

Treasury Loans

Fiscal Fundamentals



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.



Purpose of Loans

Loans solve timing gaps between necessary expenditures and the collection of related non-general fund revenues. Usually, loans cover these situations:

A Federal grant provides money only on a reimbursement basis.

A special fund agency needs a temporary, short-term loan to sustain operations.

An agency needs to initiate a bond-funded capital project before the bonds have been sold.

Not For:

Circumventing the Appropriation Act.

Providing a continuous funding mechanism to solve a chronic deficiency, where expenses perennially exceed revenues.

Replacing good cash management.

Repaying existing treasury loans.



Authority

Approval authority delegated to:

- State Comptroller, for short term loans to cover temporary unreimbursed expenses.
- Director, Department of Planning and Budget, for deficit loans, long term working capital loans, and lines of credit.

The Appropriation Act directly authorizes some treasury loans.



Directive & Forms

CAPP Topic 20805 – Loans – governs those loans approved by the State Comptroller

Forms

- Treasury Loan Request Form (TL-01)
- Treasury Loan Authorization (TL-02)
- Acknowledgement of Loan Authorization and Request for Takedown (TL-03)

Electronic forms are available on DOA website

Process

Agency submits loan request at least 6 weeks in advance

Package includes...

- Cover letter signed by agency head explaining need for the loan
- Treasury Loan Request Form (DOA Form [TL-01](#))
- Cash flow analysis for previous 12 months
- Cash flow analysis projected for next 12 months
- If applicable, letters approving awards/grants



Process

General Accounting analyzes loan package and prepares recommendation to State Comptroller

On approval, DOA sends authorization (with loan terms) and acknowledgement forms to agency

Agency submits takedown request to draw funds

- Use Form [TL-03](#) to indicate the amount of the draw and when it is needed
- DOA normally processes draw within 24 hours of receipt

Interest

Some loans bear interest.

- DOA computes interest due and processes payment from agency funds quarterly.
- Interest rates used in the calculations are set by the Department of the Treasury.



Repayment

Agencies are responsible for repaying treasury loans

- For loans approved by the Comptroller, repayment is required within 12 months.
- For loans approved by DPB or contained in the Appropriation Act, the repayment date will be specified by the approval authority.

DOA normally provides at least 30 days advance notice of loan due dates

Agencies e-mail date and amount of repayment to DOA, which processes the transaction.

Alternatives

Lines of Credit

- Authorized by Section 3-2.03 of the Appropriation Act
- Contact your DPB Analyst for more information

Master Equipment Leasing Program (MELP) and Virginia Energy Leasing Program (VELP)

- Use for the credit purchase of equipment and the funding of energy projects
- The State Treasury administers these programs.
- Contact Evie.Whitley@trs.virginia.gov or see www.trsvirginia.gov/ for more information



References

CAPP Manual Topic

- Link: [20805 - Loans](#)

Other

- Appropriation Act
 - Section 4-3.02, Treasury Loans
 - Section 3-2.03, Lines of Credit
 - Link: [State Budget \(Appropriation Act\)](#) and click on "State Budget"

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