

# GASB Statement 101 Compensated Absences



# Presenter Information

- Name: Ryan Montgomery
- Title: Assistant Audit Manager
- Organization: SAO
- Email: [montgomeryr@sao.wa.gov](mailto:montgomeryr@sao.wa.gov)



# Presenter Information

- Name: Paul Stone
- Title: Supervisor, Accounting
- Organization: OSPI
- Email: paul.stone@k12.wa.us



# GASB 101 – Compensated Absences

## Today's Topics

- All the Concepts
- Calculating the Liability
- Questions



# GASB 101 – Compensated Absences

## Current Guidance – Handout

- Effective for the current 2024–25 fiscal period
  - This is already in the Accounting Manual
- Applies a uniform criteria to all types of leave
  - Such as sick leave, vacation, PTO
- Uses a “more likely than not” (MLTN) (50% or more) threshold
- Reported on the Schedule of Long-Term Liabilities
- Note Disclosure Required





# GASB 101 – Compensated Absences

- A **compensated absence** is leave for which employees may receive:
  - Cash payments when the leave is used for time off;
  - Other cash payments, such as payment for unused leave upon termination of employment; or
  - Noncash settlements, such as conversion to defined benefit postemployment benefits.



# GASB 101 – Compensated Absences

- Compensated Absences **Liability** is reported for leave that has not been used and:
  - Attributable to services already rendered
  - Accumulates
  - 50% likelihood the leave will be used for time off or otherwise paid in cash, or settled through noncash means



# GASB 101 – Compensated Absences

Compensated absences liability **does not** include:

- Vacation or sick leave that does not roll over each year
- Unlimited leave
- Paid absences dependent upon the occurrence of a sporadic event
  - (parental, military, jury duty, bereavement) **unless leave has commenced**
- FMLA
- PFMLA **unless self-insured and leave has commenced**
- Future holiday pay taken on specific days (ex. Christmas)





# GASB 101 – Compensated Absences

## **Salary-related Payments:**

- The liability should also reflect salary-related payments directly and incrementally connected with leave payments to employees.
- The portion of the liability that is for salary-related payments should be measured using the rates in effect as of the date of the financial statements.



# GASB 101 – Compensated Absences

## Salary-related Payments:

- Includes:
  - Payroll taxes, employer share of Social Security and Medicare taxes (FICA)
  - Health saving accounts (HSAs), flexible spending accounts (FSAs)
  - Defined contribution pension and Other Postemployment Benefits (OPEB) contributions



# GASB 101 – Compensated Absences

## Salary-related Payments:

- Excludes:
  - Defined benefit pension/OPEB contributions (DRS plans)
  - Employer healthcare contributions



# Calculating the Liability

- First things First
- Things to be Aware of
- Historical Analysis of Leave Usage
- The Compensated Absences Liability Tool
- EOY Employee Sick Leave Balance Report
- Average Rate of Pay



# Questions

- Hoping to write down all your questions.
- We will answer as best we can — but nothing official...
- All questions will be reviewed by SAO – They are fielding questions from other local governments.
- We will compile a Q & A and make it available after an SAO review process.

