

SCHOOL ACTIVITY FUNDS

FAQs

[R.S. 17:414.3](#)

Overview:

The following is a summary of the general principles and guidelines concerning School Activity Funds (SAFs). This document is presented in a frequently asked questions (FAQ) format. While fairly detailed, it is important to remember that every situation is unique and as a result each situation deserves careful individual review.

There are numerous links within the document directing your attention to areas within the document and to other related documents posted on the Louisiana Legislative Auditor's website and on external websites to facilitate your use of this document. For example, under the index section, you may go directly to any area of the FAQ by clicking the question you wish to view. Within the FAQ, there are several links to direct you to other areas of the FAQ and to relevant external documents. If you click on the individual question number, a link to the index allows you to select another question to view.

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SCHOOL ACTIVITY FUNDS

Q.1. What statute creates “School Activity Funds” (SAFs)?

A.1. La. R.S. 17:414.3.

Q.2. What are “School Activity Funds”?

A.2. School Activity Funds were created by R.S. 17:414.3 which require every public school principal to maintain a school fund for the management of any money which accrues to benefit the school. [\(See Q.6.\)](#)

The money provided by the state or the city or parish school system for support of the regular instructional program or the school facility is not included in the SAF.

AG Op. No. 00-101: The statute limits the principal’s discretion to expenditures which benefit the educational purposes of the school, and La. Const. Art. VII, §14 (1974) prohibits any gratuitous expenditure of school funds for non-educational purposes, which are either legally unauthorized or non-mandated.

Considering the above factors, we must conclude that the monies comprising the school fund are clearly public in nature. Conversely, the funds generated by organizations outside the school are private in nature. While the private funds are not subject to the state's collateralization requirements, the school funds clearly are. Accordingly, to the extent the monies in the school fund are not insured by a governmental agency, they must be fully collateralized.

Q.3. Who must maintain SAFs?

A.3. The Principal of every public elementary and secondary school.

Q.4. Does R.S. 17:414.3 apply to Charter Schools? Private Schools?

A.4. R.S. 17.414.3 does apply to charter schools. The definition in [R.S. 17:3973\(2\)\(a\)](#) provides that a charter school is an independent public school.

R.S. 17.414.3 does not apply to private schools. R.S. 17:414.3 only applies to public schools.

Q.5. Who has administrative control over SAFs?

A.5. The Principal.

Q.6. What are the sources of funds in the SAFs?

- A.6.** (a) Each club, organization, association, class, athletic team, or other organizational unit within the school, which generates money by collecting dues, conducting fundraisers, charging admission, or some other money generating activity.
- (b) Each donation made to the school by an entity outside the school, whether it be a parents' club, community, business, or civic organization, or other donor, when such donation is made for a specific or restricted use or purpose.
- (c) All donations made by any entity referred to in Subparagraphs (a) and (b) of this Paragraph as well as all monies raised by the school population generally which are unrestricted and which are intended for discretionary use to benefit the school, its students, faculty, employees, programs, or facilities.
- (d) All monies raised in a school-wide effort for a specific use or purpose.
- (e) Any other money source, temporary or permanent, which is identifiable, approved by the principal, and has a need to maintain a record or ledger.

Q.7. Must such funds be deposited in a bank?

- A.7.** Yes. The monies in the school fund must be deposited in a single bank account, preferably interest-bearing, on which checks may be drawn. Separate accounts for system-provided and activity funds should be maintained to conform to the legislative mandate that school activity and donated funds be maintained in a separate account. The bank chosen to hold the funds is selected in the manner required by the policy or direction of the school board or, if there is no policy or direction, at the discretion of the Principal.

Q.8. Must records be kept for each source of deposit into the SAFs?

- A.8.** Yes. Separate records or ledgers are kept for each of the five sources of deposits.

Q.9. What monies may not be put in the SAFs?

- A.9.** The money provided by the state or the city or parish school system for support of the regular instructional program or the school facility is not included in the SAF. Such money is managed as directed by the agency from which it is received.
(See Q.6.)

See also AG Op. No. 93-338 providing that money provided by the state, the city, or parish school system should not be included in the school fund. The opinion further provides that separate accounts for system-provided and activity funds

should be maintained to conform to the legislative mandate that school activity and donated funds be maintained in a separate account.

Q.10. How are monies withdrawn from the SAFs?

