

Comptroller's Directive No. 1-15
Attachment 6C
Leave Liability Statement – Non-CIPPS, Non-TAL, and Hybrid Users

Purpose This attachment is used to accumulate leave liability information for recording compensated absence liabilities in accordance with GAAP. This attachment is similar to prior year's Attachment 6C.

Applicable agencies All agencies and funds with compensated absence liabilities for all employees that are **not** included on a financial statement template must complete Attachment 6A, 6B **or** 6C as follows:

- Attachment 6A – agencies that use CIPPS for **all** employees
- Attachment 6B – agencies that use TAL for **all** employees
- Attachment 6C – agencies that DO NOT use either CIPPS or TAL for **all** employees, **OR** agencies that are considered “hybrid” agencies using a combination of CIPPS/TAL and NonCIPPS / nonTAL

Questions For questions or to request detailed training from an analyst, please contact: AttachmentAnalyst@doa.virginia.gov.

Please reference the attachment number in the subject line of the e-mail.

Due date **July 23, 2015**

Data entry Only cells highlighted in yellow allow for data entry. Error messages in cells are intended to alert preparers that established parameters are not being followed. **Failure to correct Errors or provide answers to all required questions prior to submission will prohibit acceptance of the attachment. Selected cells requiring a response will be populated with an “Answer Required” message until a response is entered.**

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Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. **By typing a name, the preparer is certifying that all of the questions have been completed and are accurate; the reviewer is certifying that the attachment has been reviewed and is complete and accurate; the preparer and reviewer were not the same individual for any tab; and the preparer and reviewer have read and understood the instructions for completing the attachment. If agency staffing does not allow for a different preparer and reviewer, please contact DOA.**

Submission requirements

Contact DOA if the agency has any problems with the spreadsheets.

After downloading the files, rename the spreadsheet file using the agency number followed by Att6. For example, agency 151 should rename its Attachment 6C.xlsx file as 151Att6C.xlsx.*

Submit the Excel spreadsheet electronically to finrept-agyatt@doa.virginia.gov.

Please include **Agency Number** and **Attachment Number** in the **subject line** of the submission e-mail.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the contact information in all but the first tab in each attachment/template has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

***Note: This attachment is in the Excel 2007 version (.xlsx). If the institution has an earlier version of Excel, the file can be saved in the earlier version (.xls). If the institution has an earlier version of Excel and has problems opening the file, DOA can provide the attachment saved in an earlier version of Excel (.xls).**

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**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log](#) tab in the attachment Excel file.**

Enter the revision date, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the [Revision Control Log](#).

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Include “**REVISED – date**” in the **subject line** of the submission e-mail as well as in the **file name**. Resubmit the revised attachment; and ensure that the [Revision Control Log](#) tab has been completed.

Each time a revision is submitted, the [Certification](#) tab should be updated with new signatures and dates.

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Definitions

Current Leave Liability – The portion of accrued leave liability associated with employees who were terminated on or before June 24, 2015, and who will not be paid for compensated leave until after June 30, 2015.

Long-term Leave Liability – The liability for accrued annual, sick or disability credits, compensatory, overtime, on-call leave, recognition, and applicable sabbatical leave for all leave-eligible employees employed by the Commonwealth on June 25, 2015.

- **Long-term Leave Liability Due Within One Year** – The portion of long-term leave liability that is due within one year after the fiscal year-end. For fiscal year 2015, it is the liability due by June 30, 2016.
- **Long-term Leave Liability Due Greater Than One Year** – The portion of long-term leave liability that is due after June 30, 2016.

Note: **Current leave liability is based on actual amounts owed and is reported on the modified accrual basis of accounting whereas long-term leave due within one year is an estimate of leave to be paid and/or used within one year after fiscal year-end and is reported on the full accrual basis of accounting.**

For governmental funds, only the current leave liability (as defined above) should be reported in the fund statements. The long-term amount due within one year and the long-term amount due greater than one year should be reported in the government-wide statements.

