

CUSTODIAL FUNDS

The Custodial Fund is a school district fiduciary fund that the District maintains for the benefit of individuals or organizations while not having substantial administrative or financial involvement with raising the funds or control over the expenditure of those funds. The Custodial Fund may have been referred to in the past as the Agency Fund or the Trust and Agency Fund. Because the money in the fund are private funds and not school district funds, the Governmental Accounting Standards Board (GASB) substituted the term custodial for agency in order to emphasize that the District does not have ownership and control of the funds.

The entity for which the District is maintaining the custodial fund account is solely responsible for fund-raising and the depositing of funds into the custodial account.

A request for disbursement by an authorized person of the entity shall be given in writing to the Business Manager on a form provided by the District. Disbursements do not require prior approval by any school district employee or the Board, nor does the disbursement require the signature of the presiding officer of the Board or the Business Manager.

The Business Manager shall:

- be in charge of each custodial fund;
- be authorized to issue checks from custodial fund accounts for disbursements, pay all claims upon the presentation of an itemized verified claim, and authorize the expenditures upon the entity's prior approval and direction;
- record all receipts of revenue placed in custodial accounts;
- keep accurate records of all receipts, expenditures, and balances of the custodial fund, and provide such information to the Board on a monthly basis;
- issue receipts in duplicate for all money received, except money received from the sale of printed serial number admission tickets;

- keep on file a memorandum record of all serially numbered tickets for sale at events, which record must be signed by the person selling such tickets; and
- submits annual Custodial Fund Account reports to the Board.

The Custodial Fund Account shall be audited as part of the regular audit of the District

LEGAL REFS.: SDCL 13-14-5; 13-14-13; 13-14-14; 13-16-19; 13-16-20; 13-16-21; 13-16-35

FEDERAL REF: GASB

[September 2020]