



Town of Ridgeway

Health Insurance Benefits

2025M-95 | March 2026

Contents

- Audit Results 1**
 - Audit Summary 1

- Health Insurance Benefits: Findings and Recommendations. 4**
 - Finding 1 – The Supervisor did not ensure officials were eligible to receive post-employment health insurance benefits. 4
 - Recommendations 5
 - Finding 2 – The Supervisor did not ensure officials paid their required health insurance premium contributions. 6
 - Recommendations 7
 - Finding 3 – The Board did not have documentation to authorize health insurance reimbursements to a former official’s spouse. 8
 - Recommendations 8

- Appendix A: Profile, Criteria and Resources. 9**

- Appendix B: Response From Town Officials. 12**

- Appendix C: Audit Methodology and Standards. 13**

Audit Results

Town of Ridgeway



Audit Objective	Audit Period
Did the Town of Ridgeway (Town) Town Board (Board) authorize and monitor health insurance benefits for current and former officials?	January 1, 2023 – December 31, 2024. We extended our audit period back to January 2018 to verify total health insurance costs paid by the Town for officials.

Understanding the Audit Area

As a general rule, a town may provide health insurance benefits to current and former town officials in accordance with New York State General Municipal Law (GML) Section 92-a. Collective bargaining agreements (CBAs), employee contracts, and/or town policies typically address these benefits, which generally outline eligibility, the amounts that an active or former official contribute to the cost of these benefits, and the length of time eligible individuals are entitled to receive the benefits.

To help minimize health insurance costs, it is important that the town board adopt clear written policies regarding the town's health insurance benefits and officials develop written procedures designed to verify eligibility of health insurance benefits, along with ensuring costs associated with the health insurance benefit are paid in accordance with the town's policies.

The Town paid \$456,338 in health insurance premiums to provide benefits to officials, employees and their spouses and dependents from January 2023 through December 2024 and \$704,440 in health insurance premiums over the seven-year period from January 2018 through December 2024 for officials covered under the "Town Work Rules Policy" (Policy).

Audit Summary

The Board did not authorize or monitor health insurance benefits for current and former officials. Due to the lack of controls and oversight of health insurance benefits, the Town Supervisor (Supervisor) did not ensure officials were eligible to receive post-employment health insurance benefits or paid all required health insurance premium contributions owed to the Town, and the Board did not have support to authorize health insurance premium reimbursements to a former official's spouse. As a result, the Town incurred \$236,885 more for health insurance premiums than it should have during the audit period. This

amount accounts for approximately 34 percent of the Town's total health insurance premiums over the seven-year period. When health insurance benefits are not provided in a manner consistent with Board-adopted policies, it may result in unnecessary costs to taxpayers.

The Board did not:

- Develop a written policy that provided clear guidance to determine who was eligible to receive post-employment health insurance benefits and who was required to contribute toward health insurance premiums.
- Require the Supervisor to develop written procedures to help ensure compliance with the Board-adopted Policy, including verifying all officials were eligible to receive the health insurance benefits and all contributions for health insurance benefits were accurate and agreed with the Policy.
- Periodically review the Policy or make necessary updates to ensure the Policy was clear and consistent with the Board's intentions.

The Supervisor did not:

- Ensure three former officials were eligible to receive post-employment health insurance benefits and paid \$179,325 for health insurance benefits they were not authorized to receive.
- Collect health insurance premium contributions owed to the Town for one Board member totaling \$52,659.
- Establish written procedures to ensure all officials receiving health insurance benefits met eligibility requirements and all contributions for health insurance premiums were accurate and agreed with the Policy.
- Review accrued, but unused sick leave calculations provided by the bookkeeper for accuracy or verify that the calculations were supported.

The Board and Supervisor did not:

- Review monthly health insurance invoices to verify eligibility of officials, accuracy of rates, or amounts to be paid by officials who were required to pay some or all the associated health insurance premiums.
- Monitor health insurance premium contributions or ensure health insurance benefits were provided in accordance with the Policy.

