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| <b>Section No. 20100 – Appropriations</b>   | <b>TOPIC</b>    | <b>Appropriations, Allotments, and Transfers</b> |
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## Overview

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### General

Appropriations are the legal spending authority for State agencies. These appropriations are regulated through the use of allotments. The Department of Planning and Budget (DPB) has the administrative responsibility for managing the appropriation and allotment process. DPB can increase, decrease, or transfer appropriations and allotments as executive actions in accordance with the Appropriation Act and related legislation. The Department of Accounts, General Accounting Unit, prepares a General Ledger Journal to transfer cash for certain appropriation actions. Other actions require the preparation of entries by the agencies involved to transfer cash. In all cases, sufficient cash, appropriations and allotments must be present prior to the expenditure of State funds.

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### Policy

Appropriations are the legal spending authority for State agencies to incur expenditures for the Commonwealth. Basic appropriation authority is established by the General Assembly through the biennial Appropriation Act and related legislation. The Governor is empowered to adjust appropriation levels under certain conditions set forth in the *Code of Virginia*. Under the Authority of the Governor, allotments are employed to manage the rate of agency spending against its appropriation to avoid overspending.

Agencies may not expend funds against any appropriation until they have received an allotment of funds from the appropriation.

Administrative responsibility for managing the process of appropriating and allotting funds resides with DPB. Agencies submit requests for appropriation and allotment actions to DPB through the Performance Budgeting System (PB System), in accordance with procedures established by that central agency. Upon approval of the requests, DPB loads the appropriation and allotment actions into Cardinal.

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## Appropriation and Allotment Processing

### Appropriation Classifications

Appropriations are classified according to the basic structure in the biennial Appropriation Act. This document classifies operating appropriations by the following elements:

- Agency - Program (and Service Area where applicable) - Fund.

Capital appropriations are classified by the following elements:

- Agency - Program (Program is always 998) - Project – Fund.

The design and management of the appropriation structure is the responsibility of DPB as stipulated in the *Code of Virginia*. Appropriation and allotment budget ledgers, as defined by the appropriation structure, are then established in Cardinal. In subsequent automated processing of agency expenditures, charges are applied against valid appropriation and allotment budget ledgers.


### Establishing Appropriations and Allotments

The first step in the Commonwealth financial management process is to establish the appropriations and allotments against which monetary obligations and expenditures will be recorded. Initial appropriations for any fiscal year are based upon amounts appropriated by the General Assembly in the biennial Appropriation Act. After initial appropriations and allotments have been established in Cardinal, these balances may be adjusted with proper justification submitted by agencies during the fiscal year.

Agencies may request such adjustments using the Budget Execution Module in the PB System. DPB reviews and approves all appropriation and allotment adjustment requests. The PB System transmits these approved actions to DOA for input to Cardinal. Agencies can review items in their worktray in the PB System to check status of pending actions. Additionally, they are able to run the BE 1.00 Adjustment Listing Report to view information about adjustments that have been submitted.

Detailed instructions for preparing and submitting appropriation and allotment requests in the PB System have been issued to agencies under separate cover by DPB.

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## Appropriation and Allotment Processing, Continued

Agency expenditures will pass the budget check in Cardinal only if they are coded against a valid allotted appropriation with sufficient unexpended balance at the agency, fund, program and capital outlay project (if applicable) level. Validation of sufficient cash balances in Cardinal is completed during the nightly pay cycle processing.

If expenditures exceed available funds as defined above, the expenditure transaction will be marked as containing an error by Cardinal until additional appropriation, allotment and/or cash amounts become available and no further processing may be completed.

Unexpended capital outlay balances are routinely reestablished for the next fiscal year, subject to authorization of the General Assembly or the Governor. Unexpended operating balances may be reestablished in accordance with the language in the Appropriation Act.

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### Establishing Original GF Appropriations in Cardinal

Original appropriation entries are processed by DPB through the PB System which interfaces to Cardinal. The interface generates an Appropriation Budget Journal that increases the budget. These appropriation budget transactions are recorded in the Commitment Control ledgers in Cardinal. DOA General Accounting creates a separate General Ledger Journal that debits the Cash account (101010) and credits the Cash Transfer In – Load GF Cash account (609560).


