

**STATE OF GEORGIA  
ACCOUNTING PROCEDURES MANUAL**

**SECTION: TWO – STATE CHART OF ACCOUNTS AND  
OTHER ACCOUNTING IDENTIFIERS**

**TOPIC: EXPENDITURE FUNCTIONS  
GOVERNMENTAL FUNDS**

As previously noted, the chart of accounts retains the traditional object class and account format. Current GAAP reporting requirements, however, dictate a greater degree of expenditure consolidation at both the government-wide and fund financial statement levels. It should also be noted that using multiple expenditure classifications facilitates the collection and analysis of data for different purposes (e.g., internal management at the department level, internal management at the State level, and external reporting requirements). Schedule “2B” lists the State organizations which comprise the State's governmental funds. This schedule also lists the expenditure function or functions within which an organization's expenditures have traditionally been disclosed in the State's Comprehensive Annual Financial Report (CAFR). It should be noted that most State organizations have expenditures included in only one expenditure function. For example, all of the Department of Education's expenditures have been included within the expenditure function titled “Education.”

All debt service (712000-718000 series) expenditures are required to be reported separately on the fund financial statements for governmental funds. Capital outlay expenditures (72000-725000 series) for all governmental funds, other than the general fund, also are reported separately. For organizations included in the general fund, capital outlay expenditures should be included within one of the functional categories listed below. For example, an expenditure for the purchase of state patrol vehicles would be included within the public safety expenditure function since the Department of Public Safety is included within the State's general fund. Expenditures for organizations on the Phoenix System will be summarized to the functional expenditure level through the use of “Trees” which are graphical representation of a hierarchy or reporting structures.

*General government* expenditures include all expenditures for the State's legislative branch, judicial branch and the governor and his staff. This expenditure function should also include all other expenditures, other than debt service expenditures and capital outlay expenditures for funds other than the general fund, which are not included within the expenditure function definitions listed below.

*Education* expenditures should include expenditures related to the State's educational activities.

*Health and welfare* expenditures include all expenditures for all State activities

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designed to provide public assistance and institutional care for individuals economically unable to provide essential needs for themselves. This function also includes expenditures for activities designed to conserve and improve public health.

*Transportation* expenditures include all expenditures for the construction, maintenance and repair of roadways and other State public transportation systems.

*Public safety* expenditures include expenditures for State activities which protect persons and property. Included within this expenditure function are expenditures applicable to police protection, fire protection, protective inspections and correction type activities.

*Economic development and assistance* expenditures are directed towards economically developing the State. Included within this function are expenditures for activities concerned with providing assistance to and opportunity for economically disadvantaged persons and businesses.

*Culture and recreation* expenditures include all expenditures for cultural and recreational activities maintained for the benefit of residents and visitors (e.g., parks, golf courses, museums, etc.).

*Conservation* expenditures include expenditures for activities designed to conserve and develop natural resources (e.g., water, soil, forests, minerals, etc.).

Schedule “2B” is based on reviews of State laws as they pertain to the duties of the organizations listed and on budgetary and financial information included within individual organization’s audit or management reports. A review of detail information available at the accounting record level could result in expenditure function changes. If an organization's statutory duties should change, and/or if it is otherwise determined that expenditures should be included in functions other than those listed in Schedule “2B”, the Department of Audits and Accounts should be notified in writing at the address listed on the next page.

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To the Attention of Sandra Warr

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