



Spencerport Central School District

Employee Benefits

2025M-65 | September 2025

Contents

Audit Results 1

 Audit Summary 1

Employee Benefits: Findings and Recommendations. 3

 Finding 1 – District officials did not always ensure separation and unused leave
 payments were appropriately authorized and accurately calculated. 3

 Recommendations 4

Appendix A: Profile, Criteria and Resources. 6

Appendix B: Response From District Officials. 8

Appendix C: Audit Methodology and Standards. 9

Audit Results

Spencerport Central School District



Audit Objective

Audit Period

Did Spencerport Central School District (District) officials authorize and accurately calculate separation and unused leave payments?

July 1, 2023 – May 16, 2025

Understanding the Audit Area

In addition to established wages and salaries, school districts (districts) often provide separation payments to employees for a retirement incentive or all or a portion of their earned but unused leave time when the employee retires or otherwise leaves district employment. Some employees are also eligible for periodic payments of unused leave. These payments are an employment benefit generally granted in collective bargaining agreements (CBAs), individual employment agreements or non-unit benefit agreements authorized by a board of education (board) and can represent significant district expenditures. Therefore, district officials should ensure separation and unused leave payments are authorized and accurate before making payment.

From July 1, 2023 through January 31, 2025, District officials made separation and unused leave payments totaling \$670,439.

Audit Summary

District officials did not always appropriately authorize and accurately calculate separation and unused leave payments, resulting in erroneous payments. This occurred because District officials did not perform an adequate independent review of separation and unused leave calculations and eligibility. Without written procedures to provide guidance and clear expectations, District officials did not implement a practice to review supporting documentation when reviewing and approving the payments. As a result, calculation errors went undetected.

We reviewed separation payments totaling \$357,327 and determined that payments totaling \$48,058 (13 percent) were not appropriately authorized or accurately calculated. As a result, District officials overpaid three employees a total of \$14,213 and underpaid one employee \$77 for separation payments.

We also reviewed unused leave payments totaling \$51,851 and determined that payments totaling \$3,045 (6 percent) were not appropriately authorized or accurately calculated. Therefore, District officials overpaid two employees a total of \$1,715 for unused leave.

Without an adequate review and approval process, District officials cannot provide assurance that future separation and unused leave payments will be appropriately authorized and accurately calculated.

The report includes four recommendations that, if implemented, will improve the District's process for authorizing and calculating separation and unused leave payments. District officials agreed with our recommendations and their response is included in Appendix B.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. Our methodology and standards are included in Appendix C.

The Board of Education (Board) has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of the New York State General Municipal Law, Section 2116-a (3)(c) of the New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Employee Benefits: Findings and Recommendations

District officials should ensure separation and unused leave payments are appropriately authorized and accurately calculated. Therefore, it is critical that staff maintain detailed calculations with supporting documentation for each payment that district officials independently review prior to approval and payment to ensure that calculations are accurate and eligibility requirements are met.

More details on the criteria used in this report, as well as resources we make available to officials that can help officials improve operations (Figure 1), are included in Appendix A.

Finding 1 – District officials did not always ensure separation and unused leave payments were appropriately authorized and accurately calculated.

District officials did not always ensure separation and unused leave payments were appropriately authorized and accurately calculated. We determined the following:

Separation Payments – From July 1, 2023 through January 31, 2025, District officials paid 65 employees who left District employment separation payments totaling \$496,296. We reviewed 30 separation payments totaling \$357,327 and determined that four payments (13 percent) totaling \$48,058 were not appropriately authorized or accurately calculated. As a result, District officials overpaid three employees a total of \$14,213 and underpaid one employee \$77 for separation payments. Specifically:

- District officials paid two employees \$14,000 (\$7,000 each) for retirement incentives that they were not eligible to receive.
 - The Assistant Superintendent for Human Resources (HR) approved one payment that included the \$7,000 retirement incentive in October 2023 despite her July 2022 retirement meeting notes that stated that the employee would not be eligible for the retirement incentive based on the employee's retirement date. This occurred because the meeting notes and other supporting documentation were not reviewed with the separation payment calculation at the time of approval.
- District officials did not obtain the required document, or have other documentation, from the other retiring employee who received the \$7,000 retirement incentive to support that they were eligible for the incentive by retiring in the first year they were eligible to retire, without penalty, from the New York State Teachers Retirement System (NYSTRS), as required by the CBA.
- District officials overpaid an employee \$213 because the attendance clerk incorrectly accrued one vacation day the employee was not eligible for based on the CBA.
- District officials used the wrong daily rate to calculate the separation payment and underpaid an employee \$77.

In addition, of the 19 employees who separated from the District and did not receive a separation payment, we reviewed two employee files and confirmed that the District officials' conclusion that the employees were not entitled to a separation payment was accurate.

