



School Activity Funds

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

Overview

The following document provides a summary of the general principles and guidelines concerning [School Activity Funds](#). This document is presented in a “frequently asked questions” (FAQ) format. While the FAQ is fairly detailed, remember that every situation is unique and that each situation deserves careful individual review.

To facilitate your use of this document, links within the document will direct your attention to document text and to related documents posted on the Louisiana Legislative Auditor’s website and on external websites. For example, clicking the question in the Index that you wish to view will link you directly to the corresponding area of the FAQ text. Within the FAQ, links will direct you to related text in the FAQ or to relevant external documents. Clicking on a question number within the text will link you to the index to allow selecting and viewing another question.

Index

- 1.** Which statute creates “School Activity Funds” (SAFs)?
- 2.** What are “School Activity Funds”?
- 3.** Who must maintain SAFs?
- 4.** Does R.S. 17:414.3 apply to Private schools?
- 5.** Does R.S. 17:414.3 apply to Charter Schools?
- 6.** Who has administrative control over SAFs?
- 7.** What are the sources of funds in the SAFs?
- 8.** Must such funds be deposited in a bank?
- 9.** Must records be kept for each source of deposit into the SAFs?
- 10.** What monies may not be put in the SAFs?
- 11.** How are monies withdrawn from the SAFs?
- 12.** Which two signatures are required on the request for withdrawal?
- 13.** What kinds of expenditures may be made from the SAFs?
- 14.** What discretion does the principal have when spending funds from SAFs?
- 15.** Who is authorized to deposit monies to the SAFs?
- 16.** What records must be maintained to track the SAFs?
- 17.** What are the accounting requirements for SAFs?
- 18.** May the funds in the SAFs be invested?
- 19.** What is the school board’s role in administering SAFs?
- 20.** May a school board control expenditures from SAFs and determine how monies are to be spent?
- 21.** 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?
- 22.** What do Attorney General (AG) Opinions provide regarding the degree of control schools or school districts can exercise in regard to the funds of booster clubs?
- 23.** May a state agency audit the records of SAFs?
- 24.** What type of expenditure from an SAF is prohibited?

- 25.** What is the impact of Article VII §14 of the Constitution on expenditures from the SAFs?
- 26.** What happens if the SAFs cannot be accessed and spent due to the school's closure for reasons of natural catastrophe or disaster?

Attorney General (AG) Opinions

SCHOOL ACTIVITY FUNDS

Q.1. Which 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 mandates that every public school principal to maintain a school fund for the management of any money that accrues to benefit the school. [\(See Q.7.\)](#)

Money provided by the state or by 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 a principal’s discretion to expenses that 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 that are either legally unauthorized or non-mandated.

The AG concluded that the monies comprising the school fund at issue are clearly public in nature. Conversely, 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. Therefore, to the extent the monies in the school fund are not insured by a governmental agency, they AG opined that they must be fully collateralized. AG Op. Nos. 00-101 and 93-338

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 Private Schools?

A.4. R.S. 17:414.3 does not apply to private schools. R.S. 17:414.3 applies to public schools only.

Q.5. Does R.S. 17:414.3 apply to Charter Schools?

A.5. R.S. 17:414.3 does not apply to charter schools unless otherwise provided for in their charter. Pursuant to R.S. 17:3996 of the Charter Law, charter schools are generally not required to comply with laws governing public schools except for those specifically enumerated in that statute. R.S. 17:414.3 is not one of the laws enumerated in R.S. 17:3996.

Q.6. Who has administrative control over SAFs?

A.6. The principal.

Q.7. What are the sources of funds in the SAFs?

A.7. Separate records or ledgers must be maintained for each of the following sources of deposits into the school fund account:

(a) Each club, organization, association, class, athletic team, or other organizational unit within the school that generates money by collecting dues, conducting fundraisers, charging admission, or generating money by other 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 the 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 [La. R.S. 17:414.3\(B\)\(2\)](#), as well as all monies raised by the school population generally that are unrestricted and that 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, that is identifiable, approved by the principal, and for which a record or ledger should be maintained.

Q.8. Must such funds be deposited in a bank?

A.8. Yes. The monies in the school fund must be deposited into a single bank account, preferably interest-bearing, on which checks may be drawn. Separate accounts for system-provided funds and activity funds should be maintained to conform to the legislative mandate that school activity and donated funds be maintained in separate accounts. 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. The AG has noted that funds within a school activity fund are public in nature and are subject to laws requiring the collateralization of public funds. AG Op. No. 93-0338

Q.9. Must records be kept for each source of deposit into the SAFs?

A.9. Yes. Separate records or ledgers are kept for each of the five sources of deposits.

Q.10. What monies may not be put in the SAFs?