A. 10. In order to withdraw money from the school fund account, there must first be a withdrawal request. Then a check to draw funds from the SAF is written which carries the signature of the principal. The statute (R.S. 17:414.3(B)(3)(a)) is clear that either the principal signs the check or the administrator who assumes the principal's duties during the principal's absence. The AG has opined in AG Op. No. 93-93 and No. 92-79 that the signature of the principal on the check is mandatory.

When reviewing R.S. 17:414.3(B)(3)(a) regarding requests for withdrawals and signing of checks, note there are two separate and distinct issues being addressed:

1. The request for withdrawal; and
2. The signing of the check drawn on the SAF.

This is confirmed by **AG Op. No. 92-79** which opined that:

...the term, "check," as used in the statute is not the same as a "request for withdrawal." Again, LSA-R.S. 17:414.3(B)(3)(a) provides that there must be a request in order for funds to be withdrawn from this account. This is a requirement separate and distinct from that of the principal's signature on each check for withdrawal. Further, the statute states that the request for withdrawal of funds must have two signatures, one being the principal's and one being from an enumerated list at LSA-R.S. 17:414.3(B)(3)(c)(i) through (iii).

Q.11. What two signatures are required on the request for withdrawal?

A.11. There can be no withdrawals from the SAF unless the request for withdrawal carries two signatures: The signature of the Principal or the Administrator who assumes his duties during his absence, and the signature of a second person.

The other signature must be:

(i) An officer, member, or sponsor of the entity, designated by the entity in the case of a request for withdrawal by club, organization, association, class, athletic team, or other organizational unit within the school whose membership is comprised of either students, faculty, or employees of the school; or any other money source, temporary or permanent, which is identifiable, approved by the principal, and has a need to maintain a record or ledger.

(ii) Another school administrator, faculty member, or employee who is approved by the donor and is familiar with the purpose of the donation in the case of a request for withdrawal for the pursuit of a restricted use or purpose from each donation made to the school by an entity outside the school, whether it be a parents club, community, business, or civic organization, or other donor, when such donation is made for a specific or restricted use or purpose.

(iii) Any other school administrator, faculty member, or employee in the case of a request for withdrawal of money of all donations made by any entity within or without the school, as well as all monies raised by the school population generally, which are unrestricted and which are intended for discretionary use to benefit the school, its students, faculty, employees, programs, or facilities; as well as all monies raised in a school-wide effort for a specific use or purpose.

Q.12. What kinds of expenditures are allowed from the SAFs?

A.12. Money deposited in the school fund pursuant to R.S. 17:414.3(B)(2)(a), (b), (d), and (e) must be used according to the purpose for which it was generated or for the purposes selected by the depositing entities, provided such expenditures are approved by the principal as indicated by his signature on checks for withdrawals.

Money deposited in the school fund pursuant to R.S. 17:414.3(B)(2)(c) may be expended at the discretion of the principal provided such expenditures are for the benefit of all or any of the school's students, faculty, staff, facility, or program and provided the ledger reflects the expenditure.

Q.13. What discretion does the principal have in expending funds from SAFs?

A.13. This depends on the purpose for which the monies were collected. If monies given are left to the discretion of the principal, the funds must be spent for the benefit of all or any of the school's students, faculty, staff, facility, or program. If monies are designated for a specific use or purpose, they must be used according to the purpose for which they were generated or for the purposes selected by the depositing entities, assuming it is a reasonable and lawful use.

Principal's discretion in use of general school fund is limited by the statute and the Constitution. AG Op. No. 90-609.

Q.14. Who is authorized to deposit monies to the SAFs?

A.14. Deposits in the school fund account are made by the principal or his designee from among the school staff.

Q.15. What records must be maintained to track the SAFs?

A.15. Every deposit or withdrawal from the school fund account must be entered in the separately maintained record for each of the sources of deposits into the school fund account.

Q.16. What are the accounting requirements for SAFs?

A.16. The records of the school fund must be reconciled monthly with the school fund account statement of the bank regarding activity in the school fund account. Bank statements must be signed by the principal, once reconciled with the records, and retained with the school fund record. The school fund records must be reviewed annually by the principal and one other member of his administrative staff. Such review must be reflected in the record by the signature of both reviewers.

Q.17. May the funds in the SAF be invested?

A.17. Yes. Any amount of money in the school fund account in excess of that needed may be invested by the principal in accordance with [R.S. 33:2955](#), as amended by [Act 642](#) of the 2010 Regular Session. However, balances in the school fund account must include all monies deposited pursuant to R.S. 17:414.3(2)(a),(b), and (e) unless the depositing entity approves the investment of any portion of its deposits, which approval must be in writing and maintained with the school fund record.