Unused Leave Payments – District officials paid 86 employees a total of \$174,143 for unused leave. We reviewed 27 unused leave payments to 15 employees totaling \$51,851 and determined that two payments totaling \$3,045 (6 percent) were not appropriately authorized or accurately calculated. As a result, District officials overpaid two employees a total of \$1,715. Specifically:

- District officials overpaid one employee \$1,637 because they paid five more unused vacation days than the Board-authorized non-unit benefit agreements. Although the Assistant Superintendent for HR and Superintendent of Schools (Superintendent) approved this payment, the Board did not authorize the payment of additional unused vacation days for this employee. The Superintendent told us that he relied on staff to review eligibility because he approved the payment within his first week in the position. However, the Superintendent should ensure that approved payments are consistent with Board-adopted terms and conditions.
- District officials calculated and approved an unused leave payment for half a vacation day for one employee before June 30, 2024, which resulted in a \$78 overpayment to the employee. After we brought this error to their attention, District officials deducted this overpayment from the employee's paycheck on April 15, 2025.

These inappropriately authorized and inaccurate separation and unused leave payments occurred because District officials did not develop written procedures for officials to implement a practice to review supporting documentation when reviewing and approving the payments. This would have provided guidance and clear expectations. The Assistant Superintendent for HR told us that she conducted exit interviews with separating employees and reviewed separation payment calculations. However, she did not review supporting documentation, such as resignation and retirement letters and leave balance reports, when approving the separation and unused leave payments. While the Assistant Superintendent for Business and claims auditor both reviewed payroll reports and a retirement savings account report, they did not review the detailed calculations or supporting documentation. The Superintendent told us that he did not review the supporting documentation when approving the unused leave payments.

Without an adequate review and approval process, District officials cannot provide assurance that future separation and unused leave payments will be appropriately authorized and accurately calculated.

Recommendations

1. The Board should consult with legal counsel and determine the appropriate course of action to address the overpayments and underpayments identified.

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2. The Board and appropriate District officials should develop and adopt written procedures to govern separation and unused leave payments to help ensure calculations are formally documented, adequately supported, reviewed and approved, and payments are consistent with Board-adopted terms and conditions.
 3. The Superintendent should take appropriate steps to ensure that separation and unused leave payments are made according to the terms of the negotiated CBAs, individual employment and separation agreements and Board-authorized non-unit benefit agreements.
 4. The Superintendent should take appropriate steps to ensure that adequate supporting documentation is attached to the calculations for separation and unused leave payments and are independently reviewed.

Appendix A: Profile, Criteria and Resources

Profile

The District's boundaries include the Towns of Gates, Greece, Ogden and Parma located in Monroe County. The elected seven-member Board is responsible for managing and controlling the District's financial and educational affairs. The Superintendent is the chief executive officer and is responsible for the District's day-to-day management under the Board's direction.

The personnel analyst and assistant personnel analyst determine eligibility and calculate separation payments. The attendance clerk reconciles leave accrual balances and calculates and processes requests for unused leave payments. The Assistant Superintendent for HR oversees the District's HR functions, including the review and approval of separation and unused leave payments, before they are provided to the business office for payment. The Superintendent also approves payments for unused leave but does not review separation payments.

The payroll supervisor and payroll clerk process payroll, including separation and unused leave payments, except separation payments paid into a retirement savings account, which the accounts payable clerk processes. The Assistant Superintendent for Business oversees the District's business operations, including payroll, and is responsible for certifying the payroll. The claims auditor reviews payroll reports and a retirement savings account report.

