



**AUDIT COMMITTEE OF THE CITY OF NEW YORK  
MINUTES OF THE AUDIT COMMITTEE MEETING  
MONDAY, OCTOBER 27, 2025  
AT THE OFFICE OF THE COMPTROLLER  
AND REMOTELY VIA ZOOM MEETING**

**ATTENDANCE**

<b>Chair</b>	Michael Spitzer
<b>Private Members</b>	Larian Angelo (via Zoom) Mark Kaplan Marcia Van Wagner (via Zoom)
<b>Public Members</b>	<b>Representing the Mayor</b> – Sara Wong <b>Representing the Comptroller</b> – Jacqueline Thompson <b>Representing the Public Advocate</b> – Matthew Carlin
<b>Secretary</b>	Katrina Stauffer
<b>Independent</b>	<b>Grant Thornton LLP</b> – Sharon Campbell (via Zoom), Kyle Chuber, Marla Hummel, Richard Kohn, Nick Lazzarulo (via Zoom), Michael Ryan
<b>Auditors</b>	<b>Deloitte &amp; Touche LLP</b> – Tony Lim, Jill Strohmeyer
<b>Others</b>	<b>New York City Housing Authority</b> – Benjamin Brandow, Giovanni DiMaggio (via Zoom), Jason Goldberg, Vilma Huertas, Annika Lescott-Martinez, Ah-Yat Lee, Shaan Mavani (via Zoom), Xandree Norville (via Zoom), Amita Patel, Roger Shields (via Zoom), Amanda Stiebris, Eva Trimble, Cassiah Ward (via Zoom)  <b>New York City Mayor's Office of Risk Management and Compliance</b> – Julian Ross (via Zoom)  <b>New York City Office of Management &amp; Budget</b> – Man Hon Cheung, Anthony Odunsi  <b>New York City Office of the Actuary</b> – Edward Hue (via Zoom), Anderson Huynh, Tom O'Hara

**New York City Comptroller's Office** – Camille Arezzo, Sylvia Au, Francesco Brindisi, Elizabeth Brown, Carmen Chan, Nancy Cheung, Lynne Fleischman, Melinda Fong, Heidi Garcia, Daniel Haas, Kristin Izzo, Joshua Jean, Alisha Mahadeo, Veronika Musheyva, Jay Olson, Hudibel Ovalles, Kiernan Persaud, Oleksandra Roik, Jessica Sanchez, Bailey Schweitzer, Christopher Tinevra, Angela Tong (via Zoom), Marina Verba

## Audit Committee Meeting – October 27, 2025

### I. Call to Order and Roll Call

Mr. Michael Spitzer, the Audit Committee Chairman, called the meeting to order at 9:30 a.m.

Ms. Katrina Stauffer, the Audit Committee Secretary, took roll call; a quorum was present.

### II. Motion to Accept Minutes of the June 25, 2025 Meeting

The first agenda item was the approval of the draft minutes of the Audit Committee Meeting held June 25, 2025. The Committee approved the minutes of the June 25, 2025 Audit Committee Meeting, subject to any non-substantive editorial comments submitted to the Secretary.

### III. Presentation of the Financial Statements and Management Letter for the New York City Housing Authority

The next agenda item was the review of the financial statements and management letter for the New York City Housing Authority (NYCHA) for the fiscal year ended December 31, 2025. Ms. Annika Lescott-Martinez, Chief Financial Officer of the New York City Housing Authority, introduced members of the Housing Authority present, and members of Deloitte LLP, independent auditors for NYCHA.

The implementation of GASB 101, Compensated Absences in Fiscal Year 2024 required NYCHA to restate their 2023 financial statements. GASB 101 modernizes how governments recognize and measure liability relating to employee compensated absences. The GASB 101 statement requires that the liability must now be recognized in two key areas: when leave has been earned but not been used, and when leave has been used but not yet paid.

A critical change in the standard is the lower threshold for recognizing liabilities. This subtle but important shift results in earlier recognition of leave liabilities, particularly for types of leave that might not have been recorded under the old standard. Furthermore, the liability must be measured using the employee's pay rate at the end of the fiscal year, not at the time the leave was accrued.

The compensated absence liability through December 31st, 2023, was \$202 million, an increase of \$7 million from 2022. By December 31st, 2024, that liability has grown to \$235 million, a \$33 million increase over 2023. The increase was attributed to collective bargaining agreements implemented in 2024 which resulted in higher employee salaries, and in turn, increased the compensated absence obligation.

