

How School Funds Must Be Used

A practical resource for school leaders and site administrators responsible for budget compliance and responsible fund stewardship.

Perris Union High School District
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School funds are legally designated and purposefully driven



Legally Restricted

Every fund has boundaries set by law, regulation, or grant terms.



Purpose-Driven

Funds must align with their designated program or function — no exceptions.



Audit Risk

Misuse — even unintentional — can trigger audit findings and fiscal consequences.



Leader Accountability

Site administrators are responsible for ensuring every expenditure is compliant.

The Golden Rule separates Restricted from Unrestricted funding



Restricted Funds

Tied to specific programs or grants.
Must follow specific program rules.
Cannot be redirected to other purposes under any circumstance.
Non-compliance triggers audit findings.

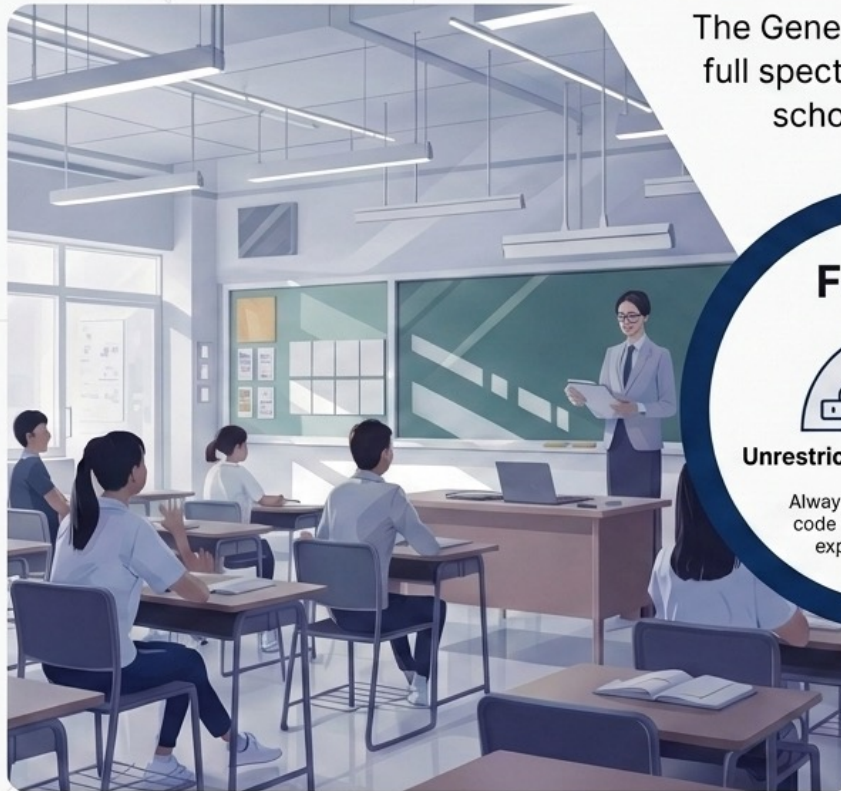


Unrestricted Funds

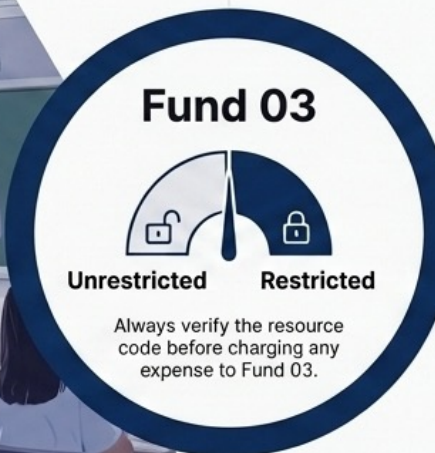
Flexible use within general operations, but still subject to monitoring and oversight.

The Golden Rule: Before approving any expenditure, check the resource code. It tells you whether the funds are restricted and what they may legally be used for.

Fund 03 serves as the General Fund engine for daily operations



The General Fund covers the full spectrum of day-to-day school operations.



Classroom Instruction

Teacher salaries, materials, textbooks.



Staffing

Support staff, custodians, administration.



Supplies and Services

Utilities, maintenance, office expenses.

Program Funds operate as strictly separated silos

These **funds are strictly siloed by program**. Expenses must serve the designated population — no cross-fund borrowing or substitution is permitted.

Fund 11 (Adult Education)

Exclusively for adult education programs. Cannot supplement K-12 or other district functions.



Fund 12 (Child Development)

Designated for preschool and childcare services only. Staff and materials must serve enrolled children.