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[GASBS No. 16 requirements](#)

GASBS No. 16, *Accounting for Compensated Absences*, requires the accrual of compensated absence liability, regardless of fund type. Leave liability should include the following:

- Employer's share of Social Security and Medicare taxes on all accrued compensated absences
- Termination payments for sick leave or disability credits limited to the lesser of 25% of leave earned or \$5,000
- Other leave earned such as sabbatical leave (if unrestricted in nature), on-call, overtime, compensatory, and recognition leave that has not been used by or paid to the employee
- Employer contribution payments made to defined contribution or cost-sharing multiple employer defined benefit pension plans, if associated with service

Note: Executive leave should be excluded since it does not accrue or carry over to the following year.

Impact of Virginia Sickness and Disability Program (VSDP)

For those employees who participate in the VSDP and converted sick leave balances to Virginia Retirement System service credit, the accrual for compensated absences will no longer include an amount for sick leave.

However, for those employees who participate in the VSDP and converted sick leave balances to disability credits, the accrual for compensated absences **will include an amount for disability credits**. The calculation of this amount should result in the same amount as would have been calculated for sick leave had these employees remained in the non-VSDP sick leave program. The sick leave or disability credits liability is limited to the lesser of 25% of leave earned or \$5,000.

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Functional codes defined

Functional codes are the first number in every service area. For example, service area 1031000 “Community Services” would fall under the “Education” function. Each functional code and its corresponding description are below.

- 1-Education
- 3-Administration of Justice
- 4-Individual and Family Services
- 5-Resources and Economic Development
- 6-Transportation
- 7-General Government

General information and summary of attachment

Information should only be entered in yellow cells. Validation fields have been created to ensure agreement between appropriate amounts reported on each page. If “Answer Required” messages are displayed, please revise the information as required to eliminate the messages.

The leave attachment is comprised of the following:

Tab	Information
Tab 1	<ul style="list-style-type: none">• Contact Information• Questions A-D
Tab 2	<ul style="list-style-type: none">• Part 1 – Total leave liability amount NOT on CIPPS or TAL• Part 2 – Non-CIPPS / Non-TAL Total Leave Liability Due within One Year and Due Greater than One Year• Part 3 – Non-CIPPS / Non-TAL <u>GASBS No. 34</u> Footnote Disclosure
Tab 3	<ul style="list-style-type: none">• Variance Analysis
Tab 4	<ul style="list-style-type: none">• Certification
Tab 5	<ul style="list-style-type: none">• Revision Control Log

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Completing the contact information

It is only necessary to enter the contact information on **Tab 1 Questions**. All agencies should enter the agency number and complete the remaining contact information. For your convenience, the contact information on the remaining tabs is linked to **Tab 1 Questions**; however, the cells on the remaining tabs are unlocked to allow keying of different information if necessary.

The agency name and prior year total leave liability will be populated automatically when the agency number is keyed.

Completing Tab 1 Questions

All agencies and funds with leave liability that are not included on a financial statement template that do not use CIPPS or TAL exclusively for all employees must answer ALL of the questions on Tab 1 Questions to determine what parts of the attachment must be completed. The part(s) that must be completed are determined by yes/no answers to the questions and these instructions are included on the excel attachment. Use the drop-down lists to select Yes or No.

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**Completing
Tab 2
NonCIPPS
NonTAL,
Part 1**

Perform the following steps to calculate leave liability for employees:

Note: Agencies with leave liability not on CIPPS or TAL must consider maximum payouts for annual and traditional sick leave when computing leave liability.

Step	Action
1	Determine the leave balance at June 24 for each employee, using the agency's records. Leave should include annual, compensatory, overtime, on-call, 25% of sick or disability credits , recognition leave, and applicable sabbatical leave.
2	Determine each employee's hourly rate by dividing the annual salary at June 24 by standard full-time hours of 2,080.
3	Multiply the hours for each leave category by the hourly rate. (See special instructions on Page 5 for sick leave or disability credits.)
4	Calculate and include employer's tax payment for Social Security and Medicare on the leave liability. Based on individual employee salaries, Social Security is 6.2% on a maximum salary base of \$118,500 and Medicare is 1.45% on all salaries.
5	Compute additional leave liability for sabbatical leave and any pension contributions if applicable. (Since VRS is an agent multiple-employer defined benefit plan, no additional accrual is necessary for VRS contributions.)
6	Allocate the leave liability for each employee to the appropriate funds based on the total salary provided by each fund/fund detail and function. (Functions are described on Page 6.)
7	Aggregate the information at the agency level.
8	Enter the total leave liability by Agency, Fund Detail, and Function in Steps 1 through 4.
9	Determine if any of the total entered in Step 4 represents current leave liability (leave liability amount for employees terminated on or before June 24, 2015, but will not be paid for the leave until after June 30, 2015). Enter any current leave liability in Step 5. The long-term leave liability will be automatically calculated in Step 6.
10	Retain copies of all computations for review by auditors.