Post-pandemic rent collection has improved year over year. In 2023, total rent collection rose to \$1.02 billion, or \$904 million without ERAP (Emergency Rental Assistance Program, a U.S. federal program providing rent and utility assistance) contribution. In 2024, collections improved again to \$969 million, or \$910 million without ERAP contribution. Every year NYCHA manages fewer public housing units as developments convert to new programs. Total arrears were \$456 million at the end of 2024. In 2025, another rental assistance program, HOME American Rescue Plan, has contributed to \$89 million in rent collections with further funding anticipated.

Lead mitigation efforts continue to be a major operational and financial drain for NYCHA. A regulatory change lowered the acceptable lead threshold in paint which required NYCHA to restart the entire lead testing process. At the end of 2023, 43% of the tested apartments had tested positive for lead, and by the end of 2024, the estimated positivity rate was 46%. The \$846 million recorded in 2024 for special items reflects an increase in expected costs

associated with the incremental lead-based main remediation, driven by increased tenant relocation funding and contractor costs.

In 2024, operating revenue increased by \$109 million for a total of \$1.08 billion, attributed to an \$82 million reduction in uncollectable accounts. In 2024, NYCHA received an additional \$35 million from the COVID rental assistance program. Operating expenses rose by \$394 million in 2024 due to a \$289 million increase in Section 8 lease interest, reflecting increased voucher usage, which was offset by a corresponding increase in HUD subsidies. General administrative expenses increased by \$130 million due to higher employee benefit costs, rising workers compensation expenses, and the impact of GASB 101 policies, which expanded NYCHA's liability for compensated absences. The increases were partially offset by a \$29 million decrease in maintenance and operations expenses.

In 2024, non-operating revenues increased by \$866 million for a total of \$4.47 billion, driven by substantial federal subsidies and grants. Notably, there was a \$321 million increase in Section 8 housing assistance and a \$215 million increase in public housing subsidies. NYCHA won their first successful HUD appeal, bringing in another \$184 million. Capital contributions increased by \$260 million, totaling \$1.352 billion in 2024.

NYCHA's net position: Total cash and investments decreased by \$179 million in 2024, largely due to rent shortfalls and ongoing inflationary measures. Accounts receivable increased by \$594 million. Capital assets increased to \$11.2 billion, up from \$776 million. Current liabilities increase to \$1.7 billion and our environmental remediation increased by \$482 million for \$4.689 billion. NYCHA's long-term debt decreased by \$78 million, totaling \$522 million at the end of 2024.

In summary, NYCHA revenues have increased through federal support and reduced allowances. Expenses are rising, particularly in Section 8 and administrative costs. Capital funding is strong, thanks to federal, state, and city partners. Cash balances remain under pressure, and liabilities related to lead remediation and abatement continue to grow. NYCHA actively manages these challenges and will continue to keep the Audit Committee informed as they monitor financial trends and adjust strategy accordingly.

A question and answer session took place after the presentation. Several matters were discussed including:

- The Chairman inquired why the financial statements were presented 10 months after they were published and how to get the financials in time for the June Audit Committee meeting. NYCHA's fiscal year ends in December which is different than other City entities. It was not always possible to get the financial statements finished by June. The Chair noted that the DOE (Department of Education), the largest City entity, was able to complete their financials by June for the Committee to review. NYCHA was encouraged to expedite their process.
- Regarding the management letter and the last paragraph above the auditor's signature, the Chair recommended it be edited to allow the Audit Committee to view the financial statements. NYCHA will follow up internally about the recommendation.
- NYCHA tested capital assets for completeness and discovered items missing throughout the capital accrual process. Liability and capital assets were under-suited. Management has implemented a plan to improve certain controls going forward to catch these types of items.

- In response to the management letter item about GASB 49, the environmental remediation expenses that resided in capital asset balances, GASB literature states that those need to be expensed in the year incurred. There will be stronger financial controls in place to go back at year end and remove the environmental expenses from the capital asset balances.
- NYCHA confirmed they are addressing all items on the management letter down to the lowest level recommendations.
- During NYCHA's most recent audit it was noted there was a misclassification on the cash flow statement which was corrected on the financial statement.

There being no further questions, the Chair thanked the representatives of NYCHA for their participation at today's meeting.

#### **IV. Executive Session**

Chairman Spitzer asked for a motion to enter Executive Session. A motion was made to enter Executive Session for the purpose of discussing non-public financial information about The City of New York. The motion was unanimously approved.

#### **V. Return to Public Session and Approval of Financial Statements**

When the Committee returned to Public Session, the Chairman thanked the City for its presentations. A motion was made to approve the financial statements and authorize the Comptroller's office to release those statements. The motion was unanimously approved.

## **VI. Adjournment**

There being no further business before the Committee, a motion was made to adjourn the October 27, 2025, Audit Committee meeting; the motion was unanimously approved.