Any investments made must be recorded in the records of the school fund, and reported in the annual Superintendent's report, and must be accounted for in any review or reconciliation of the school fund.

Q.18. What is the role of the School Board concerning SAFs?

A.18. Each school principal must report on his school's fund annually to the superintendent or a member of his staff designated by him, at a regular time designated by the superintendent. The report should be sufficiently detailed to notify the superintendent of account balances, significant deposits, significant expenditures, and any unresolved errors or discrepancies. The superintendent must approve such reports in writing to the school within two months of receiving the report or notify the principal of any further information needed or examination required. The superintendent is responsible for notifying the school board of the apparent need for further examination, supervision, or intervention. The school board may require and provide for an audit of the school fund of any school within its jurisdiction at any time. However, a School Board may not impose requirements that conflict with R.S. 17:414.3.

Q.19. May a School Board control expenditures from SAFs and determine how monies are to be spent?

A. 19. No. A school fund maintained under R.S. 17:414.3 belongs to the individual school and not to the school board (AG Op. No. 06-0207). A School Board may not impose requirements that conflict with R.S. 17:414.3.

Q.20. Considering the fact that SAFs belong to the individual school and are placed under the control of the school principal by the statute, how does a School Board maintain oversight of SAFs?

A.20 The school board may require and provide for an audit of the school fund of any school within its jurisdiction at any time. ([See Q.18.](#)) However, a School Board may not impose requirements that conflict with R.S. 17:414.3.

Q.21. What do Attorney General (AG) Opinions say about the degree of control schools or school districts can exercise in regard to the funds of booster clubs?

A.21. AG Op. Nos. 93-93 and 92-79, citing R.S. 17:414.3, state that all monies raised by clubs or organizations which are within the school must be deposited in the school fund. Further, monies raised by groups outside the school which are donated to the school must also be deposited in the school fund.

On the other hand, these AG Opinions state that if the booster club is independent of the school and has not donated its funds to the school, the booster club may handle its funds as it chooses.

Finally, the AG states that the funds of independent parent groups and athletic booster clubs not sponsored or supervised by the school are not subject to school custody and control under R.S. 17:414.3, and the school board's implied powers to regulate such activities are legislatively preempted.

Q.22. May a state agency audit the records of SAF?

A.22. Only under certain circumstances. No agency of state government, or any of its branches, shall supervise, regulate, or audit the school funds provided for in R.S. 17:414.3, **except** upon request of a city or parish school board.

Q.23. What type of expenditure from an SAF is prohibited?

A.23. Nothing in R.S. 17:414.3 is to be construed to permit an expenditure that is otherwise prohibited by law.

Q.24. What impact does Article VII § 14 have on expenditures from the SAFs?

A.24. There are several AG opinions that take the donation of public funds analysis out of the equation for school activity funds, as long as the donor has restricted the use of the funds for a particular purpose. For instance, one AG Op. No. 90-609 uses this analogy: Buying academic letter jackets for individual students is not required by the law and is, therefore, a donation. However, R.S. 17:414.3 authorizes the principal to accept donations from parent clubs, civic organizations, and other groups. for specified purposes and to use such funds for the restricted purpose. Such expenditure of donated, restricted funds for academic letter jackets would not violate Art. VII, §14, because the statute legally obligates the principal to spend the money for the dedicated use. The opinion states that there is only an Art. VII, §14 donation with SAFs when there is a gratuitous expenditure of school funds for non-educational purposes which is either legally unauthorized or non-mandated.

Q.25. What happens in the event the SAFs cannot be accessed and expended due to the school's closure for reasons of natural catastrophe or disaster?

A.25. R.S.17:414.3(F) was added to the statute in 2007 after the events suffered due to Hurricane Katrina, and made retroactive to August 29, 2005. The purpose of the addition was to allow SAFs to be accessed during times of emergency when officials might not be available or able to allow access to these funds.

There are many safeguards and requirements in this subsection, but the pertinent ones include:

- In the event of a natural disaster that results in a school's closure, any money in a school fund is placed under the control of the school board having jurisdiction over the school (or the superintendent of the Recovery School District if under their jurisdiction) and be accessible for investment, withdrawal, and expenditure in accordance with R.S. 17:414.3(F).
- Each city, parish, and other local public school board or the superintendent of the Recovery School District shall then create a committee composed of five members (listed in the statute).
- The committee has the authority to invest, withdraw, and expend the monies in the closed school's school fund account with first priority given to meeting the financial obligations incurred in connection with such account prior to the school's closure, if applicable. The committee shall designate two of its members to have signatory authority over the school fund account.

