

Subject Robbinsdale School District OPEB Fund Transfers

Authors Carlson L. and others

Analyst Tim Strom

Date March 4, 2019

Overview

School districts are required to adopt and use a uniform system of records and accounting. The adopted system, a modified accrual accounting system, is known as Uniform Financial Accounting and Reporting System (UFARS). Under UFARS every district must maintain a number of operating funds (e.g., general fund, food service, community service) and nonoperating funds (e.g., building construction, debt service, trust, and agency). UFARS, statutory reserves, and the state's public indebtedness statute prohibit certain types of fund transfers between funds and from certain reserved accounts.

Many Minnesota school districts have offered postemployment benefits to their employees. OPEB is an acronym that stands for Other Postemployment Benefits, which are benefits that give rise to a liability and in Minnesota, generally refers to retiree health benefits.

For one year beginning in 2008, the legislature authorized municipalities, including school districts, to determine their outstanding OPEB liability and then issue bonds, without voter approval, to fund a trust up to the amount of the OPEB liability. School districts may then levy to repay these bonds as a part of the annual levy needed to make bond payments (nearly all other school district bonds are for capital purposes). About 80 school districts, including the Robbinsdale school district, have sold OPEB bonds. Other districts may annually levy for their OPEB costs incurred during the previous school year.

This bill authorizes the Robbinsdale school district to transfer up to \$7 million from its OPEB trust fund to the undesignated balance in its general fund to compensate for years when certain OPEB costs were paid with general fund dollars instead of money from the district's OPEB trust fund.

Summary

Section	Description
1	OPEB fund transfer; Robbinsdale school district. Authorizes Independent School District No. 280, Robbinsdale, to transfer up to \$7 million from its OPEB irrevocable trust fund to the undesignated balance in its general fund.

Section	Description
	Specifies that the purpose of the fund transfer is to compensate the general fund for OPEB payments that should have been made from the OPEB trust fund and not the district's general fund.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155