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### Load Cash Appropriation Entries

When general fund appropriation is given (or taken) from an agency on a budget transaction that is not a transfer, a separate entry must be done to give (or take away) the cash to match the appropriation. DOA General Accounting does this by creating a General Ledger Journal as follows:

| <u>Description</u>                    | <u>Debit</u> | <u>Credit</u> |
|---------------------------------------|--------------|---------------|
| Appropriation Given - Cash <b>In</b>  | 101010       | 609560        |
| -or-                                  |              |               |
| Appropriation Taken - Cash <b>Out</b> | 609570       | 101010        |

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## Appropriation Transfer Processing

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**Appropriation Transfers** DOA has established procedures to be used in accounting for appropriation transfers. All appropriation transfers must be authorized by DPB in accordance with that agency's policies and procedures. When approved, DPB transmits the appropriation transfer transactions to DOA for entry into Cardinal.

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**Appropriation Transfers Within the General Fund** General Fund appropriation transfers are processed by DPB through the PB System which transmits the transfers to Cardinal. The appropriation budget transactions are recorded in the Commitment Control ledgers in Cardinal. Cash transfers are processed separately via a General Ledger Journal created by DOA General Accounting and posted to Cardinal. No other agency action is required to effect the transfers.

See the subtopic entitled "General Fund Cash Transfers" for further discussion on General Fund cash transfers.


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**Appropriation Transfers Between the General Fund and the Higher Education Operating Fund - E & G Transfer** Appropriation transfers between the General Fund (01000) and the Higher Education Operating Fund (03000 only) is the Educational and General (E & G) transfer performed for colleges and universities. The E & G Transfer is processed by DPB through the PB System, which transmits the transfers to Cardinal. The appropriation budget transactions are recorded in the Commitment Control ledgers in Cardinal. Cash transfers are processed separately via a General Ledger Journal created by DOA General Accounting and posted to Cardinal. No other agency action is required to effect the transfers.

See the subtopic entitled "General Fund Cash Transfers" for further discussions on general fund to/from HEOF cash transfers.

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**Appropriation Transfers Between General and Nongeneral Funds (Excluding Transfers Between 01000 and 03000)**

Similar to other transfers, appropriation transfers between general and nongeneral funds, including fund 03XXX, but not 03000, are processed by DPB through the PB System, which transmits the transfers to Cardinal. The appropriation budget transactions are recorded in the Commitment Control ledgers in Cardinal. Cash transfers are processed separately via a General Ledger Journal created by DOA General Accounting and posted to Cardinal. No other agency action is necessary to effect the cash transfer.

See the subtopic entitled "General Fund Cash Transfers" for further discussions on general to/from nongeneral fund cash transfers.

**Appropriation Transfers for Nongeneral Funds (Excluding Transfers Within Fund 03XXX)**


Appropriation transfers between or within nongeneral funds are processed by DPB through the PB System, which transmits the transfers to Cardinal. The appropriation budget transactions are recorded in the Commitment Control ledgers in Cardinal. However, cash is not transferred automatically by Cardinal. The movement of cash in support of nongeneral fund appropriation transfers is the responsibility of the agency(ies) requesting the transfer.

See the subtopic entitled "Nongeneral Fund Cash Transfers" for further discussions on nongeneral fund cash transfers.

**Appropriation Transfers within the Higher Education Operating Funds (03XXX)**

Appropriation transfers between or within the Higher Education Operating Fund / Fund (03XXX, including 03000) are processed by DPB through the PB System, which transmits the transfers to Cardinal. The appropriation budget transactions are recorded in the Commitment Control ledgers in Cardinal. However, cash is not transferred automatically by Cardinal. The movement of cash in support of HEOF (03XXX) appropriation transfers is the responsibility of the agency(ies) requesting the transfer.

See the subtopic entitled "Nongeneral Fund Cash Transfers" for further discussions on HEOF (03XXX) cash transfers.

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## Cash Transfer Processing

### Cash Transfers

Each type of cash transfer is designated by separate and distinct groups of accounts. Such groupings ensure that cash transfers in equal cash transfers out.

Entries for cash transfers in support of General Fund appropriation transfers are created by DOA's General Accounting Unit on a General Ledger Journal and posted in Cardinal. For appropriation transfers involving only nongeneral funds, the agency is responsible for initiating the transfer of cash.

### General Fund Cash Transfers

When the General Fund appropriation transfers are submitted to Cardinal, DOA's General Accounting Unit will process the cash transfers via a General Ledger Journal and post them in Cardinal. No other agency action is required to effect the transfers. Appropriation transfers involving General Funds occur as follows:

1. Transfers within fund 01000,
2. Transfers between fund 01000 and 03000 (the E & G transfer), and
3. Transfers between fund 01000 and nongeneral funds (excluding transfers to fund 03000).