Criteria – Employee Benefits

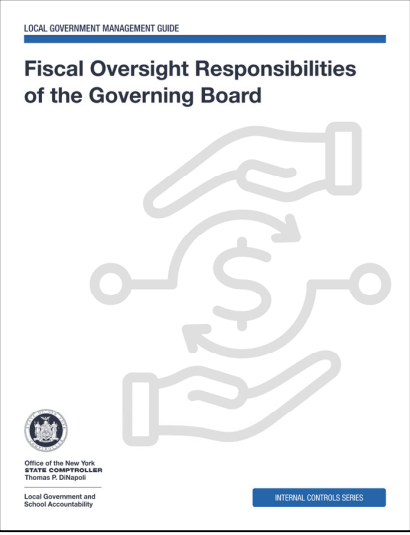
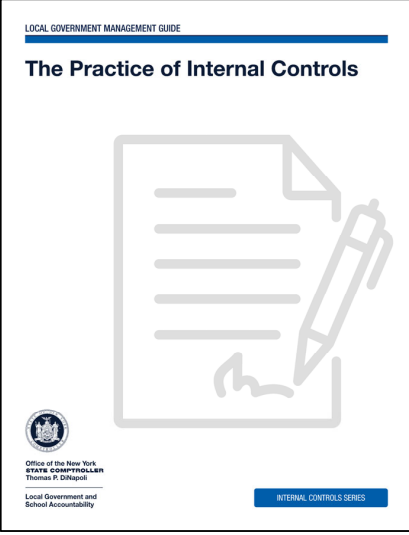
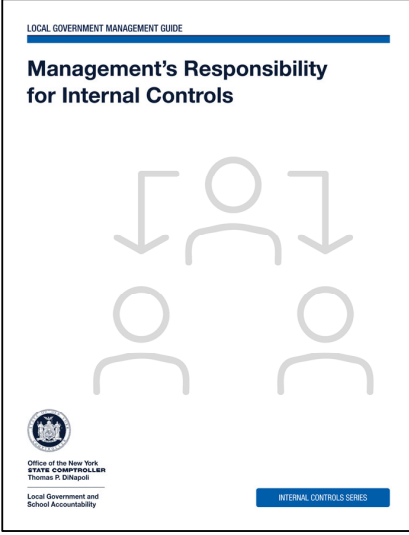
District officials should ensure separation and unused leave payments are authorized and accurately calculated. Therefore, it is critical that staff maintain detailed calculations with supporting documentation for each payment that District officials independently review prior to approval and payment to ensure that calculations are accurate and eligibility requirements are met.

The District had nine CBAs, individual employment and separation agreements and Board-authorized non-unit benefit agreements that stipulated the terms and benefits for its employees, including the accrual, use and payment of leave. All CBAs and agreements included provisions for eligible employees to receive payment of accrued and unused sick or vacation leave upon separation from District employment at a specific dollar amount per day or at a calculated daily rate based on the employee's salary. The eligibility requirements for separation payments for retirees varied but included NYSTRS or New York State and Local Retirement System eligibility, employee notification to the District within a specific time frame and years of District service. In addition, the Teacher's Association CBA provided a \$7,000 retirement incentive to retiring members who met certain additional requirements.¹ Furthermore, three CBAs and four of the agreements included provisions for the periodic payment of unused compensatory or vacation leave.

¹ Retirement incentive requirements included at least ten years continuous full-time District service, an irrevocable letter of retirement submitted by January 31 with an effective retirement date of no earlier than the last teacher work day and no later than June 30, NYSTRS first eligible with penalty or first eligible without penalty between July 1 and September 30, and submitting the most recent retirement statement benefit summary to document eligibility for the incentive.

Additional Employee Benefits Resources

Figure 1: OSC Publications

OSC Local Government Management Guides available on our website to help officials understand and perform their responsibilities.		
<i>Fiscal Oversight Responsibilities of the Governing Board</i>	<i>The Practice of Internal Controls</i>	<i>Management's Responsibility for Internal Controls</i>
 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Fiscal Oversight Responsibilities of the Governing Board</p> <p>Office of the New York State Comptroller Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>The Practice of Internal Controls</p> <p>Office of the New York State Comptroller Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Management's Responsibility for Internal Controls</p> <p>Office of the New York State Comptroller Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>
https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf	https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf	https://www.osc.ny.gov/files/local-government/publications/pdf/managements-responsibility-for-internal-controls.pdf

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From District Officials



SPENCERPORT CENTRAL SCHOOL DISTRICT

Office of the Superintendent

71 Lyell Avenue - Spencerport, NY 14559

TY ZINKIEWICH

Superintendent of Schools

Phone: (585) 349-5101

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September 10, 2025

Ms. Stephanie Howes, Chief of Municipal Audits
Office of the State Comptroller
Division of Local Government and School Accountability
The Powers Building
16 West Main Street – Suite 522
Rochester, New York 14614-1608

Dear Ms. Howes:

The Spencerport Central School District has received and reviewed the draft audit report concerning employee benefits during the period of July 1, 2023, to May 16, 2025 (Report of Examination 2025M-65). On behalf of the Board of Education and administration, we appreciate the opportunity to respond to the findings and provide responses to the audit recommendations.

We value the comprehensive review conducted by the Office of the State Comptroller and acknowledge the importance of maintaining strong internal controls and accountability in all financial matters. The audit's findings and recommendations provide important guidance that will help us improve our processes related to separation and unused leave payments.

We agree with the general findings of the audit and are committed to addressing these concerns and strengthening our internal practices to ensure compliance with Board-adopted terms and conditions and negotiated agreements.