In addition, the Board inappropriately authorized health insurance reimbursements to the spouse of a former official totaling \$4,901.

The report includes 14 recommendations that, if implemented, will improve the Town's understanding of authorizing and monitoring health insurance benefits. Town officials agreed with our findings and indicated they plan to initiate corrective action.

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

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of GML. 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. We encourage the Board to make the CAP available for public review in the Town Clerk's (Clerk) office.

Health Insurance Benefits: Findings and Recommendations

A town board is generally responsible for developing written policies to address health insurance benefits and eligibility of such benefits, as well as monitoring the policies for compliance. The policies should require the town supervisor or another designated individual to develop written procedures to implement the policies and assign individuals responsibility for each part of the process. The procedures that are developed should be reviewed and approved by the town board. Strong and effective internal controls and oversight help to ensure health insurance benefits are authorized, accurate, and agree to town board-approved policies.

In 1992, the Board adopted the Policy which addressed health insurance benefits for Town employees not covered by a CBA. The 1992 Policy was amended by the Board in 2015 (2015 Policy) and 2024 (2024 Policy).

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

Finding 1 – The Supervisor did not ensure officials were eligible to receive post-employment health insurance benefits.

We reviewed all health insurance premium payments paid by the Town for certain former officials totaling \$198,102. We determined the Supervisor approved payments of post-employment health insurance benefits for three former officials and their spouses totaling \$179,325 that they were not eligible to receive.

The 2015 Policy, which was applicable when coverage for these individuals began, states full-time employees were eligible to receive post-employment health insurance benefits for a period of time based on the amount of the employee's unused, accrued sick days upon retirement. For example, an employee hired before December 31, 2012 would be eligible to receive one year of paid health insurance benefits by the Town for every 25 days of accrued, but unused sick leave available at the time of the employee's retirement.

The 2015 Policy defined an employee as any person employed by the Town, including but not limited to individuals who are elected, appointed and/or on special assignments. However, as a general rule, elected officials are compensated through a fixed salary that is not based on hours worked. Therefore, they generally are not eligible to accrue leave time (e.g., sick leave). While elected officials are listed as employees for purposes of being eligible for post-employment health insurance benefits, the 2015 Policy does not address how elected officials would be eligible to receive post-employment health insurance benefits. The 2024 Policy does not allow for elected officials to receive post-employment health insurance benefits through the Town.

Although the Supervisor was the Town's benefits administrator, the Supervisor told us he relied on the bookkeeper to determine whether an elected or appointed official was eligible to receive post-employment health insurance benefits, as well as calculate the length of time an official would receive such benefit.

The bookkeeper told us she used the accrued, but unused sick leave balances provided by the Clerk to determine the length of time she believed officials were eligible for post-employment health insurance benefits in accordance with the 2015 Policy. However, while elected officials did not accrue sick leave, the bookkeeper used the number of years the individuals were officials of the Town to infer the number of sick days each official would have been entitled to as full-time employee of the Town. She then converted the inferred number of sick days to years of post-employment health insurance benefits for the official.

Additionally, we determined the bookkeeper inaccurately calculated the post-employment health insurance benefit period for one former appointed official as being eligible to receive 10 years of health insurance benefits, as opposed to 9.5 years, based on the sick leave records provided by the Town. This resulted in a cost difference of approximately \$9,400. The bookkeeper corrected the eligibility period for this individual when we brought it to her attention and therefore no unauthorized benefits were provided to this individual.

These deficiencies occurred because the Board did not establish a written policy that clearly addressed post-employment health insurance benefits for elected officials. Furthermore, the Supervisor did not establish written procedures to help determine how post-employment health insurance benefits would be authorized and who was responsible for each part of the process of authorizing and monitoring health insurance benefits. Instead, the Supervisor relied on the bookkeeper to determine eligibility of post-employment health insurance benefits and did not review the bookkeeper's calculations to help ensure that post-employment health insurance benefits were determined in accordance with the 2015 Policy. Additionally, the Board and Supervisor did not review monthly health insurance invoices before they were paid to verify all officials were authorized and eligible to receive post-employment health insurance benefits. The remaining four Board members told us they did not think it was their responsibility to verify health insurance eligibility requirements. Consequently, the bookkeeper's errors went undetected.

