



# Financial Management Policies and Procedures

Issued by  
Office of Planning and Budget and  
State Accounting Office

Policy Number	Section Name	Policy Name	Effective Date	Version
4-9-1	Other Procedural Issues	Spending Order	October 1, 2014	1.1

## I. Purpose/Scope

The purpose of this policy is to describe the State’s position on the order of spending from a budgetary perspective when state, federal, and/or other funds are available to fund expenditures.

## II. Background

The State is required under financial reporting standards promulgated by the Governmental Accounting Standards Board to disclose its policy on the order of spending priority. In addition, the Constitution of the State of Georgia (Article III, Section IX, Paragraph II(b)), provides, in part, “. . . In those instances where the conditions under which the federal funds have been made available do not provide otherwise, federal funds shall first be used to replace state funds that were appropriated to supplant federal funds in the same state fiscal year.”

## III. Policy

When an obligation/expenditure/expense is incurred for purposes for which federal, state, and other funds are available, agencies should first utilize federal funds to meet the obligation, followed by other funds not otherwise remitted to Treasury as a revenue, referred to as retained revenues, prior to the use of state funds.

Agencies must incur expenditures for these retained revenues in the fiscal year in which they are earned. If expenditures are not incurred, the retained revenues will be subject to lapse. Agencies shall submit reserve request letters to OPB at the end of each fiscal year for all funds other than federal, including these retained revenues, that the agency intends to reserve and exclude from the calculation of surplus. If a reserve letter is not submitted or if OPB does not approve the reserve request, the funds will be subject to lapse.

#### **IV. Procedure/Guidelines**

State organizations are instructed to spend all resources in accordance with their stated purpose in Federal and/or State law (or other applicable limitation), and in a manner which maximizes the benefit to the customer and/or the efficiency of the program. Organizations are permitted to balance these factors in conjunction with this policy and determine spending order on a case-by-case basis and in consultation with the Office of Planning and Budget, where appropriate.

#### **V. Approval**

<b>Agency</b>	<b>Approval Date</b>
Office of Planning & Budget	10/01/2014
State Accounting Office	09/09/2014

#### **VI. Revision History**

<b>Version</b>	<b>Date</b>
1.1	06/03/2008
1.2	09/09/2014