In response to the audit, the District will take the following corrective actions:

- Consult with legal counsel to determine the appropriate course of action regarding identified overpayments and underpayments.
- Develop and adopt written procedures to govern separation and unused leave payments, ensuring that calculations are formally documented, adequately supported, reviewed, and approved.
- Ensure that all payments are made in accordance with the terms of collective bargaining agreements, individual employment and separation agreements, and Board-authorized non-unit benefit agreements. The district has already implemented measures to ensure compliance.
- Require that supporting documentation is attached to all calculations and independently reviewed prior to approval. The district has already established procedures to ensure compliance with the documentation and review process.

A more detailed response outlining specific steps and timelines for each corrective action will be included in the District's formal corrective action plan submitted to the Comptroller's Office. We thank the Comptroller's Office for its diligence and professionalism and look forward to implementing these improvements to enhance the integrity and transparency of our operations.

Respectfully,

Ty Zinkiewicz
Superintendent

Leah Brown
President, Board of Education



www.spencerportschools.org

Appendix C: Audit Methodology and Standards

We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and employees to gain an understanding of the review and approval processes for separation and used leave payments.
- We reviewed CBAs, individual employment and separation agreements and Board-authorized non-unit benefit agreements to determine the provisions for leave accruals, unused leave and separation payments.
- We reviewed Board meeting minutes and identified 190 employees who separated from the District that could have been eligible to receive a separation payment from July 1, 2023 through January 31, 2025. We determined that 106 of these employees resigned or were terminated from positions that did not accrue vacation leave to be eligible for a separation payment. The remaining 84 employees who separated from the District were potentially eligible for a separation payment. District officials paid 65 employees separation payments totaling \$496,296 and did not pay separation payments to the remaining 19 employees. We used our professional judgment to select all 11 employees who received retirement incentives and two employees who retired and received larger separation payments based on their respective CBAs. We also used a random number generator to randomly select an additional 17 employees who received separation payments to include employees from various CBAs and non-unit groups. This resulted in a sample of 30 employees who received separation payments totaling \$357,327. In addition, we used a random number generator to randomly select two of the 19 separating employees who were potentially eligible for a separation payment who did not receive a separation payment. For these 32 employees who separated from the District, we reviewed supporting documentation, recalculated daily rates (when applicable) and inquired with District officials and employees to determine whether separation payments (and non-payments) were appropriately authorized and adequately supported, reviewed, approved and accurately calculated and paid according to the provisions of the CBAs and agreements.
- From July 1, 2023 through January 31, 2025, District officials paid 86 employees 121 payments for unused leave totaling \$174,143 outside of separation. We used our professional judgment to select all six HR and payroll employees who were paid for unused leave outside of separation because they were involved in the calculation, review, approval and payment process for separation payments or payments for unused leave. To include both 10-month and 12-month employees, we selected all three 10-month employees paid for unused vacation leave outside of separation and used a random number generator to randomly select six of the remaining 77 employees paid for unused leave outside of separation. This resulted in a sample of 15 employees who received 27 payments totaling \$51,851 for unused leave outside of separation. We reviewed documentation, recalculated daily rates (when applicable) and inquired with District officials and employees to determine whether unused leave payments outside of separation were appropriately authorized and adequately supported, reviewed, approved and accurately calculated and paid according to provisions of the CBAs and agreements.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

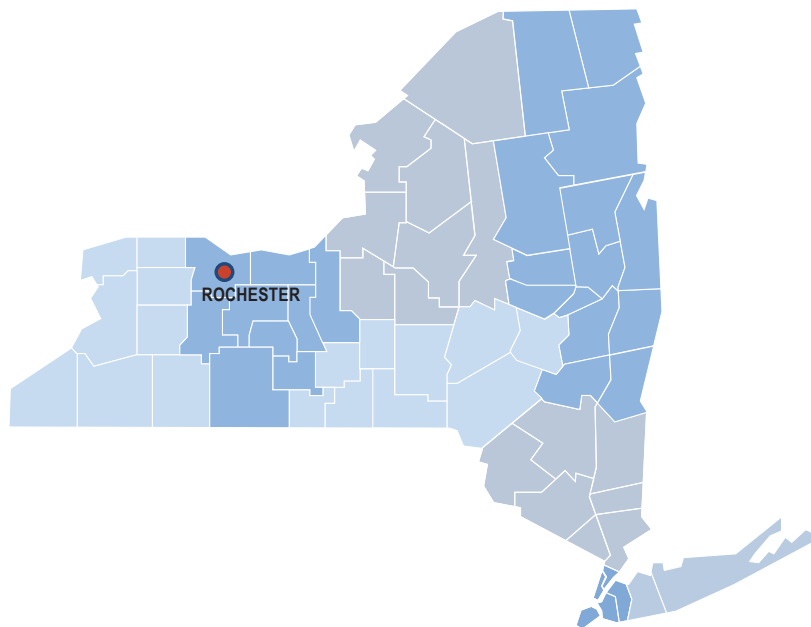
Contact

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