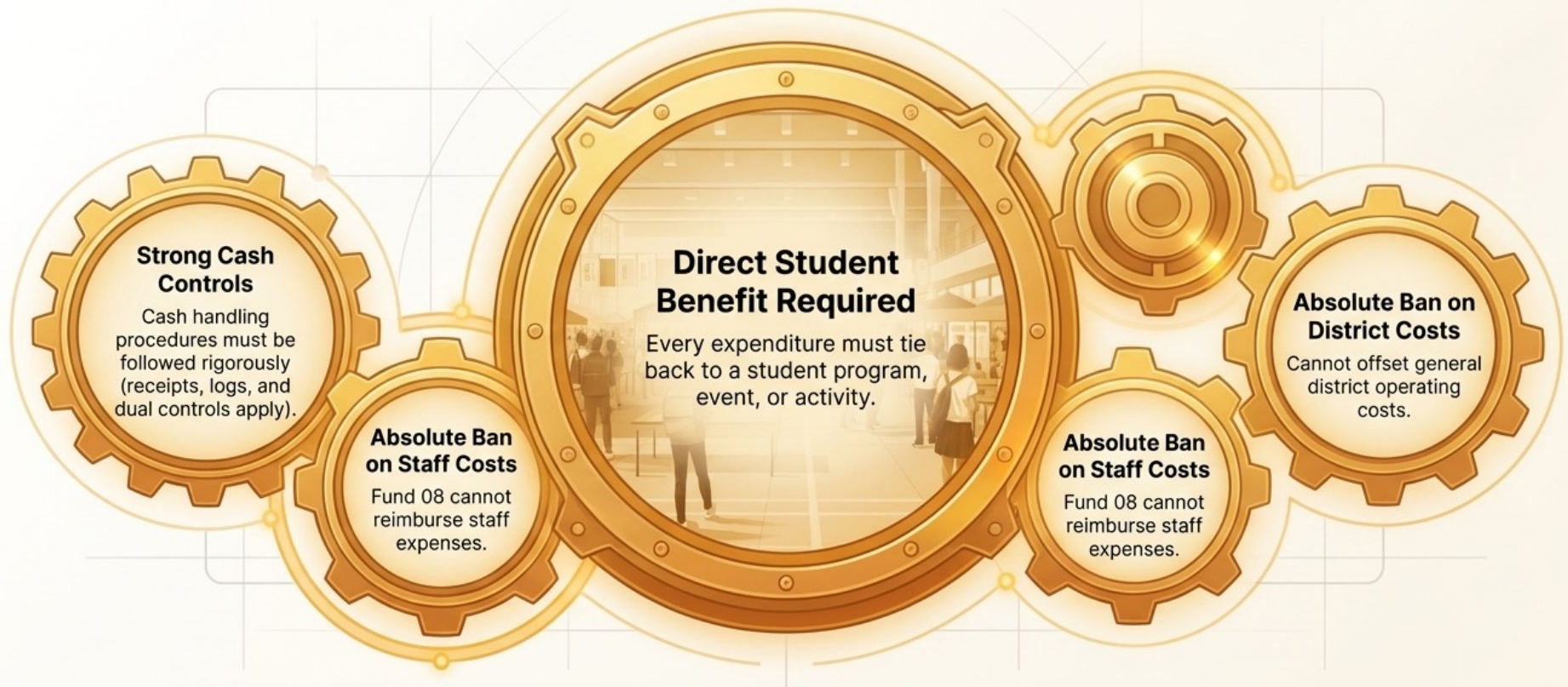


Fund 13 (Cafeteria)

Covers food services exclusively — meals, nutrition staff, and kitchen operations. No non-food costs allowed.

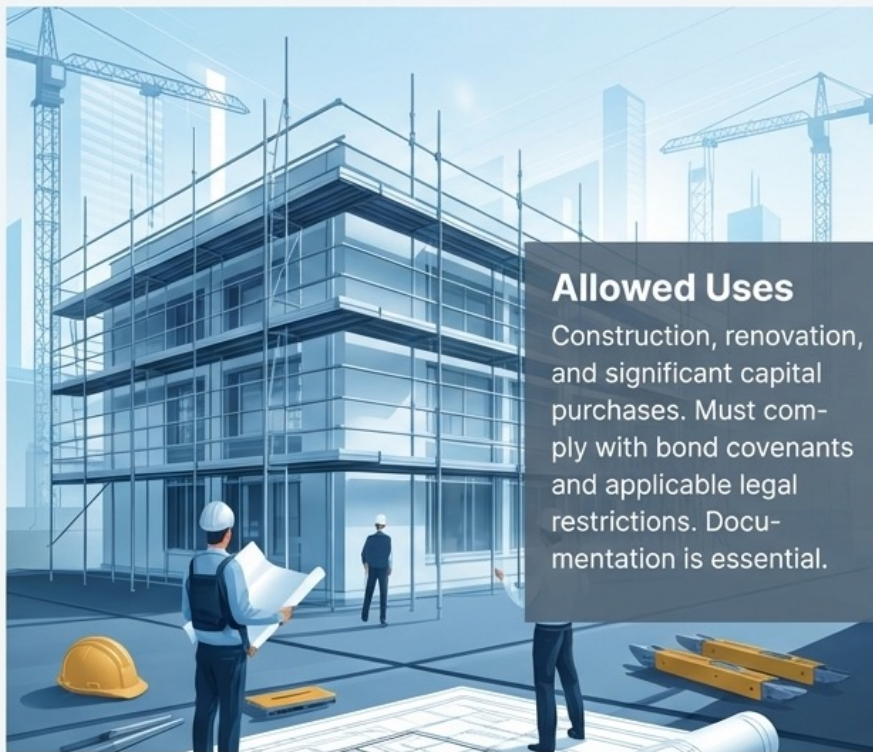
Fund 08 requires rigid cash controls to protect student activities