- A.10.** The money provided by the state or by the city or parish school system for support of the regular instructional program or for the school facility is not included in the SAF. Money from these sources is managed as directed by the agency from which it is received. [\(See Q.7.\)](#)

See also AG Op. No. 93-0338, 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 funds and for activity funds should be maintained to conform to the legislative mandate that school activity and donated funds be maintained in a separate account.

Q.11. How are monies withdrawn from the SAFs?

- A. 11.** In order to withdraw money from the SAF, 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 or the administrator who assumes the principal's duties during the principal's absence must sign the check. The AG has opined in AG Ops. No. 93-0093 and No. 92-0079 that the signature of the principal on the check is mandatory. See also, [AG Op. No. 00-0101](#).

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

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

This distinction is confirmed by **AG Op. No. 92-0079** 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.12. Which two signatures are required on the request for withdrawal?

- A.12.** No withdrawals may be made from the SAF unless the request for withdrawal carries two signatures: The signature of the principal or the Administrator who assumes the Principal's duties during the principal's absence, and the signature of a specified second person.

The specified second person 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 temporary or permanent money source that is (1) identifiable, (2) approved by the principal, and (3) requires maintenance of a record or ledger.

(ii) For withdrawals requested for pursuing a restricted use or purpose from each donation made to the school by an entity outside the school, the second signature must be that of another school administrator, faculty member, or employee who is (1) approved by the donor and (2) familiar with the purpose of the donation. Donating entities may be a parents club, community, business, or civic organization, or other donor of funds for a specific or restricted use or purpose.

(iii) Any other school administrator, faculty member, or employee may provide the second signature when the withdrawal request is for money of all donations made by any entity within or without the school, as well as all monies raised by the school population generally that are: (1) unrestricted; and (2) intended for discretionary use to benefit the school, its students, faculty, employees, programs, or facilities; or (3) monies raised in a school-wide effort for a specific use or purpose.

Q.13. What kinds of expenditures may be made from the SAFs?

A.13. Money deposited in the SAF 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 or her signature on checks for withdrawals.

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

Q.14. What discretion does the principal have when spending funds from SAFs?

A.14. The level of discretion 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 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 the use is reasonable and lawful.

Principal's discretion in use of general school fund is limited by the statute and the Constitution. [AG Op. No. 11-0121](#), [AG Op. No. 11-0122](#) and **AG Op. No. 90-0609**.

Q.15. Who is authorized to deposit monies to the SAFs?

A.15. R.S. 17:414.3(B)(4) requires that deposits in the SAF account be made by the principal or person designated by the principal from among the school staff.

Q.16. What records must be maintained to track the SAFs?

A.16. R.S. 17:414.3(B)(5) requires that every deposit or withdrawal from the SAF account be entered in the separately maintained record for each of the sources of deposits into the SAF account.

Q.17. What are the accounting requirements for SAFs?

A.17. R.S. 17:414.3(B)(6) requires that the records of the SAF be reconciled monthly with the SAF account statement provided by the bank for activity in the SAF account. Once reconciled with the records, bank statements must be signed by the principal and retained with the SAF record. The SAF records must be reviewed annually by the principal and one other member of the administrative staff. The review must be reflected in the record by the signature of both reviewers.

Q.18. May the funds in the SAF be invested?

A.18. Yes. R.S. 17:414.3(B)(7) provides that the principal may invest in accordance with R.S. 33:2955 any amount of money in the SAF account that exceeds the amount needed. However, balances in the SAF 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. The approval must be in writing and maintained with the SAF record.

Any investments made must be recorded in the records of the SAF, and reported in the annual superintendent's report, and must be accounted for in any review or reconciliation of the SAF. R.S. 17:414.3(B)(7)(c).

Q.19. What is the school board's role in administering SAFs?

A.19. Each principal must report on the school's SAF annually to the superintendent or designated staff member, at a regular time specified 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 provide written approval of the reports 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

any apparent need for further examination, supervision, or intervention. The school board may require and provide for an audit of the SAF 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.20. May a school board control expenditures from SAFs and determine how monies are to be spent?

A. 20. No. A SAF 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.21. 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.21. The school board may require and provide for an audit of the SAF of any school within its jurisdiction at any time. ([See Q.19.](#)) However, a school board may not impose requirements that conflict with R.S. 17:414.3.

Q.22. What do Attorney General (AG) Opinions provide regarding the degree of control schools or school districts can exercise in regard to the funds of booster clubs?

A.22. AG Op. No. 93-0093 and AG Op. No. 92-0079, citing R.S. 17:414.3, state that all monies raised by clubs or organizations that are within the school must be deposited in the SAF. Further, monies raised by groups outside the school that are donated to the school must also be deposited in the SAF.

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.

