

It would be very detrimental in that it would require us to secure additional funding to provide on-going operations with needed working capital. As a liability, it would decrease the amount of available dollars needed to appropriate funds for current operations.

b. *Your ability to assess a government's accountability?*

Adding a liability to a government's financial statements for an item that in most instances will never mature into an actual obligation of the government unit, will not only cause the financial statements to present an untrue reflection of the government's fiscal responsibility, it will also cause a potentially huge, relative disparity in the financial statements of similar government entities in different states and/or different state retirement systems.

c. *Your ability to assess interperiod equity?*

As the valuation of retirement system's portfolios and/or underlying actuarial assumptions change from period-to-period, the financial statements will not reflect a true picture of the operations and fiscal integrity of the government.