Fund 08 exists to benefit students — directly and demonstrably. It carries unique oversight responsibilities.



Facilities Funds are reserved strictly for physical infrastructure

Capital funds (21, 25, 40) are reserved for physical infrastructure: buildings, permanent improvements, and major equipment. They are not a substitute for operational budgets.



Allowed Uses

Construction, renovation, and significant capital purchases. Must comply with bond covenants and applicable legal restrictions. Documentation is essential.



NO SALARIES OR ROUTINE OPERATIONS

Staff compensation and routine operating costs cannot be charged to capital funds under any circumstances.

The Master Fund Diagnostic Matrix

Fund Category	Primary Beneficiary	Allowed Uses	Strictly Forbidden Uses
General (03)	General student body/staff	Day-to-day operations	Ignoring resource codes
Program Silos (11, 12, 13)	Specific enrolled populations	Strict program-specific needs	Cross-fund borrowing
Student Activities (08)	Student groups/clubs	Direct student events	Staff/district reimbursement
Capital/Facilities (21, 25, 40)	The physical campus	Permanent buildings/equipment	Routine operational salaries

Four common compliance mistakes consistently trigger audit findings

Cafeteria Fund Misuse



Charging non-food costs — supplies, equipment, or staff outside food services — to Fund 13.

Wrong Fund Charged



Assigning expenses to an incorrect fund due to unclear resource codes or rushed approvals.

Capital Funds for Operations



Using Funds 21, 25, or 40 to cover salaries, supplies, or routine operational costs.

