

**Dexter Community Schools**  
Unlawful Expenditures by a Governmental Unit  
General Information

**What is the purpose of this information?**

Recent events have focused public scrutiny on the expenditure of school district funds. As governmental entities school districts do not enjoy the same freedoms as private sector entities with respect to expending funds. School officials must be vigilant to ensure expenditures are authorized by law.

**Does this information apply only to General Fund?**

All monies procured by public bodies are considered “public funds” regardless of their source. This includes General Fund, Food Services Fund, Athletic and Community Services Fund, and Internal Fund. The term “public funds” generally includes “all fees and funds of whatever kind or character coming into the possession of any public officer by virtue of that office.” Their source is irrelevant. Funds held or controlled by a school district are public funds that may only be expended by the district in accordance with the law.

**What type of expenditures are Unlawful Expenditures by a Governmental Unit?**

Contributions or appropriations which are not specifically authorized by the Constitution or State Statute cannot be authorized regardless of the worthiness of the cause. Examples of such prohibited expenditures where there is no contract for specific services to lawful wards or functions of the local unit have been negotiated are as follows:

- o Contributions to churches, veterans, non-profit organizations.
- o Payment of funeral expenses for a person injured on government property.
- o Donations to a private ambulance or EMS service not under contract with the governmental unit.
- o Donations, including use of property or equipment to Little League, Scouts, Big Brothers/Sisters.
- o Donations to community organizations.
- o Expenses for private road construction or maintenance.
- o Office refreshments, picnics.
- o Presents to officials and employees or retirement recognition events.
- o Flowers to the sick or departed.
- o Mileage of officials and employees to and from their residence to the city, township or village hall, county building or meeting rooms.
- o Per diem compensation to township supervisor, clerk and treasurer on a salary basis for attending township board meetings. (Check City and Village Charters for their compensation procedures or restrictions) Extra compensation for summer tax collections unless part of the initial salary resolution or authorized within statutory procedures for an increase in salary.
- o Extra compensation for special elections unless part of initial salary resolution or authorized under statutory procedures for an increase in salary.

The foregoing is not intended to be an exhaustive list of legal or illegal expenditures, but is an attempt to explain the most common questions and concerns raised on these issues. This information was provided by the Michigan Department of Treasury Local Audit and Finance Division. Full text is available at: <http://www.msbo.org/library/SchoolFin/Misc/DetermineLawfulExpend.pdf>