

Implementation Memo Outline for GASB 101

To: Rolando Cosio, BDO USA, P.C.

From: Shannon Baird, Finance Director, Petersburg School District

Date: 9/11/2025

Subject: Implementation of GASB 101 – Compensated Absences

1. Background

The purpose of GASB 101 is to eliminate comparability issues between governments that offer different types of leave and to improve the recognition and measurement guidance for compensated absences by establishing a unified recognition and measurement model. This affects state and local governments, including school districts.

2. Summary of Requirements

GASB 101 applies to leave for which employees may receive compensation; such as paid time off, unused “cash-out” or “payout” benefit, or conversion to postemployment benefits. Leave that we recognize a liability for must already be earned (accrued), is cumulative (carries forward), and is more than 50% likely to be used or “paid out” in the future. We are to calculate the value of the estimated liability using employees pay rates as of fiscal year end.

3. Impact Assessment

GASB 101 will require additional time commitment to track and properly report. After reconciling end of year leave balances and rolling them forward we will then use a spreadsheet to estimate the liability of leave more likely than not to be used in the future, and in the immediate future (next fiscal year). Our accounting policies won't change, but we will add to our process workload in order to track and report the liability year to year.

4. Implementation Plan

- Timeline for adoption: Petersburg School District (PSD) is adopting GASB 101 for FY25 in full effect.
- Responsible parties: The Finance Director, Shannon Baird, is responsible for tracking and estimating compensated absence liabilities under GASB 101.
- Required system/process changes: After our normal end of year leave balance reconciliation and roll over, we will enter sick leave balances and pay rates in our GASB 101 estimating spreadsheet. Each year PSD finance staff will update the former employee data and the current employee data. The Finance Director will then adjust any outlier former employee data, unreasonable individual current employee estimations, and adjust the total estimation by employee type to account for high turnover rates.
- Training and communication plan: The Finance Director is the sole person at PSD to track and report GASB 101. The new requirements were communicated to the Superintendent and the Board of Education in September, 2025. The Finance Director will communicate and work with PSD's contract auditors yearly in preparation of the financial statements.

5. Conclusion

The implementation of GASB 101 will increase the liabilities stated on PSD's financial statements, decreasing its overall net position. Additionally, it has increased the workload on PSD finance staff, but does not require significant change to our accounting policies or procedures.