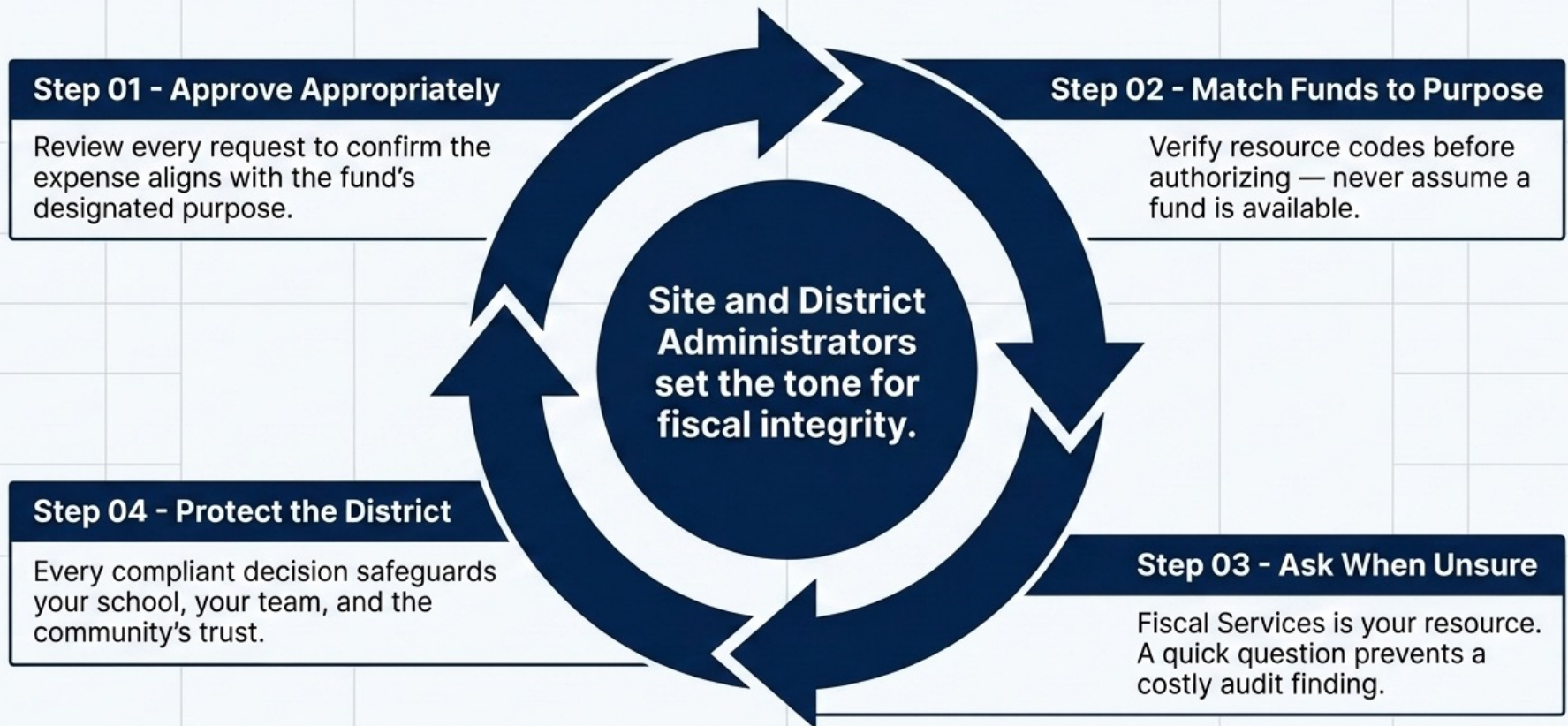
Weak Student Fund Controls



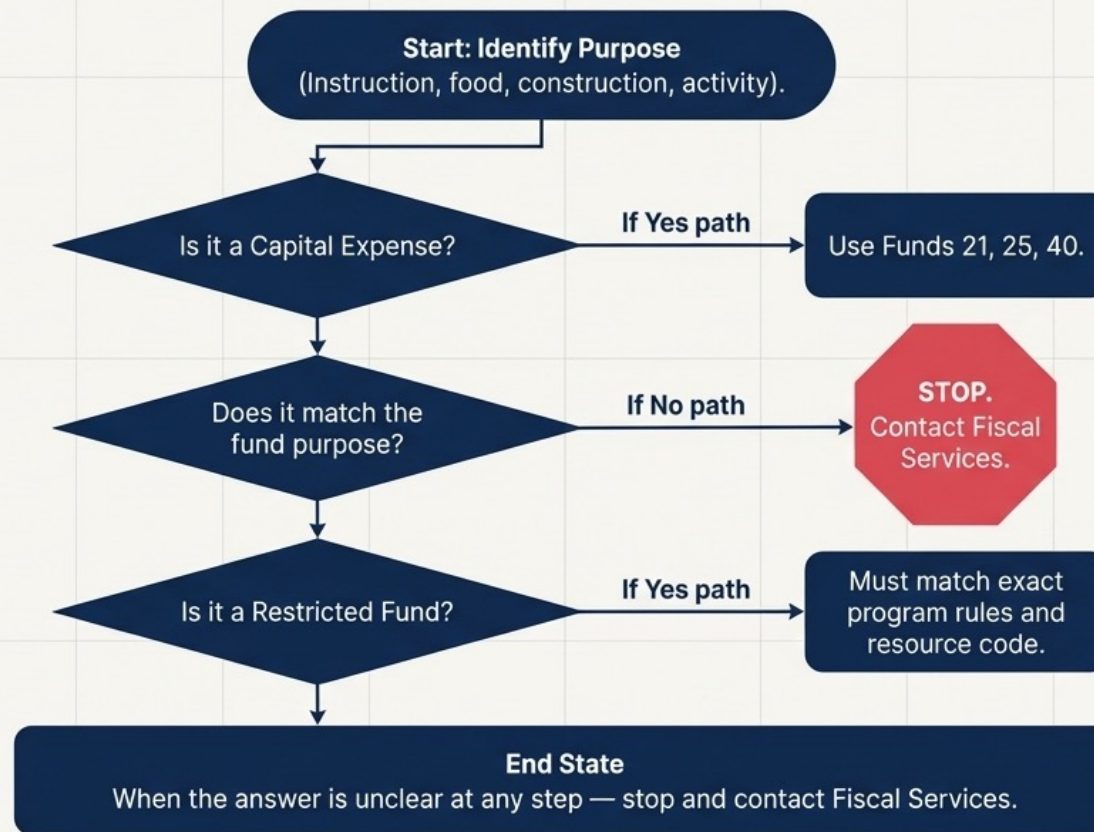
Inadequate cash handling, missing receipts, or single-person oversight of Fund 08 transactions.



Financial compliance is a continuous leadership function



The Pre-Approval Flowchart guides daily expenditure decisions



When in doubt, pause and consult your Director of Fiscal Services

Don't spend in the dark. It is always better to ask first.
Contact Fiscal Services before approving any
expense you are unsure about.



Contact Fiscal Services