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- No money shall be drawn on the school fund account without a request for it approved by the committee, and no withdrawal shall occur unless the check carries the signature of both committee members with designated signatory authority.
- All existing financial obligations shall be met as soon as possible after a school's closing.
- Any monies remaining in the account after such financial obligations have been met shall be retained by the committee for a period of four years from the date of the school's closure.
- Schools that reopen prior to such four-year period shall be given control over the school fund account immediately upon reopening.
- The funds in any school fund account of a school that does not reopen within four years after being closed may be expended by the committee for purposes which directly benefit students, but shall not be used for any recurring purposes.
- If multiple schools in a school system are closed, the school fund accounts for such schools shall be managed as a single account after the four-year period has ended.
- Any expenditure of funds from a school fund account in excess of the fund's outstanding obligations shall be used for purposes which directly benefit students, but shall not be used for any recurring purposes.
- The committee shall offer to return to the donor any restricted donations made prior to the use of such donated funds by the committee for any purpose contrary to the restrictions on such donation.
- The committee shall have the authority to invest the funds in accordance with R.S. 17:414.3(B)(7).
- Each city, parish, and other local public school board and the administering agency of the Recovery School District having control of one or more school fund accounts pursuant to R.S.17:414.3(F) shall adopt policies necessary to implement the provisions of R.S.17:414.3(F). Such policies shall include but shall not be limited to procedures consistent with the provisions of R.S. 17:414.3(F) for the investment, withdrawal, expenditure, and proper accounting of the monies in the school fund account, and the minimum evidence necessary to establish an obligation.

- The provisions of R.S. 17:414.3(F) are subject to the provisions of R.S. 6:317 and shall not conflict with or alter the contractual provisions of any agreement entered into with any federally insured financial institution holding school funds pursuant to a deposit agreement, time certificate of deposit, investment contract, or any similar agreement.

The provisions of R.S. 17:414.3(F) are retroactive to August 29, 2005.

Q.26. What Attorney General (AG) Opinions touch on SAFs?

A.26. AG Op. No. 06-0207

A school fund maintained under La. R.S. 17:414.3 belongs to the individual school and not to the school board.

AG Op. No. 93-456

By mandating that a school fund be established to manage funds generated by individual schools through various means, other than funds provided by the state or the city or parish school system, the legislature has implicitly authorized individual schools, among other things, to hold fundraising events, so long as the funds are managed in accordance with LSA–R.S. 17:414.3.

AG Op. No. 93-93

According to LSA–R.S. 17:414.3 all monies raised by clubs or organizations which are within the school must be deposited in the school fund. Further, monies raised by groups outside the school which are donated to the school must also be deposited in the school fund.

Monies in the school fund may only be withdrawn in accordance with LSA–R.S. 17:414.3B(3), which requires the signature of the principal. Thus, if the booster club referred to in your opinion request is a school sponsored group within the school, or it is outside the school but has donated its money to the school, the funds must be deposited in the school fund. The principal's signature is then required to be on all checks in order to withdraw money from this account.

On the other hand, if the booster club which you refer to is independent of the school and has not donated its funds to the school, the booster club may handle its funds as it chooses.

AG Op. No. 00-101

Monies comprising the school funds established by R.S. 17:414.3 constitute public funds, subject to the collateralization requirements of R.S. 39:1225.

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AG Op. No. 92-79

Funds of independent parent groups and athletic booster clubs not sponsored or supervised by the school are not subject to school custody and control under Act No. 1066 of the 1990 Regular Legislative Session (enacting LSA-R.S. 17:414.3), and the school board's implied powers to regulate such activities are legislatively preempted.

AG Op. No. 92-142A

Statute, while requiring all school related funds to be deposited into the school fund account and accounting made of same, affirms by acknowledging the depositing entity's right to use self-generated funds for a purpose (scholarships) which the entity intends to control.

AG Op. No. 90-674

The school board has no control over the funds of the St. Tammany Parish PTA, nor may they lawfully attempt to exercise such control.

AG Op. No. 90-609

Principal's discretion in use of general school fund is limited by statute and the Constitution.