The accounts for cash transfers in support of appropriation transfers are:

#### Cash Transfers

| <b>(Appropriation Related)</b>        | <b>Account</b> | <b>Description</b>       |
|---------------------------------------|----------------|--------------------------|
| General Fund to/from                  | 609960         | Cash Transfer <b>In</b>  |
| General Fund                          | 609970         | Cash Transfer <b>Out</b> |
| General Fund to/from                  | 609690         | Cash Transfer <b>In</b>  |
| Higher Education Operating            | 609700         | Cash Transfer <b>Out</b> |
| Fund (03000 only, the E & G transfer) |                |                          |
| General Fund to/from                  | 609840         | Cash Transfer <b>In</b>  |
| Nongeneral Fund                       | 609850         | Cash Transfer <b>Out</b> |
| (excluding transfers to fund 03000)   |                |                          |

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## Cash Transfer Processing, Continued

### Nongeneral Fund Cash Transfers


Appropriation transfers between or within nongeneral funds and/or HEOF (03XXX funds) are processed by DPB through the PB System, which transmits the transfers to Cardinal. However, cash is not transferred automatically by Cardinal. The movement of cash in support of nongeneral fund and/or HEOF (03XXX funds) appropriation transfers is the responsibility of the agency(ies) requesting the transfer. Appropriation transfers involving nongeneral funds occur as follows:

1. Transfers within nongeneral funds (excluding fund 03XXX).
2. Transfers between nongeneral funds (excluding fund 03XXX) and fund 03XXX.
3. Transfers within fund 03XXX.

The accounts for cash transfers in support of appropriation transfers are:

| <b>Account</b> | <b>Description</b>                       |
|----------------|--|
| 609820         | Cash Transfer <b>In</b> – <b>Non GF</b>  |
| 609830         | Cash Transfer <b>Out</b> – <b>Non GF</b> |

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## Cash Transfer Processing, Continued

### Agency Cash Transfer Entries

When it is necessary to transfer cash to support appropriation transfers between or within nongeneral funds, or between or within Higher Education Operating Funds (03XXX), or between nongeneral funds and Higher Education Operating Funds (03XXX), the following entries must be completed:

| <u>Fund</u>                        | <u>Transaction Description</u> | <u>Account</u> |               |
|------------------------------------|--------------------------------|----------------|---------------|
|                                    |                                | <u>Debit</u>   | <u>Credit</u> |
| Nongeneral or HEOF<br>(fund 03XXX) | Cash Transfer <b>In</b>        | 101010         | 609820        |
| Nongeneral or HEOF<br>(fund 03XXX) | Cash Transfer <b>Out</b>       | 609830         | 101010        |

When the transfer is within one agency or between agencies where the preparer has Cardinal security for both agencies (controlled agency), a General Ledger Journal can be completed by the preparer for the transfer. (See CAPP – Cardinal Topic No. 20410 – *Intra-Agency Transactions*). If the transfer is not within one agency or between controlled agencies, the agencies involved must submit the entries to DOA for input to Cardinal using an Agency to Agency General Ledger Journal. (See CAPP – Cardinal Topic No. 20405—*Inter-Agency Transactions*).


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**Cash Transfers Required by the Appropriation Act or the Code of Virginia**

Cash transfers, not involving appropriation transfers, required by Part 3 of the Appropriation Act, will be initiated by DOA. DPB will supply DOA a list of balances to transfer from each agency to effect the requirements of Part 3 of the Act. (Any questions concerning these balances should be addressed to your budget analyst at DPB.) When an agency has responsibility for effecting any transfer mandated by the Appropriation Act (other than Part 3) or the *Code of Virginia*, a written request should be submitted to DOA. DOA will make the necessary transfer entries as follows:

| <u>Business Unit</u> | <u>Fund</u> | <u>Transaction Description</u> | <u>Account</u> |               |
|----------------------|-------------|--------------------------------|----------------|---------------|
|                      |             |                                | <u>Debit</u>   | <u>Credit</u> |
| 99700                | 01000       | Cash Transfer <b>In</b>        | 101010         | 609860        |
| Any Agency           | Any Fund    | Cash Transfer <b>Out</b>       | 609870         | 101010        |

In those instances where a cash transfer required by the Act or Code goes from the General Fund to a State agency, the entries above are reversed.

