

## **School Activity Funds**

School activity funds may be expended for purposes which contribute generally to the benefit of the students, provided expenditures are consistent with requirements set out in Accounting Procedures for Kentucky School Activity Funds (Redbook). Based on a schedule developed by the Superintendent, the Board shall review the status of school activity funds at least twice each fiscal year.

### **UNIFORM ACCOUNTING**

All personnel shall comply with the uniform financial accounting system<sup>1</sup> and activity fund accounting procedures set out in Kentucky Administrative Regulation.<sup>2</sup>

### **TWO SIGNATURES REQUIRED**

The Principal, or school councils in SBDM schools, shall be responsible for the manner in which accounts are kept and preserved. Two (2) signatures shall be required on each check drawn against school activity funds, neither of which may be a signature stamp. The two (2) signatures shall be the manual signatures of the Principal/designee and the school treasurer.

### **PURCHASE ORDERS**

Activity funds may only be expended as authorized in the Accounting Procedures for Kentucky School Activity Funds.

Activity fund purchases must be supported by a properly executed purchase request and authorization for payment by the Principal.

Because no school activity fund is permitted to end the fiscal year with a deficit balance, the school shall not expend or commit to expend any activity fund in excess of revenue received for the fiscal year. Should this occur, the employee(s) responsible shall be subject to appropriate disciplinary action, and the Superintendent may require the school/council to present for Board approval a plan for reimbursement of any deficit amount.

### **FINANCIAL REPORTS**

Each month the Principal shall provide the District Finance Officer with a financial report for activity fund accounts. On or before July 25, following the end of the fiscal year, the Principal shall submit to the District Finance Officer an annual financial report for those accounts.

### **DEFINITION OF SCHOOL ACTIVITY FUNDS**

School activity funds refer to all school funds including funds derived from fund-raising activities and Board approved fees sponsored under the auspices of the school by student clubs or student organizations. Funds raised or received by organizations that do not come under the direct supervision of school authorities shall not be considered school activity funds.

**School Activity Funds****DEFINITION OF DISTRICT ACTIVITY FUNDS (CONTINUED)**

Non-student generated funds collected at the school level to be used for operating costs. Operating costs are the expenses which are related to the operation of a District, or to the operation of a device, component, or a piece of equipment or facility. They are the cost or resources used by a District just to maintain its existence.<sup>1</sup>

Funds carry over at year end subject to board policy.

**DONATIONS**

With the Superintendent's approval, schools may receive donations, including gifts of personal property, for the benefit of the school or for the students of the school, that are valued at an amount as determined by the Board in policy 04.61 and hold and use as requested as long as the intended purpose of the gift is consistent with the policies and programs approved by the Board. Donations valued at more than that amount must be approved by the Board..

Donations specifically for instructional materials or operating expenses must be sent to the District as District Activity Funds.

Donations valued at two-hundred and fifty (250) dollars or more require a Donation Acceptance Form to be completed.

A report of all donations shall be submitted to the Board at regular meetings and at the end of each fiscal year.

**AUDIT OF FUNDS**

All school activity funds shall be audited annually by a certified public accountant. All audit reports shall be reviewed and appropriate action taken as required by Kentucky Administrative Regulation.<sup>1</sup>

**SUPPORT/BOOSTER CLUBS**

Parent-teacher associations and booster club funds are not subject to deposit and accounting procedures as school activity funds.<sup>3</sup> However, each year the Principal shall be provided the following from all support/booster club organizations as required by state activity fund accounting procedures:

1. Within the first thirty (30) days of the school year or within thirty (30) days of the first transaction for the group:
  - a. Names of club officers;
  - b. Federal Employer Identification Number (FEIN); and
  - c. A copy of the annual budget.
2. An annual financial report by July 25 for the year ending June 30 reporting receipts, expenditures, and beginning and ending balances;<sup>1</sup> and
3. All other information required by Accounting Procedures for Kentucky School Activity Funds.

**School Activity Funds****SUPPORT/BOOSTER CLUBS (CONTINUED)**

External support/booster organization officers are solely responsible for ensuring that their group is in compliance with District policies, external support/booster organization guidelines in the Redbook, and state and federal regulations. The District, including any District employee, shall not be held responsible for any deficiencies by the external support/booster organization.

All support/booster organizations wishing to be recognized by and/or affiliated with the District shall comply with the following:

- Adhere to applicable state and federal laws, including taxable income reporting requirements, when conducting fund-raising activities to benefit the school or District; and
- Conduct fund-raising activities to benefit the entire group and not permit credit to be earned through fund-raising for an individual student.

Each year the Superintendent shall report to the Board when all support/booster organizations have been informed of requirements from the Accounting Procedures for Kentucky School Activity Funds that apply to them.

External support/booster organizations shall obtain prior Board approval to establish and lend support, seek assistance, and/or raise funds in the name of the District or school or students or a District or school program.

All funds expended by a support/booster organization shall be from their fund-raising activities and donations. No dues, fees, or charges shall be assessed to students or parents, by booster clubs, except for the PTA forwarding membership fees to national/state/district/local chapters.

External support/booster organizations cannot reimburse District employees for personal and booster club purchases.

Although they may be general members, Board members and employees shall not serve as the treasurer or any other officer with check-signing authority on a bank account for an external support/booster organization. Employees may serve as a member of the executive board of an organization.

**FUND-RAISING PROJECTS**

Schoolwide fund-raising projects must be approved by the Board.<sup>4</sup>

Proof of general liability insurance for external support/booster organizations must be submitted to the Principal prior to commencing any fund-raising activities.

All fund-raising activities conducted by school-sponsored groups shall be for the benefit of the entire school or group.

**School Activity Funds**

**REFERENCES:**

<sup>1</sup>[702 KAR 003:130](#); Accounting Procedures for Kentucky School Activity Funds

<sup>2</sup>[702 KAR 003:120](#)

<sup>3</sup>[OAG 79-556](#)

<sup>4</sup>[KRS 158.290](#)

[KRS 139.497](#); [KRS 156.070](#); [KRS 160.290](#); [KRS 160.340](#)

**RELATED POLICY:**

09.33

Adopted/Amended: 2/12/2024

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