

## **Actual and Necessary Expenses Guidelines for General (Unrestricted) Funds**

State and Federal laws prohibit the donation of public funds (“gift of public funds”) and allow actual, appropriate, and necessary business expenditures. The definition of “public funds” includes all money which the SMCCCD has control of or that passes through the District.

Developing a comprehensive list of what constitutes an appropriate, or inappropriate, expenditure is difficult due to the many complexities in purchasing situations. However, there are general guidelines that can help clarify the difference between appropriate and inappropriate expenditures.

### **Examples of generally *acceptable* expenditures from the college Unrestricted General Fund (Fund 1) include<sup>1</sup>:**

- General supplies, contracts, and equipment necessary to advance the educational purpose of the district.
- Certificates, plaques, or other items in recognition of service to the district that have lasting value to the recipient and cost less than \$50.
- Clothing items with a college and/or program identifier that all staff in a work area or program are required to wear during assigned business hours on a regular basis.
- Clothing items with a college and/or program identifier that all staff representing the college are required to wear at an event (e.g. outreach event)
- Team uniforms
- Light refreshments for community and/or student-focused events.
- Food at required meetings during a normal meal period.

### **Examples of generally *unacceptable* expenditures from the college Unrestricted General Fund (Fund 1) include:**

- Food or beverages for regular staff meetings.
- Holiday celebrations, cards, and decorations.
- Individual personal celebrations/occasions such as birthdays and retirements.
- Donations or gifts to individuals, groups, or agencies.
- Any item of clothing that is not required to be worn as a uniform or to represent the college at an event.
- Flowers for condolences, thank you, or congratulations.

As a reminder, all expenditures require prior approval by the responsible administrator. If clarification is needed regarding expenditures, please contact the Vice President of Administrative Services or College Business Officer.

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<sup>1</sup> References: California Education Code 44015; 8314; California Constitution, Article XVI, 6