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## Revenue Transfers

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### General Overview

Occasionally, it may be necessary to transfer revenues between agencies, funds and/or account codes to correct an error or distribute revenues properly. In each case the appropriate account codes must be used. All revenue transfers must be two-sided entries and total revenues in Cardinal must remain unchanged. For example, in the transfer of revenue between agencies, the transferring agency will have a reduction in revenue and a credit to cash, while the receiving agency will have an increase in revenue and a debit to cash. This would be completed using an Accounts Payable voucher for the transferring agency and a Deposit for the receiving agency in Cardinal.

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## Appropriation and Cash Transfer of Federal Funds

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### Appropriating and Recording Federal Funds

Federal funds should be appropriated and expended once. Further, the agency which records the revenue should record the revenue estimate.

DPB uses two methods for appropriating and recording revenue estimates for federal funds. If the subgrantee agency receives money from the same federal grant each year, the appropriation and revenue estimate should be recorded by the subgrantee. If the subgrantee agency receives federal funds not in a uniform pattern, the appropriations and revenue estimates are recorded in the grantee agency. In the former case, only cash is transferred. In the latter case, both appropriations and cash are transferred.

In this manner, pass through monies between State agencies are not recorded as expenditure by the grantee agency and revenue by the subgrantee or expenditure refund by the subgrantee. Therefore, revenue estimates and revenue is recorded once and only one State expenditure is recorded--the expenditure for actually performing the grant activity (grant to locality or purchase of good or service).

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## Expenditures Without Normal Appropriation and Allotment

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**Policy** No payments for an agency will be processed unless the accounts maintained by the Department of Accounts for the agency reflect legal appropriations, sufficient allotments and available cash. Obligations of appropriations may not be incurred prior to approval of funding by the Department of Planning and Budget (DPB). The General Provisions of the Appropriation Act has further information on this requirement.

In some cases, an appropriation to an agency occurs outside the normal appropriation process through DPB. This occurs when an agency is authorized in the Appropriation Act to incur expenditures without appropriation because operational costs of the program are paid solely from charges to other agency programs. DOA will make special provisions to allow that agency to process expenditures without an appropriation.

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**Action** Notify the DOA Contact if your agency has been authorized in the Appropriation Act to incur expenditures without an appropriation. Include in your correspondence the Agency, Fund and Program which need these special provisions to allow expenditures to process.

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## Financing Capital Projects Through Bonds

### Debt Funds

Capital projects funded with debt are established within the 08XXX fund classifications. DOA created these so that the Cardinal classifications are the same as those in the Comptroller's annual report. These funds will allow DOA to segregate debt service payments and construction expenditures of the capital project from operating expenditures. The fund codes are as follows:

| <b>Debt</b>                   | <b>Principal/Interest Payments</b> | <b>Construction Costs</b> |
|-------------------------------|------------------------------------|---------------------------|
| 9(b)                          | 01000                              | 08111                     |
| 9(c)                          | 08120                              | 08130                     |
| 9(d)                          | 08140                              | 08150                     |
| VCBA-21 <sup>st</sup> Century | 01000                              | 08170                     |
| VPBA                          | 01000                              | 08200                     |

The 9(c) and 9(d) debt is authorized in the Appropriation Act while 9(b) debt is authorized under a separate bond act whose passage is contingent upon voter approval.

### How to Record Construction Codes


The appropriations per Part 2, Capital Projects, of the Appropriation Act, including the 9(b) bond projects, will be recorded in the appropriate "Construction Costs" fund. Only construction costs shall be recorded in the construction cost fund.

### How to Record Principal and Interest Payments

Agencies who have received an appropriation in an operating program and fund for principal and interest payments shall submit a Budget Execution Request to transfer that operating appropriation, by program and fund, to the appropriate "Principal/Interest Payments" fund in the PB System. In subsequent fiscal years, agencies should establish this appropriation initially in their "Principal and Interest Payments" fund. Principal and interest payments should be recorded against that operating program in funds 08120 or 08140 for 9(c) and 9(d) debt. Cash can be transferred from another fund, such as 03060, Auxiliaries.

Since the principal and interest payments of 9(b) and VCBA and VPBA debt are funded centrally with general fund appropriations, those expenditures will be recorded in fund 01000.

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## Financing Capital Projects Through Bonds, Continued

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**How to  
Establish the  
Funds in  
Cardinal**

DOA will establish the funds (both "Principal/Interest Payments" and "Construction Costs") for all capital projects in Part 2, Capital Projects. DOA will also establish the funds for those capital projects initiated through bond acts (acts other than the Appropriation Act).

