



**AUDIT COMMITTEE OF THE CITY OF NEW YORK
MINUTES OF THE AUDIT COMMITTEE MEETING
WEDNESDAY, FEBRUARY 25, 2026
REMOTELY VIA ZOOM MEETING**

ATTENDANCE

Acting Chair Mark Kaplan

Private Members Larian Angelo
Marcia Van Wagner

Public Members **Representing the Mayor** – Sara Wong
Representing the Comptroller – Jacqueline Thompson
Representing the Public Advocate – Matthew Carlin

Secretary Katrina Stauffer

Independent Auditors **Grant Thornton LLP** – Jill Chiucchi, Kyle Chuber, Marla Hummel
CBIZ CPA – Steven Lee, Ron Mabbayad, Daniel McElwee
KPMG – Yimiao Chen, Camille Fremont, Ryan Santonacita, Maria Tiso

Others **New York City Health and Hospitals Corporation** – Olurotimi Diyaolu, Jozef Dubroja, Nicole Fleming, David Guzman, James Linhart
New York City School Bus Umbrella Services – Matthew Berlin, Ajmal Sheikh
New York City School Support Services – John Cruz, Brooke Jenkins-Lewis, Phil Napolitano, Visha Patel
New York City Educational Construction Fund – Elina Awadalla, Jennifer Maldonado, Cynthia Wong
New York City School Construction Authority – Stephen Maroney, Yi-Wen Wang
New York City Comptroller’s Office, Bureau of Audit – Edward Carey, Maura Hayes-Chaffe, Tara Leary, Maryanne Mullany, Kolbein Netland
New York City Mayor’s Office of Risk Management & Compliance – Doug Giuliano, Julian Ross
New York City Comptroller’s Office – Camille Arezzo, Francesco Brindisi, Rosa Charles, Nicholas Dodds, Joshua Jean, Claire Pozniak, Bailey Schweitzer
New York City Office of Management & Budget – Man Hon Cheung

Audit Committee Meeting - February 25, 2026

I. Call to Order and Roll Call

With Chair Michael Spitzer absent, Mr. Mark Kaplan called the meeting to order at 9:30 am.

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

II. Approval of the Draft Minutes of the Audit Committee Meeting held January 29, 2025

The first agenda item was the approval of the draft minutes held January 28, 2026. A motion was made to accept the minutes. The committee approved the minutes of January 28, 2026, Audit Committee Meeting, subject to any non-substantive editorial comments submitted to the Secretary.

III. Approval of the Annual Report of the Audit Committee of The City of New York

The next agenda item was the approval of the Audit Committee of The City of New York's Annual Report. A motion was made to accept the Report for the year ending February 28, 2026. The Committee approved the draft of the Annual Report, subject to any non-substantive editorial comments submitted to the Secretary.

IV. Presentation of the Financial Statements and Management Letters

Next the Audit Committee reviewed the financial statements and management letters (where applicable) of the following entities for fiscal year ending June 30, 2025.

- New York City Health + Hospitals Corporation
- New York City School Bus Umbrella Services, Inc.
- New York City School Support Services, Inc.
- New York City Educational Construction Fund
- New York City School Construction Authority

New York City Health and Hospitals Corporation

Mr. David Guzman, Corporate Comptroller, introduced the other representatives of NYC Health + Hospitals or (“H+H”) present and the representatives of KPMG, independent auditor. For fiscal year 2025, Health and Hospitals had total operating revenue of \$15.75 billion, total operating expenses of \$15.69 billion, with an operating gain of \$63.8 million. A year-over-year difference of note was broken-out Upper Payment Limit (UPL) conversion which increased by \$239.6 million. Patient service revenue decreased by \$50.8 million from fiscal year 2024 to fiscal year 2025, and over the same period, Case Mix Index (CMI) increased from 1.39 to 1.44, and discharges increased by 2,200.

Appropriations increased \$30.8 million from fiscal year 2024 to fiscal year 2025, due to a significant \$615 million decrease in Humanitarian Emergency Relief and Response Centers (HERRC) funds, however, it was offset by an increase in tax levy funds of \$653.3 million for collective bargaining during fiscal year 2025.

Premium revenue from Metro Plus increased \$199.6 million with 14,300 new members in fiscal year 2025. Grant revenue decreased \$510.5 million due to COVID grants expiring after 2024. Other revenues decreased by \$13.6 million.

Operating expenses include personnel services, which increased \$610.8 million from fiscal year 2024 to fiscal year 2025 due to collective bargaining, and an increase in full-time equivalence

of 2,500, while temp staffing decreased \$273.4 million due to decreased HERRC OTPS of \$600.4 million. Fringe benefits increased \$57.1 million due to health benefit increases of \$35.7 million. Pension decreased \$141.7 million and post-employment benefits decreased \$42.6 million. Contracted services increased \$237.4 million. Year over year, depreciation increased \$6.2 million.