Continuing to pay for health insurance premiums that are not authorized and supported by the Town's established policies results in an inappropriate use of taxpayer money.

Recommendations

The Board should:

1. Update the Policy to provide clear guidance for who is eligible to receive post-employment benefits and require the Supervisor to develop procedures to help determine and verify eligibility for post-employment health insurance benefits.
2. Consult with the attorney for the Town to review the current post-employment health insurance benefits being provided by the Town, and, if appropriate, discontinue post-employment health insurance benefits for officials who are ineligible for such benefits.

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3. Consult with the attorney for the Town to determine what action, if any, should be taken to recover health insurance premium amounts paid by the Town that should not have been.

The Board and Supervisor should:

4. Review all health insurance invoices monthly to verify all officials, including former officials, are authorized and eligible to receive post-employment health insurance benefits.

The Supervisor should:

5. Develop written procedures to ensure compliance with the Policy, including eligibility for post-employment health insurance benefits, and specify who is responsible for each part of the process.
6. Review and authorize post-employment health insurance benefits for eligible officials prior to enrollment.
7. Review the bookkeeper's accrued sick leave conversion calculations for accuracy and verify the amounts are supported by leave records.

Finding 2 – The Supervisor did not ensure officials paid their required health insurance premium contributions.

The 2015 Policy and 2024 Policy (Policies) state all part-time employees who elected health insurance benefits through the Town had to do so at their own expense. Although the Policies do not make the distinction for elected officials, the Clerk and all five Board members told us they considered the Town Clerk and Highway Superintendent positions to be full-time employees for purposes of health insurance benefits eligibility. Alternatively, a Board member position (including the Supervisor) was considered a part-time employee for purposes of health insurance benefits eligibility because the Town's medical benefits policy from 2002 indicated that the elected positions of Supervisor and Board members were part-time elected officials. Therefore, it was the view of the Board and the Clerk that Board members were required to pay the full cost of health insurance premiums if they elected to receive health insurance through the Town, in accordance with the Policies.

We reviewed health insurance premiums from January 2018 through December 2024 totaling \$207,911 for one current Board member, the current Board member's spouse and the Supervisor, to determine whether contributions were made in accordance with the Policies. We determined the Supervisor did not ensure the Clerk collected health insurance premiums totaling \$52,659 from one Board member who was required to contribute toward their health insurance premiums.

The Clerk told us she was aware the current Board member was not paying the full health insurance premiums but believed the Board member was an exception to the Policies and was only required to pay for the spouse's and dependents' portion of the health insurance premiums. The Clerk's interpretation was based on a previous Town policy from 1996 which stated that the Town would provide single coverage health insurance benefits to Board members. However, neither the 2015 Policy

nor the 2024 Policy include this provision. Moreover, the Clerk did not confirm her understanding of the Policies with the Board or Supervisor. The Clerk told us that because she provided the Board with copies of the monthly health insurance invoices, she thought the Board was aware the Board member was not paying his full health insurance premiums. The invoices listed the name of each official receiving health insurance benefits and the health insurance premiums per individual.

The Supervisor and the remaining four Board members, including the Board member receiving the health insurance benefits, told us they believed all Board members were contributing the full cost of their health insurance premiums. The Board member receiving the health insurance benefits told us the Clerk advised him annually of his monthly premiums owed and believed that the amount provided to him was for the full health insurance premium, including the cost of his coverage, not just the cost for his spouse and dependent.

The Board did not clearly state in the Policies the amount elected officials have to contribute toward the cost of health insurance premiums, should the elected official choose to receive health insurance benefits through the Town. In addition, the Supervisor did not develop written procedures to help ensure that elected officials' health insurance contributions were reconciled with the invoices. Instead, the Supervisor relied on the Clerk to manage all health insurance premium contributions without providing oversight to verify the accuracy of the officials' contributions to the health insurance invoices. As a result, the Supervisor did not ensure the Clerk collected \$52,659, or 100 percent of the Board member's health insurance premiums, over a seven-year period. When we brought these issues to the Board and Clerk's attention, they agreed with our conclusion that the Town paid more for health insurance premiums than was intended by the Town's Policy or Policies.

