

This operating policy establishes the treatment of accrued Annual and Sick Leave for accounting and auditing purposes.

**A. General Philosophy**

1. For accounting and auditing purposes, it is the policy of the East Niceville Fire District to treat our liability for compensated absences, accrued in accordance with *ENFD Operating Policy 30-02, Annual / Sick Leave*, using the procedures outlined in Section B, following.

**B. Auditing Liability for Compensated Absences**

1. Only those accrued compensated absences expected to be used within the coming fiscal year, and so budgeted for by the ENFD Commission, will be considered as short term liabilities.

a) ENFD budgeting takes into account the best estimate of expenses for compensated absences over the fiscal year, and has historically been very accurate. As such, this methodology produces the most accurate possible forecast of ENFD short term liability with respect to compensated absences.

b) Also, budgets are updated as necessary, including within 60 days after the end of the fiscal year, IAW F.S.189.418, to reflect actual expenditures. Those actuals are used in budgeting for subsequent fiscal years.

2. Additional accrued liabilities based on ordinary leave and sick leave, up to the upper limitations established in *ENFD Operating Procedure 30-02, Annual / Sick Leave*, will be considered as long-term liabilities.

a) The maximum ENFD liability for accrued compensated absences is limited by the individual accrual limitations.