[AG Op. No. 11-0121](#) and [AG Op. No. 11-0122](#) further discuss the school's oversight of independent organizations which operate "outside of the school" and their use of school name, symbols, and facilities.

Q.23. May a state agency audit the records of SAF?

A.23. Only under certain circumstances may the SAF be audited. 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.24. What type of expenditure from an SAF is prohibited?

A.24. R.S. 17:414.3(E) provides that nothing in this statute “shall be construed to permit an expenditure that is otherwise prohibited by law.” That is, the funds cannot be used for an illegal purpose.

Q.25. What is the impact of Article VII § 14 of the constitution on expenditures from the SAFs?

A.25. Several AG opinions exempt SAFs from the Art. VII, § 14 “donation of public funds” prohibition, as long as the donor has restricted the use of the funds for a particular purpose. For instance, AG Op. No. 90-0609 uses this analogy: Buying academic letter jackets for individual students appears gratuitous 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 the funds for the restricted purpose. Such expenditure of donated, restricted funds for academic letter jackets would not violate Art. VII, §14, as R.S. 17:414.3 legally obligates the principal to spend the money for the dedicated use. The opinion states that an Art. VII, §14 donation occurs with SAFs only when a gratuitous expenditure of school funds is made for non-educational purpose and is neither donated subject to a mandated condition nor otherwise legally authorized.

Q.26. What happens if the SAFs cannot be accessed and spent due to the school's closure for reasons of natural catastrophe or disaster?

A.26. R.S.17:414.3(F) was added to the statute in 2007 following 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 specified officials might not be available or able to allow access to these funds.

Of the many safeguards and requirements in this subsection, the most pertinent ones include:

- In the event of a natural disaster that results in a school’s closure, any money in a SAF 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 is 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 spend the monies in the closed school's SAF account with first priority given to meeting the financial obligations incurred in connection with the account prior to the school's closure, if applicable. The committee shall designate two of its members to have signatory authority over the SAF account.
- No money shall be drawn on the SAF account without a request for funds 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 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 the four-year period shall be given control over the SAF account immediately upon reopening.
- The funds in any SAF account of a school that does not reopen within four years after being closed may be spent by the committee for purposes that directly benefit students, but shall not be used for any recurring purposes.
- If multiple schools in a school system are closed, the SAF accounts for all closed schools shall be managed as a single account after the four-year period has ended.
- Any expenditure of funds from a SAF account in excess of the fund's outstanding obligations shall be used for purposes that 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 committee's use of the donated funds for any purpose contrary to the restrictions on the 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 SAF

accounts pursuant to R.S.17:414.3(F) shall adopt policies necessary to implement the provisions of R.S.17:414.3(F). The 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 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 retroactive to August 29, 2005.**

Attorney General (AG) Opinions

[AG Op. No. 11-0121](#)

Revised Statute 17:414.3 authorizes the principal of a public elementary school to maintain a SAF that shall include monetary donations. The principal of the school exercises control over the funds deposited and may approve deposits from other sources not expressly listed in R.S. 17:414.3. The name of a public school may be used by an organization operating outside of the school, such as a PTO, for fundraising purposes if a written agreement is entered into by the principal and the organization. The outside organization may solicit donations from parents of students; however, there can be no mandatory requirement that parents make a donation. If an organization outside of the school solicits and receives a monetary donation, this money falls under the independent control of the outside organization and is not subject to the school's control -- unless and until it is deposited into the SAF. Revised Statute 17:414.3 governs the process for withdrawing and depositing money from the school fund.

[AG Op. No. 11-0122](#)

Revised Statute 17:414.3 statutorily authorizes the principal of a public high school to maintain a SAF. Entities operating outside of the school may make donations to high schools for specific or restricted uses or purposes. The principal of the school has discretion over funds deposited into the SAF; however, the principal's discretion is not unfettered because he/she may not expend funds in any manner that violates the law. The name of a public school may be used by an organization operating outside of the school for fundraising purposes if a written agreement is entered into by the principal and the organization.

[AG Op. No. 06-0207](#)

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

[AG Op. No. 00-0101](#)

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

AG Op. No. 93-0456

By mandating that a SAF 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 R.S. 17:414.3.

AG Op. No. 93-0093

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

Monies in the SAF may be withdrawn only in accordance with R.S. 17:414.3B(3), which requires the signature of the principal. Thus, if the booster club referred to in the 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 SAF. In order to withdraw money from this account, the principal's signature is required to be on all checks.

On the other hand, if the booster club referred 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. 92-0079

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 R.S. 17:414.3), and the school board's implied powers to regulate such activities are legislatively preempted.

[AG Op. No. 92-0142A](#)

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

AG Op. No. 90-0674

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

AG Op. No. 90-0609

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