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

- While there appeared to be a trend of decreasing cash on hand, it was balanced by increased US Government securities from \$97.4 million in fiscal year 2024 to \$251.8 million in fiscal year 2025.
- Indemnification from The City is paid on Health and Hospital's behalf during the year, and The City is reimbursed at the end of the year or when numbers are finalized.

There being no further questions, Mr. Kaplan thanked the representatives of Health and Hospitals for their participation at today's meeting.

New York City School Bus Umbrella Services

Mr. Matthew Berlin, CEO, introduced other representatives of NYCSBUS present, and representatives of CBIZ, independent auditor.

NYCSBUS reported total revenue of \$198 million and expenses of \$195 million. In-kind contributions of \$7.4 million were related to 25 donated electric school buses. New bus routes increased revenue from \$174 million in fiscal year 2024 to \$188 million in fiscal year 2025.

Drivers for the new routes increased salaries and employee benefits from \$132 million to \$140

million. Occupancy costs from new bus leases totaled \$5.9 million in FY25, which was \$2.3 million more than FY24. Insurance premiums increased \$1.4 million and ended FY25 at \$19.4 million.

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

- NYCSBUS runs 800 routes, which is 10% of all bus routes in NYC.
- NYCSBUS was asked to remove language in the report which restricts its publication, a standard for every entity reporting to the Audit Committee.
- Mr. Berlin explained the in-kind contribution of 25 electric buses came from Long Island school bus dealer JP Bus & Truck after applying for an Environmental Protection Agency grant behalf of NYCSBUS. The buses were fully paid for by the grant.

There being no further questions, Mr. Kaplan thanked the representatives of NYCSBUS for their participation at today's meeting.

New York City School Support Services Inc.

Ms. Brooke Jenkins-Lewis, Executive Director, introduced other representatives of NYCSSS present, and representatives of CBIZ, independent auditor.

School Support Services was started in 2016 to improve custodial staffing and services in NYC schools. NYCSSS manages custodial and building management personnel, including when they are deployed for emergencies like a major snowstorm.

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

discussed including:

- School Support Services was asked to remove language restricting publication of the report. The Audit Committee reminded CBIZ about the responsibility for public disclosure.
- DOE custodial engineers that remained after the system overhaul in 2016 were amenable to changes and new protocols implemented by NYCSSS.

There being no further questions, Mr. Kaplan thanked the representatives of NYCSSS for their participation at today's meeting.

New York City Educational Construction Fund

Ms. Jennifer Maldonado, Chief Executive Officer of the Educational Construction Fund ("ECF"), introduced other representatives of ECF present, and representatives of CBIZ, ECF's independent auditors.

ECF's net operating income increased from \$28 million in fiscal year 2024 to \$30.9 million in fiscal year 2025. Rental income and tax equivalency payments from 18 properties totaled \$40.8 million in fiscal year 2025, compared to \$39.4 million in fiscal year 2024. With the completion of the 80 Flatbush project, \$158 million in construction progress became a depreciable asset, and the second tower project is underway. The funds depreciation increased from \$6.3 million in fiscal year 2024 to \$7.4 million in fiscal year 2025. The current portion of accrued liabilities decreased from \$8.6 million to \$1.1 million partially because ECF paid out retainage as school construction was completed.

In December 2024, ECF redeemed a portion of the 2010A Build America Bonds by paying down \$15.6 million of the principle which resulted in \$7.4 million of interest savings. The interest savings offset the bond redemption premium of \$1.2 million, which was reflected as a loss on redemption of the bonds. The redemption reduces ECF's exposure to further federal budget cuts. In fiscal year 2025, ECF accrued an additional \$1.1 million in arbitrage rebate liability from interest earned in excess of bond rates which will be rebated to the IRS in the future.

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

- The Build America Bonds program has ended, but ECF still had some outstanding as of June 30, 2025. The Audit Committee was pleased that early childhood was included in some ECF and BABS construction projects.
- Building spaces currently classified as empty will be utilized as the anticipated Class Size Reduction legislation is implemented. Building new spaces is a priority.
- ECF is designing greener buildings under the Passive House certification, a cooling and operating system that allows for lower building emissions that was popular in Europe.
- ECF's developer agreements include collateral to protect the entity from developer bankruptcies, but ECF could not recall such a situation happening.
- ECF was advised by auditors that "redemption premium" should be called "loss on redemption of bonds" to account for the difference in book value. The net present savings on interest outweighed the redemption premium paid by ECF.