Note: Do not confuse current leave liability with leave liability due within one year. The agency must calculate leave due within one year in Part 2 for amounts NOT on CIPPS or TAL.

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**Completing
Tab 2
NonCIPPS
NonTAL,
Part 2**

Manually calculate Part 2: Non-CIPPS / Non-Tal Amount Due Within One Year and Due Greater Than One Year. The total leave liability NOT on CIPPS or TAL was already entered in Part 1 (Step 4). **GASBS No. 34** requires that this amount be reported on the Government-wide Statements in two line items: (1) amount due within one year and (2) amount due in greater than one year. Agencies must manually calculate the portion that is due within one year.

The U007 and U008 Leave Reports may be used to complete Part 2 of **Tab 2 NonCIPPS NonTAL** in certain instances.

Leave liability becomes due upon the occurrence of relevant events such as resignations and retirements. These events cannot be known reliably in advance so the amount due within one year must be estimated.

Perform the following steps to calculate the amounts due within one year.

Step	Action
1	Project the number of annual and sick leave hours that will be accrued in the next fiscal year (July 1, 2015, to June 30, 2016) for each employee and in total.
2	Determine each employee's hourly rate by dividing the salary rate at June 24, 2015, by standard full-time hours of 2,080.
3	Multiply the projected hours in Step 1 for each leave category by the hourly rate.
4	Calculate a percentage for annual leave hours used and paid out compared to annual leave hours accrued. For those employees in the traditional sick leave program, calculate a second percentage for sick leave hours used and paid compared to sick leave hours accrued. (For example, agency XYZ used and/or paid out 1,000 hours of annual leave. The annual leave hours earned for agency XYZ were 4,000. Therefore, the percentage factor for agency XYZ annual leave usage would be 25%.) This calculation can be done on a fiscal year or calendar year basis using historical data.
5	Multiply the percentages for annual and sick leave usage in Step 4 by the projected annual and sick leave liabilities calculated in Step 3.
6	Aggregate the information for annual and sick leave in total. This is the amount due within one year.
7	Adjust the long-term leave liability for the amount due within one year.
8	Retain copies of all computations for review by DOA and APA.

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**Completing
Tab 2
NonCIPPS
NonTAL,
Part 3**

The following information is required footnote disclosure under **GASBS No. 34**.

- Beginning Balance – should equal the prior year ending balance.
- Increases – use the projected amount calculated in Part 3, Step 3 from the prior year or actual current year information.
- Decreases – calculated amount since other three amounts are known.
- Ending Balance – should equal the total current year leave liability calculated.

DOA realizes the projected leave liability amounts are being used as current year increases. (Agencies may calculate increases based on actual current year information.)

**Completing
Tab 3 Variance
Analysis**

The total leave liability amounts entered in **Tab 2 NonCIPPS NonTAL** are summed in **Tab 3 Variance Analysis**. This amount is compared to the prior year ending balance which was entered automatically when the agency number was selected.

Provide an explanation in the yellow boxes if the variance between current and prior years meets the following criteria:

1. Current leave liability variance is \$200,000 **AND** 10% **or** greater than 75% regardless of the dollar amount
 2. Long-term leave liability variance is \$2,000,000 **AND** 10% **or** greater than 75% regardless of the dollar amount
 3. For both current or long-term leave liability, if either current year or prior year balance is zero but there was a balance in the other year (i.e., a 100% variance)
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