

Comptroller's Directive No. 1-18
Attachment 6B
Leave Liability Statement – TAL 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 6B.

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 (includes agencies using both CIPPS and TAL)
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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 26, 2018

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 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 Att6B. For example, agency 151 should rename its Att6B_TAL.xlsx file as 151Att6B.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.

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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, 2018, and who will not be paid for compensated leave until after June 30, 2018.

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, 2018.

- **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 2018, it is the liability due by June 30, 2019.
- **Long-term Leave Liability Due Greater Than One Year** – The portion of long-term leave liability that is due after June 30, 2019.

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 not 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 liability is limited to the lesser of 25% of the disability credit balance or \$5,000.

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Function codes defined

Function codes are the first number in every program. For example, program/service area 103010 “Community Services” would fall under the “Education” function. Each function 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
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Social Security and Medicare taxes

The TAL reports have been modified to include the Social Security (6.2% on a maximum salary base of \$128,400) and Medicare taxes (1.45%, no salary limit) on the accrued leave.

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-C
Tab 2	<ul style="list-style-type: none">• TAL
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 use TAL 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.

**Completing
Tab 2 TAL**

DOA has extracted leave data from the TAL file. This data is provided in the **TAL Leave Liability Spreadsheet** file posted on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.

Note: The file will not be available on the website until mid-July 2018.

The **TAL Leave Liability Spreadsheet** file has been modified to combine various reporting funds (i.e., 0100 and 1100, 0200 and 2200). In addition, funds 10XX, 12XX, and 13XX are used to report federal stimulus funds and are combined as Fund 1000. Also, if any leave liability amounts were coded to capital outlay (function code 9), these amounts have been combined with the most predominant expenditure functional code used by the agency.

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Completing Tab 2 TAL (continued)

Determine whether any adjustments are required to correct the total shown on the **TAL Leave Liability Spreadsheet**. Consider the following items to determine whether the amounts are accurate:

- Did the agency receive leave slips for absences on or before June 24, 2018, that were not processed in TAL? The following exceptions **do not** require adjustments:
 - Leave slips for absences during June 25, 2018, through June 30, 2018
 - Late leave slips for leave taken prior to June 25, 2018
 - Will the agency have payouts to terminated employees paid after June 24, 2018, but prior to July 1, 2018?
 - Does the agency have additional leave liability for sabbatical leave or non-VRS pension contributions not accounted for in TAL?
1. Make the necessary adjustments based on the questions above and complete Steps 1 through 4, aggregating totals by fund.
 2. 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, 2018, but will not be paid for the leave until after June 30, 2018). Enter any current leave liability in Step 5. The long-term leave liability will be automatically calculated in Step 6.

Note: Do not confuse current leave liability with leave liability due within one year. DOA will calculate the leave liability due within one year for all leave amounts on TAL.

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**Completing
Tab 3 Variance
Analysis**

The total leave liability amounts entered in **Tab 2 TAL** 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 \$617,000 **AND** 10% **or** greater than 75% regardless of the dollar amount
 2. Long-term leave liability variance is \$4.3 million **AND** 10% **or** greater than 75% regardless of 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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