Recommendations

The Board should:

8. Update the current Policy to provide clear guidance on what contributions are required of elected officials when they choose to receive health insurance through the Town.
9. Consult with the attorney for the Town to determine what actions, if any, should be taken to collect required health insurance premiums owed by the Board member.
10. Periodically review the Policy and make necessary updates to help ensure the Policy is clear and consistent with the Board's intentions.

The Board and Supervisor should:

11. Review monthly health insurance invoices and payments, including officials' health insurance premium contributions, to help ensure accuracy and compliance with the Policy.

The Supervisor should:

12. Develop procedures to help ensure compliance with the Policy, including the collection of required health insurance premiums from officials, and specify who is responsible for each part of the process.

Finding 3 – The Board did not have documentation to authorize health insurance reimbursements to a former official’s spouse.

We reviewed all disbursements made to individuals for reimbursement of health insurance premiums totaling \$4,901 from January 1, 2018 through December 31, 2024. We determined that the Board issued reimbursement checks totaling \$4,901 to a former Clerk’s spouse for Medicare Part B health insurance premiums over 31 months, from April 2021 through November 2023, without documentation authorizing the payments.

All four Board members and the Supervisor told us that they believed the Town was required to reimburse the former Clerk’s spouse for the Medicare Part B health insurance premiums because the former Clerk said it was the Town’s responsibility. However, the 2015 Policy did not state that the Town was responsible for reimbursing former officials or their spouses for Medicare Part B health insurance premiums. As a result, it is unclear what authority the former Clerk was relying on to support that the Town was responsible for this expense.

The Board stopped issuing the reimbursements in November 2023 and the 2024 Policy states that retirees are responsible for Medicare Part B health insurance premiums if they receive post-employment health insurance benefits through the Town.

Recommendations

13. The Board should consult with the attorney for the Town to review the reimbursement payments made to the former Clerk’s spouse and determine what actions, if any, should be taken to recover the reimbursement payments.
14. The Supervisor should verify that all payments are adequately supported and made in accordance with the 2024 Policy before authorizing the payments.

Appendix A: Profile, Criteria and Resources

Profile

The Town, located in Orleans County, is governed by the elected five-member Board, composed of the Supervisor and four Board members. The Board is responsible for general oversight of Town operations and finances.

The Supervisor is the Town's chief financial officer and appointed a bookkeeper to help with performing his duties. In addition, the Supervisor is the Town's benefits administrator and is responsible for overseeing health insurance plans and eligibility.

As of May 2024, the Town employed 21 individuals and provided health insurance benefits to 17 officials and employees during the 2024 calendar year. These individuals included five highway employees who received benefits pursuant to a Board-adopted CBA. The remaining 12 individuals were eligible to receive benefits in accordance with the Board-adopted Policy which addressed health insurance benefits for Town employees not covered by a CBA.

The Town paid \$456,338 in health insurance benefits for officials, employees and their spouses and dependents from January 2023 through December 2024.

Criteria – Health Insurance Benefits

A town, pursuant to GML Section 92-a, can provide health insurance benefits to all employees, including current and former elected and appointed officials and retirees. Contracts, town board actions, CBAs and policies address these benefits and generally determine the eligibility requirements for who is authorized to receive health insurance benefits and the cost, if any, that an official must contribute.

A town board is responsible for establishing written policies regarding health insurance benefits and eligibility and monitoring compliance with those policies. Policies should clearly indicate who is authorized (eligible) to receive health insurance benefits and which individuals are required to pay or contribute towards the cost of premiums. A town supervisor or designated official should establish written procedures to ensure all officials receiving health insurance benefits are authorized and eligible to receive benefits and to ensure all payments for insurance benefits are accurate and agree to the town board-approved contribution rates. These procedures should include a process for verifying eligibility and contributions required to be paid by employees, if applicable, and specify who is responsible for each part of the process. In addition, the routine review of provider invoices with the town's records helps to ensure payments are accurate.