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## Surplus and Recyclable Materials


**Surplus** The following funds have been established to record deposits for surplus supplies and equipment:

| <b>Fund</b> | <b>Description</b>   |
|-------------|--|
| 02870       | Surplus supplies and equipment purchased with general fund appropriations by agencies other than institutions of higher education.   |
| 0X880       | Surplus supplies and equipment purchased with nongeneral funds by agencies other than institutions of higher education.  |
| 03870       | Surplus supplies and equipment purchased by institutions of higher education from monies in fund 03000.  |
| 03880       | Surplus supplies and equipment purchased by institutions of higher education from monies in fund codes in the Higher Education Operating fund (fund 03XXX), excluding funds 03000 and 03010. |
| 10880       | Surplus supplies and equipment purchased with federal funds (including 03010, 04010, 07011) by all agencies, including institutions of higher education.                                     |

The deposits are made into these funds in accordance with the policies of the *Code of Virginia*, the Appropriation Act, and the guidelines of Department of Accounts and Department of General Services dated October 31, 1997, titled "Revised Surplus Property Procedures." Such deposits may be appropriated in accordance with guidance in the Act and in the above referenced document.

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## Surplus and Recyclable Materials, Continued


### Surplus Real Property

The following funds have been established to record deposits for surplus real property:

| <b>Fund</b> | <b>Description</b>  |
|-------------|---|
| 02850       | Surplus real property purchased with general fund appropriations by agencies other than institutions of higher education.   |
| 0X890       | Surplus real property purchased with nongeneral funds by agencies other than institutions of higher education.  |
| 03850       | Surplus real property purchased by institutions of higher education from monies in fund codes in the Higher Education Operating Fund (fund 03XXX), excluding funds 03000 and 03010. |
| 10890       | Surplus real property purchased with federal funds by all agencies, including institutions of higher education (fund 03010).  |

The deposits are made into these funds in accordance with the policies of the *Code of Virginia*, the Appropriation Act, and the guidelines of the Department of Planning and Budget dated September 3, 1990, titled "Disposition of Proceeds of Sale of Surplus Real Property." Such deposits may be appropriated in accordance with guidance in the Act and in the above referenced document.

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## Surplus and Recyclable Materials, Continued

### Recyclable Materials

Fund XX860, Proceeds from Sales of Recyclable Materials, shall be used by all agencies to code expenditures made from the proceeds of the sale of recyclable materials. The fund code will match the code used for the deposit of revenues from recyclable materials. (All deposits shall be made to account code 4009991, Recyclable Materials Revenue.) For clarification, the following guidance is provided:

| <b>Funding Source</b>         | <b>Deposit of Proceeds</b> |
|-------------------------------|----------------------------|
| 01000                         | 02840                      |
| 02XXX                         | 02860                      |
| 03000                         | 03840                      |
| 03010 (federal)               | 10860                      |
| 03XXX (excluding 03000,03010) | 03860                      |
| 04XXX (excluding 04010)       | 04860                      |
| 04010 (federal)               | 10860                      |
| 05XXX                         | 05860                      |
| 06XXX                         | 06860                      |
| 07XXX (excluding 07011)       | 07860                      |
| 07011 (federal)               | 10860                      |
| 08XXX                         | 08860                      |
| 09XXX                         | 09860                      |
| 10000                         | 10860                      |

The deposits are made into these funds in accordance with the policies of the *Code of Virginia*, the Appropriation Act, and the guidelines of the Department of Accounts and the Department of General Services dated October 31, 1997, titled “Revised Surplus Property Procedures.” Such deposits may be appropriated in accordance with guidance in the Act and in the above referenced document.

|   |                 |  |
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## Internal Control

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### Internal Control

These procedures provide the agency with control over their expenditures.

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## Records Retention

### Records Retention

Agencies should maintain internal records for a minimum of three years or when audited for the expenditure of State funds. The expenditure of federal funds may require the maintenance of records for a longer period of time. Please consult with the applicable federal cognizant agency for this information.

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## Contacts

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### Contacts

Director, General Accounting  
Voice: (804) 225-2376  
E-Mail: [gacct@doa.virginia.gov](mailto:gacct@doa.virginia.gov)

Agency's designated Budget Analyst within the Department of Planning and Budget.

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## Subject Cross References

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### References

CAPP - Cardinal Topic No. 20405—*Inter-Agency Transactions*

CAPP - Cardinal Topic No. 20410—*Intra-Agency Transactions*

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