There being no further questions, Mr. Kaplan thanked the representatives of ECF for their

participation at today's meeting.

New York City School Construction Authority

Mr. Steve Maroney, Senior Director of Finance, introduced the representatives of SCA present, and representatives of CBIZ, independent auditor.

SCA is a public benefit corporation that builds new schools and renovates old schools in the five boroughs. The five-year plan was valued at \$21 billion with \$7 billion specific to new school construction, \$8 billion for renovations, and the rest divided up on special projects. For FY25, the first year of the plan, six new capacity projects were awarded for \$454 million, and 398 CIP projects for \$1.8 billion.

In September 2025, SCA opened 11 new schools and added 6,254 new seats to the system. The recent opening of a six-story school holding 3,066 seats at the Queens Innovation Center was an example of SCA's goal to modernize career-focused educational environments.

In FY26, SCA will obligate \$4.2 billion for 14 new capacity projects and 350 CIP projects. A highlight of the current year is the St. John Villa campus redevelopment project in Staten Island. By September '26, SCA plans to open 10 new schools with 4,272 new seats.

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

- SCA clarified that the bank was required to collateralize any cash holding on SCA's behalf which is put into the US Treasury Securities.
- A component of OPEB includes payouts for benefits, and as a capital entity, SCA

capitalized costs. SCA acknowledged the "quirky" accounting results in a negative balance.

- Increase in interest expenses was due to new office lease in Long Island City. This resulted in interest expense to be recognized.
- Operating transfers relates to DOE capital projects. In fiscal year 2025, the Division of School Facilities changed methodology and process for capital expenditure reimbursement from SCA.
- "Half-year convention" is the depreciation method applied to the first year of newly purchased assets. SCA will have to investigate the specific meaning of "initial construction outfitting." The footnote on amortization needs grammatical improvement.
- SCA built \$1.4 billion into the new 5-year capital plan to complete construction projects started in the prior capital plan, and the cost was not charged back to the previous plan.
- The St. John Villa project had multiple schools and a new athletic field and a large geothermal HVAC system. Ms. Angelo thought it was a great location for a new school and requested more information on the project.

There being no further questions, Mr. Kaplan thanked the representatives of the SCA for their participation at today's meeting.

Report to the Mayor and City Council on City Comptroller Audit Operations

The next agenda item was the report to the Mayor and City Council on the Office of the City Comptroller's Audit Bureau operations. Ms. Maura Hayes-Chaffe, Deputy Comptroller for

Audit, introduced members of the Audit Bureau present.

The fiscal year 2025 report was the last year of work for previous Comptroller Brad Lander. Public engagement initiatives gave voices to unheard groups. The New York City Housing Authority (NYCHA) people-powered audits are run by a new committee. The committee is focused on how NYCHA spends its money, and the findings will be reported to the Audit Committee.

The Audit Bureau now selects audit subjects by committee with a focus on the strategic objectives of effectiveness and efficiency. Media coverage and hearings are tracked as motivation for change. Generally, it takes agencies two years to complete implementation of changes. Implementation rates were highest in calendar year 2022, approaching 77 percent. For calendar years 2023 and 2024, the rates are at 56 and 55 percent, and 2025 issuances were relatively low at 22 percent, though more than 50 percent agreed to implementation and it was just a matter of time.

Audit work has become more complex and thus was divided into four teams to ensure the audit work was focused on impact and answering big questions. The efforts will continue under new Comptroller Mark Levine whose priorities have been internally announced: housing affordability, equity, and modern urbanism; inspiring New Yorkers to trust the government with accountability and transparency; and innovation of government processes that benefit New Yorkers.

There are 61 pending audits selected by the prior administration but reflect the new Comptroller's vision, and four new projects were initiated focused squarely on Comptroller Levine's priorities.

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

- The Audit Committee commended the Audit Bureau for its hard work and gained maturity over recent years.
- The Audit Bureau is challenged by public entities that are generally uncooperative about timely submission of data and documentation. The Audit Committee will assist the Audit Bureau, however it can in motivating entities to comply more efficiently and suggested the Bureau loop NYC Office of Management and Budget (OMB) in for slow responders. The Bureau is tracking cooperation and timeliness as an audit measure for all public entities.

There being no further questions, Mr. Kaplan thanked the representatives of the Audit Bureau for their participation at today's meeting.

V. Executive Session

Mr. Kaplan 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.

VI. Adjournment

Following the Audit Committee's return to Public Session, there being no further business before the Committee, a motion was made to adjourn the February 25, 2026 Audit Committee meeting; the motion was unanimously approved.