The Board-adopted Policy included rules for eligibility and the cost of health insurance benefits for employees who are not part of a CBA, including elected and appointed officials. The Policy was established in 1992 and updated in 2015 and 2024. The 2015 Policy and 2024 Policy both authorize

all current employees to participate in Town health insurance plans. The Policy defines an employee to include elected and appointed officials. All part-time employees are required to pay for the full cost of health insurance premiums.

Additionally, the Policy authorizes employees who retire from the Town to convert unused accrued sick leave into post-employment health insurance benefits as follows:

- Employees hired before December 31, 2012 may convert unused accrued sick leave at a rate of 25 days per one year of health insurance coverage, with a maximum benefit period of 10 years.
- Employees hired after 2012 may convert unused accrued sick leave at a rate of 50 days per one year of health insurance coverage, with a maximum benefit period of five years.
- All full-time regular employees accrue sick leave at a rate of one and one quarter (1.25) days for each month of Town employment after their first full month of employment.

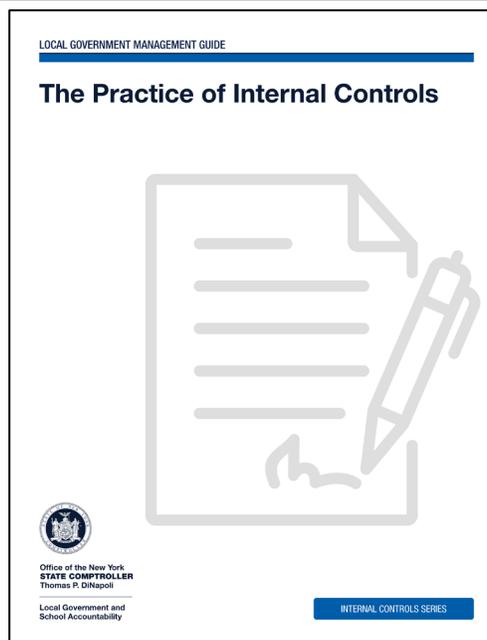
The 2024 Policy does not allow for elected officials to receive post-employment health insurance benefits and requires all former officials who receive post-employment health insurance benefits to pay the full cost for Medicare Part B premiums.

Additional Health Insurance Benefits Resources

Figure 1: OSC Publication

OSC *Local Government Management Guide* available on our website to help officials understand and perform their responsibilities.

The Practice of Internal Controls



<https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-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 Town Officials



Town of Ridgeway

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February 19, 2026

Office of the New York State Comptroller
Division of Local Government and School Accountability
Melissa A. Myers, Chief of Municipal Audits
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Ms. Myers,

After careful review of the draft audit report, the Town of Ridgeway agrees with the findings of the comptroller's office and is committed to implementing the recommendations given. We appreciate the diligence of the auditors that came to our Town as well as their valuable insight.

The Town of Ridgeway's work rules that were updated in 2024 began the process of clearer and more definitive language regarding employee and elected official benefits. During the review process, we corrected additional issues based on guidance from the auditors. We understand that New York State General Municipal Law allows Towns to pay health insurance upon retirement to employees and elected officials and will be sure Town policies utilize the proper way to administer those benefits.

As Ridgeway taxpayers themselves, the Town of Ridgeway Board is committed to using taxpayer funds efficiently and appropriately. In the future, we will be cognizant of these findings when updating, implementing, and monitoring policies.

We appreciate the time and thorough efforts of the auditors that will assist the Town Board in the continued managing of the finances of the Town of Ridgeway.

