

Section 2.0 GOVERNING STATUTES**2.4 Standards of Practice**

Added to Board Governance Statement on May 14, 2013

LACERS acknowledges that the following entities establish sound professional standards and that LACERS is not necessarily required to follow these standards of practice but will endeavor to meet these standards when in the best interest of LACERS members.

Governmental Accounting Standards Board (GASB)

GASB is an independent, non-governmental organization whose purpose is to establish standards and guidelines for state and local government accounting principles. GASB issues accounting standards governing how public pension assets and liabilities are measured and reported.

Under the new standards issued in 2012, LACERS' will have new disclosure and note requirements as well as needing to provide supplemental information in their accounting and financial reporting documents. The new standards will have greater impact on the City who will be required to report the amount of unfunded pension obligations in their balance sheets. The liability that must be recognized, the "net pension obligation," is the total pension liability less the amount of plan assets formally set aside for payment of benefits as of the reporting date.

Government Finance Officers Association (GFOA)

The goal of GFOA is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

LACERS adheres to GFOA guidelines in preparation of its annual Comprehensive Financial Report. LACERS will also monitor GFOA issued policy statements which establish best practice standards in such areas as: asset allocation, member communications, retiree health benefits, pension fund risk, retirement plan design, system governance, and investment policies.

Employee Retirement Income Security Act of 1974

Private sector plans are governed by the Employee Retirement Income Security Act (ERISA) of 1974. While ERISA requirements are not applicable to plans of state and local government, LACERS recognizes ERISA standards as a high standard and will endeavor to meet ERISA standards when possible. ERISA, rooted in the principles of trust law, governs the fiduciary conduct and reporting requirements of private sector employee benefits plans through a system of exclusively Federal rights and remedies. It also contains provisions governing employee benefit plans that preempt state laws.

[http://en.wikipedia.org/wiki/Defined_benefit_pension_plan]