

## ADMINISTRATIVE REPORT

**DATE:** June 20, 2024  
**TOPIC:** 7.5 - Closure of Internal Service Fund and Designating Transferred Funds as Committed Fund Balance Resolution  
**PRESENTER:** Kris Blackburn, Director of Business Services  
**REFERENCE TO POLICY/STATUTE:** 701.2

### A. PURPOSE OF REPORT

- a. The Governmental Accounting Standards Board (GASB) GASB Statement 54 established criteria for an internal service fund and established classifications for fund balances.
- b. The internal service fund which the District uses to account for the activity of certain retirement benefit obligations no longer meets the definition of an internal service fund under GASB Statement 54 and needs to be closed by the end of the current fiscal year.
- c. The attached resolution closes the internal service fund, transfers the remaining fund balance to the general fund and commits the transferred fund balance.

### B. RECOMMENDATION

- a. Administration recommends approval of the resolution.

### C. CONNECTION TO STRATEGIC PRIORITY

- a. Operations, Staffing, and Finance



School Board Member \_\_\_\_\_ introduced the following Resolution and moved its adoption:

**CLOSURE OF INTERNAL SERVICE FUND AND DESIGNATING TRANSFERRED FUNDS AS COMMITTED FUND BALANCE**

WHEREAS, the Governmental Accounting Standards Board (GASB) GASB Statement 54, established criteria that govern the activity a government entity may report in an internal service fund and established a hierarchy clarifying constraints that govern how a government entity can use amounts reported as fund balance; and

WHEREAS, the District has analyzed the internal service fund which the District uses to account for the activity of certain retirement benefit obligations, and has determined that this fund no longer meets the definition of an internal service fund under GASB Statement 54 and needs to be closed by the end of the current fiscal year; and

WHEREAS, the District commits to using the transferred funds for certain retirement benefit obligations;

WHEREAS, once the committed fund-balance constraint is imposed, it requires the constraint to be revised, removed or redirected for other purposes by the Board in the same manner as the Board originally approved the commitment.

NOW, THEREFORE, BE IT RESOLVED by the School Board of South Washington County Schools, as follows:

1. The School Board hereby determines and declares the internal service fund established to account for the activity of certain retirement benefit obligations shall be closed.
2. At the end of the current fiscal year, the district's Superintendent or their designee, is hereby authorized to transfer the remaining fund balance of the internal service to the district general fund.
3. These funds cannot be used for any purposes other than directed above, unless the Board adopts a successor resolution to revise or remove the constraint, or otherwise redirect the funds for other purposes

BE IT FURTHER RESOLVED, that the district's Superintendent, or their designee, is hereby authorized and directed to finalize the amounts to be committed each year for the purpose indicated above.

The motion for the adoption of this Resolution was duly seconded by School Board Member \_\_\_\_\_ and upon a vote being taken, the following School Board members voted in favor of the Resolution:

And the following School Board members voted against the Resolution:

Based on the vote, this Resolution was declared duly passed and adopted.