



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION
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DEPUTY SECRETARY FOR ELEMENTARY
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March 15, 2013

Mr. Edward Palombo
Aliquippa School District
c/o Superintendent's Office
800 21st Street
Aliquippa, PA 15001-2763

Re: Financial Watch Status

Dear Mr. Edward Palombo:

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

- Fund Balance Ratio: -4.4%, based on 2011-12 annual financial report
- Debt Ratio: 11.53%, based on 3-year average from 2009-10, 2010-11, 2011-12 annual financial reports
- Basic Education Funding Advance: District was provided an advance of \$1,000,000 in July 2012 to enable the District to make payroll; advance was recovered in August 2012
- 2012-13 Market Value/Personal Income Aid Ratio: .7727
- City of Aliquippa declared financially distressed pursuant to Act 47 of 1987

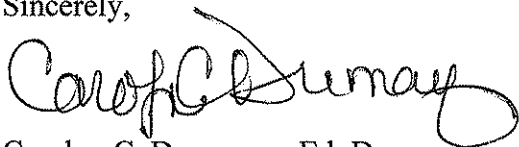
Based upon the results of the initial analysis, the Department gathered additional information from the District. *See* 22 Pa. Code § 731.2(II). The following indicators were present in the District which further supports the District's designation in Financial Watch Status:

- District unable to acquire a tax anticipation note during the summer of 2012, which necessitated the request for a Basic Education Funding advance in July 2012
- District's outstanding debt was 228% of expenditures at the end of the 2011-12 fiscal year
- District had a delinquent real estate tax rate of 23.3% in the 2011-12 fiscal year
- District projecting a \$725,000 cash shortfall in June 2013; anticipates having cash flow issues and having difficulty meeting payroll obligations during 2012-13 fiscal year

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. David A Wytiaz, Superintendent
Mr. John Salopek, Esq., Solicitor