

**Notice No.:** 86-001  
**Date:** February 25, 1986  
**Applies to:** Personnel/Payroll Officer  
**Subject:** Reporting of Compensatory Time

Reference: DRS Notice No. 85-001 dated January 14, 1985

In conjunction with the development of our new transmittal reporting system, employers have expressed concern over the proper procedures to follow in order to report compensatory time cashed out in a lump sum or taken as time off with pay at a later date under the as earned method of reporting compensation, contributions and service by calendar month.

When paid, lump sum compensatory cash outs must be retroactively spread over the months the time was accrued. Member and employer contributions are to be based on the contribution rates in effect at the time the service was rendered. Actual overtime hours worked are to be reported as creditable service as earned by calendar month.

When compensatory time is taken as leave, the time taken for retirement reporting purposes will be treated in the same manner as annual (vacation) leave or sick leave taken. In this case, the contributions rates in effect at the time the leave is taken will be used in the calculation of employee/r contributions. Hours of paid leave are to be reported as creditable service when taken.

To summarize, lump sum compensatory time payments must be reported as earned by calendar month when paid. Compensatory leave taken should be treated in the same manner as other leave taken.

If you have any questions concerning this notice, please contact Mr. Al Leicht at 753-2000 or SCAN 234-2220.

Robert L. Hollister, Jr.  
Director