

**FRANCIS X. RYAN, MEMBER
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House of Representatives
Commonwealth of Pennsylvania
Harrisburg

May 1, 2019

The Honorable Eugene DePasquale
Auditor General, Commonwealth of PA
229 Finance Bldg
Harrisburg PA 17120

Dear Auditor General DePasquale,

I have attached page 47 of the 2018 Comprehensive Annual Financial Report (CAFR) for the Commonwealth of PA as well as pages 136-142, Note 9 to the financials relative to pension, in order to seek your guidance.

I am attempting to keep the Commonwealth of Pennsylvania solvent. As someone who have spent a lifetime helping organizations avoid insolvency and bankruptcy, I have found that it is critical that an accurate assessment of the current financial position be clearly understood.

In that regard, I have noticed that the Commonwealth of Pennsylvania's 2018 CAFR shows a total PSERS unfunded liability of \$290,651,000 for the Commonwealth (Page 136 of the 2018 CAFR).

In a similar vein, the CAFR for the PSERS Plan for 2018 shows a net unfunded liability of \$48,004,965,000 (see page 69 attached of the 2018 PSERS CAFR).

My understanding is that the difference between the PSERS unfunded liability of \$48 Billion approximately and the amount reflected on the Commonwealth's 2018 CAFR of \$291 Million approximately should be shown on the CAFR reports for 2018 of all 500 school districts.

Should that assumption hold true, my question and guidance that I am seeking is what is the Commonwealth's liability for the unfunded school district pensions should a school district become insolvent, go into ACT 47 or be forced into bankruptcy by creditors?

Your advice and guidance, with citations, is very much appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Francis X. Ryan".

Francis X. Ryan
Member, 101st Legislative District

cc electronic copy to:

The Honorable Bryan Cutler, Majority Leader

The Honorable Stan Saylor, Appropriations Chairman

The Honorable Seth Grove

Jake Smeltz, COS ~ Majority Leader

David Donley, Exe Dir ~ Appropriations Chairman