Compensated Absences

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1

Compensated Absences-Where did we start?

- Established a basic methodology based on interpretation of Statement 101
  - Challenging with lack of clear guidance

- Focus on Beginning Balance for 7/1/24 and providing trend analysis back 3 years

- Met with External Auditors to discuss strategy
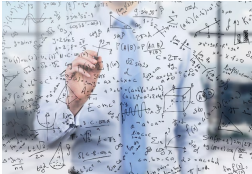
- Originally focused on proving materiality

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2

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- Started by pulling three year's worth of sick leave data (FY21/22/23)
  - Establish trend and average sick usage
  - Pulled data by departments
  - Did not focus on individuals

- Initially focused on applying a percentage of sick leave used to an ending balance. We pivoted after reviewing the data.

- Need to factor in several components: Vacation rolled into sick, retirements, terminations, and rollover to other government agencies.

- Need to factor leave policies (i.e. Parental leave, Add'l Sick Leave, etc)

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3

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- Sick leave data trends
  - Much higher sick leave use than anticipated
  - Average 69 hours per employee, 70.43% of annual accrual based on 96 hours
  - Wake has roughly 4,900 employees and annually use on average 285K hours of sick leave
- Accrued balances at 6/30/2024 – over 2 million hours
- Using our data, we proved that employees use less sick time than they accrue each year
- Sick hours overall increase annually. The accrued balance then goes toward:
  - Retirement
  - Transfer to other government
  - Forfeited

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4

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- Conclusion and Next Steps
  - Current resources satisfy current liability if sick leave usage is less than annually accrued.

    OUT OF OFFICE

  - Submitted methodology write-up to auditors and support files
  - Do not plan to book a liability

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5