



County Technical Assistance Service  
INSTITUTE *for* PUBLIC SERVICE

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# Leave, Sick and Compensatory Time Liability Reporting

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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## Leave, Sick and Compensatory Time Liability Reporting

Reference Number: CTAS-1990

A county will have to adopt written personnel policies addressing paid time off. Paid time off includes vacation, sick, and compensatory (comp) time. A policy should address the rate that time off is accrued, the maximum amount of time that each individual employee is able to accrue, and what type of leave is guaranteed to be paid upon termination or retirement of an employee.

While there is no state or federal law requiring that vacation or sick leave be provided for county employees, management should note that federal labor laws require accrued comp time to be paid out in full to employees upon retirement or termination. Comp time accrues at one and one-half hours for each hour of overtime worked, and the maximum amount of comp time that can be accrued by an individual employee in public safety, emergency response, or seasonal activities is 480 hours, which represents 320 hours of overtime actually worked.

Employees in other types of job classifications can accrue up to a maximum of 240 hours of comp time, which represents 160 hours of actual overtime worked. Comp time accruals for individual employees should never exceed these maximum amounts. See [Employee Leave](#) under the [Personnel](#) topic for more information on the legal aspects of paid time off.

Once a county adopts a written personnel policy addressing paid time off, county management will have to prepare an annual report that presents accumulated dollar values by function for all leave, sick, and comp time if guarantee payment provisions for this paid time off exist in the county's personnel policy. The annual report must present the beginning of fiscal year accumulated leave, sick, and comp time liability balances, amount of time earned by employees during the current fiscal year, amount of time used by employees during the current fiscal year, and the end of year accrued time liability. Management also will have to provide an accurate estimate of the amount of time off that will be expensed in the next fiscal year. [Sample Leave Accrual Spreadsheet](#).

Note:

One of the most common and avoidable mistakes that some counties make when preparing the annual accrued time off report is to use a beginning of current year (July 1) balance that is different than the prior fiscal year's ending balance (June 30). These amounts should always be the same. If a prior period correction is needed, make the adjustment in the current fiscal year and make your auditors aware of this adjustment.

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