Wilkesburg Borough School District ("District") which supports the District's designation in Financial Watch Status:

- Fund Balance Ratio: -15.2%, based on 2011-2012 annual financial report
- Basic Education Funding Advance: District was provided an advance of \$1,400,000 in April 2012; advance was recovered in June 2012
- 2012-13 Market Value/Personal Income Aid Ratio: .6838
- 2010-11 Equalized Mills: 37.2 (ranked 2nd 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:

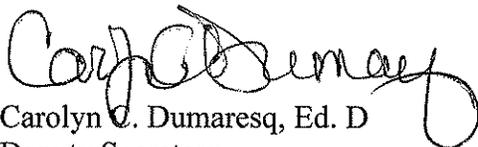
- District petitioned Court of Common Pleas, pursuant to 53 PA CS 8130, in January 2013 for permission to borrow \$3,000,000 to "fund unfunded debt"
- District had a delinquent real estate tax rate of 23.9% in the 2011-12 fiscal year

- District management has booked an increasing allowance for uncollectible real estate taxes; the amount increased from \$9.8 million as of June 30, 2010, to \$11.2 million as of June 30, 2011, to \$16.2 million as of June 30, 2012, which is 80% of gross real estate taxes receivable

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. Dumaresq, Ed. D
Deputy Secretary

cc: Mr. Archie D Perrin Jr., Superintendent
Matthew M. Hoffman, Esq., Solicitor