

KLASAP COUNTY CONSOLIDATED HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 5 - COMPENSATED ABSENCES

For the fiscal year ending June 30, 2000, the Housing Authority recorded liabilities for compensated absences as required by GASB Statement No. 16 "Accounting for Compensated Absences." Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees, if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits, through paid time off or some other means, such as cash payments at termination or retirement.

Permanent employees of the Housing Authority earn vacation time in accordance with length of service. A maximum of 360 hours may be accumulated and, upon termination, employees are entitled to compensation for unused vacation. Sick leave may be accumulated up to 1200 hours, but is lost if the employee leaves or is terminated from the Housing Authority. At retirement, employees receive compensation equivalent to 50 percent of their accumulated sick leave. The Housing Authority recorded all accumulated costs associated with compensated absences, including payroll taxes that were accrued by and owed to employees as of June 30, 2000. The additional liability recorded for the fiscal year ending June 30, 2000 was \$86,943.

The compensated absences liability was calculated based on the pay rates in effect at the balance sheet date. Also included is the additional liability for salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. These salary-related payments include the employer's share of social security and medicare taxes and contributions to the retirement plans.

NOTE 6 – DEFERRED COMPENSATION PLAN

The Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The Plan is managed by Aetna Financial Services. Pursuant to GASB Statement 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Housing Authority is not the owner of these assets, the plan assets and liabilities are not reported as part of the Housing Authority.