Sincerely,

Brian Napoli
Town Supervisor

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 Town officials and the bookkeeper and reviewed Board meeting minutes and policies to gain an understanding of the processes and procedures over the Town's health insurance benefits and leave records.
- We reviewed officials' personnel files to determine their employment status and whether the official was elected or appointed.
- We reviewed all health insurance invoices from January 2023 through December 2024 to determine the number of individuals receiving health insurance benefits and the total cost paid by the Town for these benefits. We determined that 17 officials and employees received benefits which included five highway employees who received benefits pursuant to a Board-adopted CBA. The remaining 12 individuals were eligible to receive benefits in accordance with the Board-adopted Policy. Because the five individuals receiving benefits pursuant to a CBA represented a small percentage of the Town's total health insurance costs and no material exceptions were identified during our audit survey and risk assessment, we did not include CBA covered employees in our audit testing but discussed minor exceptions relating to the CBA with the Supervisor, Clerk and Board members.
- For former and current officials receiving benefits from the Town pursuant to the Policy, we extended our review back to January 2018 to determine the Town's total cost for providing health insurance benefits to these individuals. The extension of the audit period was limited to seven years because the Clerk only maintained health insurance invoices back to January 2018. We reviewed officials' employment status (current or former) as of January 1, 2024 and calculated their total health insurance cost for their employment status as of this date.
- We interviewed Town officials and reviewed the 2015 Policy and 2024 Policy to determine whether current and former officials enrolled in health insurance plans were eligible to receive health insurance benefits and the procedures in place for determining eligibility and monitoring health insurance benefits.
- We reviewed retirement forms submitted to the New York State and Local Retirement System and interviewed Town officials to determine whether former officials met the eligibility requirements to receive post-employment health insurance benefits.
- We reviewed leave records for former appointed officials (if available) to determine leave balances and verify the accuracy and completeness of the records. We recalculated leave time for accuracy and to determine whether officials were entitled to the leave documented in the records. We calculated the total time that appointed officials were eligible to receive post-employment health insurance benefits. We compared our calculations to the calculations provided by the bookkeeper and documented any discrepancies.

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- We reviewed timecards, interviewed Town officials, and reviewed the 2002 medical benefits policy to determine whether officials were full-time or part-time employees.
 - We compared current officials' health insurance premiums to copies of officials' canceled checks for monthly health insurance premium contributions and monthly health insurance invoices to determine whether the correct contribution amount was paid by each official.
 - We reviewed all disbursements from January 1, 2018 through December 31, 2024 to determine whether the Town issued reimbursements to officials for any health insurance costs not included on the Town's health insurance invoices, such as insurance provided by another source. We compared health insurance reimbursements against the Policy to determine whether officials were entitled to reimbursements.

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.

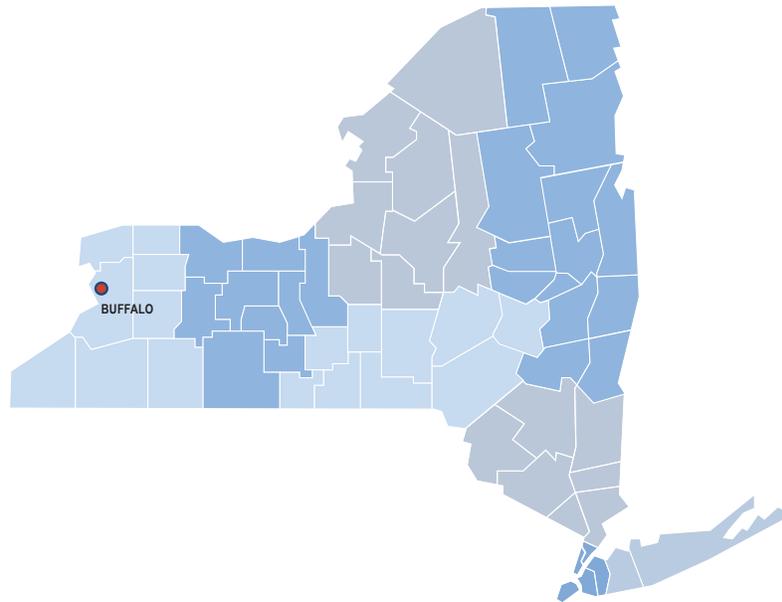
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