DATE: July 20, 2018

TO: State Agency CFOs

FROM: Ron C. Spilman

SUBJECT: FCD Memo – FY19-006 – Pay-Period Ending July 13 and Payroll Distribution Between Fiscal-Years

For the pay period ending July 13, there was one day that fell within fiscal year 2018. As the first day of each new pay period falls on a Saturday, most, 98%, of employee’s payroll cost was attributable and recorded to FY19. However, there were situations, described below, where work was performed in or cost was allocated to fiscal year 2018. Those unique instances and the allocation logic used to apportion cost between fiscal years are discussed in more detail below. For the PPE July 13, 1.2 million dollars of the payroll cost was recorded as a FY18 expense.

Employees Terminating in FY18

Employees who left state employment between June 16 and June 29, had their accrued vacation and eligible banked sick time, recognized as an expenditure on their date of departure. Accrued vacation and sick time represent benefits earned for services previously rendered. The general recognition rule for fund accounting is that any expenditure and related liability of the period is recorded as a fund expenditure and liability unless it is un-matured liability in which case it is classified as a general long term liability. As a corollary, employees terminating in FY18, should not be included in the year-end compensated absences calculation, as their cost should be recognized as a fund expenditure in FY18.
Employees in Compensatory Time Work-groups – with reported time occurring on June 30

Allocation of payroll cost between fiscal years for employees entitled to compensatory time off is calculated using number of hours worked/reported in fiscal year 2018 as the numerator and eighty hours as the denominator.

Employees in Paid Overtime Work-groups – with reported time occurring on June 30

Allocation of payroll cost between fiscal year for employees entitled to paid overtime is calculated using number of hours worked in fiscal year 2018 as the numerator and the total hours worked plus holiday as the denominator (>80 hours).

Compensated Absences

Since the state employs a bi-weekly payroll, there will not be a compensated absence balance as of June 30 produced by SHARE, however for the most part, the pay-period ending June 29 balance will not be materially different and in most cases would be identical to June 30 run. Therefore, agencies should use information generated out of that payroll to calculate their compensated absences. Additionally, employees who terminated on or prior to June 29 should be excluded from the calculation as their cost should be part of the FY18 salary cost.

Helpful Hint: Within HCM there is a public query titled ACCTG_LINE_DETAILS, that will provide employee level detail. The run date for PPE July 13 is July 18.