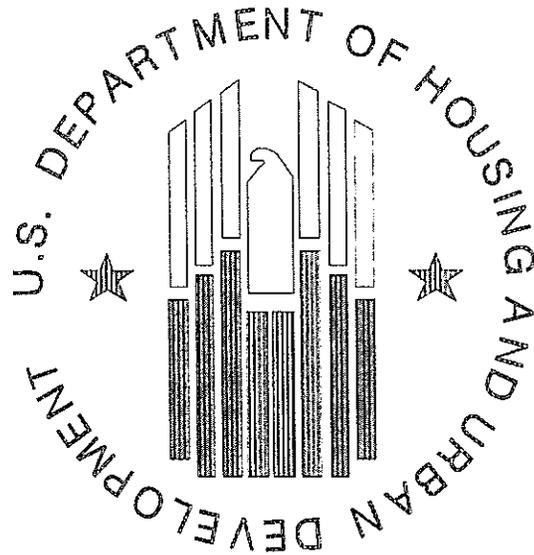


**U.S. Department of Housing & Urban Development
Buffalo, New York Office**



**2012
Program Year Review Report**

for

City of Dunkirk, New York

Review Period:
April 1, 2012 – March 31, 2013

Introduction

As a recipient of grant funds provided by the Department of Housing and Urban Development, each jurisdiction that has an approved Consolidated Plan shall annually review and report to HUD on the progress it has made in carrying out its Consolidated Plan and Annual Action Plan. The performance report is submitted to HUD in the form of the Consolidated Annual Performance and Evaluation Report (CAPER).

HUD has the responsibility to review the CAPER report and the performance for each jurisdiction on an annual basis. In conducting performance reviews, HUD will primarily rely on information obtained from the recipient's performance reports, records, findings from monitoring reviews, grantee and subrecipient audits, audits and surveys conducted by the Inspector General, and financial data regarding the amount of funds remaining in the line of credit plus program income. HUD may also consider relevant information pertaining to a recipient's performance gained from other sources, including other governmental audits and reports, citizen comments, and other information provided by or concerning the recipient. A recipient's failure to maintain records in the prescribed manner may result in a finding that the recipient has failed to meet the applicable requirement to which the records pertains. Such information, along with grantee input, is considered in HUD's Annual Community Assessment in order to make a determination that a grantee has the continuing capacity to administer HUD programs.

In the assessment of your community's performance, this report is prepared to provide feedback on your community's performance in the delivery of HUD's Community Development Programs. This report is presented in two sections. Section I provides a general summary related to your planning and performance reporting. Section II provides general overview related to specific program progress and performance. This report covers the program year 2012.

During the 2012 program year, the NYS Comptroller's Office conducted an audit of the CDBG program and made a determination the program was severely mismanaged. The final report was issued November 2012.

Dunkirk submitted the 2012 CAPER on August 1, 2013. During the preparation of the CAPER, HUD was concurrently conducting on-site monitoring of Dunkirk's CDBG operations and programs. The Monitoring Report, issued in December 2013, contained six new findings and re-issued previously cited findings from 2009 and 2011. The monitoring included findings related to Dunkirk's program knowledge and capacity to administer the funds. Dunkirk's 2013 grant funds have been awarded conditionally upon participation in prescribed training and technical assistance. This technical assistance programming has commenced and will continue into the current program year.

Section I – Planning and Reporting

2012 Program	CDBG	\$459,815
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Compliance with the Consolidated Plan and the 2012 Action Plan

Consolidated Annual Performance and Evaluation Reports (CAPER) are due 90 days after the City completes each program year. The CAPER for 2012 was received by the HUD Buffalo Field Office on August 01, 2013.

The City completed few actual projects and activities during the 2012 Program Year. Instead, Dunkirk focused on addressing historical problems cited by HUD, the NYS Comptroller and the HUD Office of Inspector General.

HUD has determined that the City generally followed its Consolidated Plan and Annual Action Plan however, of the completed activities, several were determined not in compliance with HUD standards regarding documentation of National Objectives. More detailed information about accomplishments can be found in Section II of this report.

Accuracy of Performance Reports

This report, like the previous submissions, contained numerous omissions specific to CDBG performance, as well as incomplete financial reporting. The Financial information has been determined to be erroneous based on historical inaccuracies and is now being updated by Dunkirk. The report did not include updated performance data as it pertains to the Integrated Disbursement and Information System (IDIS), as well as performance information comparing program year accomplishments to Annual Plan goals.

Section II – Program Progress and Performance **Community Development Block Grant (CDBG)**

Summary of Performance Indicators and Accomplishments

Activities: CDBG funds expended during the program years were spent on activities that were described in the City's fifth year annual plan. Dunkirk reported limited spending during the program year. This included total CDBG expenditures of only \$214,036 of its \$459,815 CDBG allocation.

Economic Development: The CAPER report cites five businesses/activities received CDBG funds during the program year. Of the five projects, three were determined during compliance monitoring to be either ineligible or did not meet a national objective resulting in the City being required to reimburse the CDBG program. Of the two businesses assisted, Dunkirk reports that full time equivalent jobs have been created for low–moderate income persons.

Dunkirk reports that \$20,000 was spent on program delivery. However the IDIS data indicates that \$11,326 was drawn as a Planning & Admin cost (matrix 21A). HUD recommends Dunkirk revise this activity (IDIS #567) to a program delivery matrix code to more accurately reflect the expenditure and reduce the P&A ratio.

Housing: While owner occupied housing rehabilitation was planned, no housing activities were completed during the program year.

Public Facilities and Improvements: The 2012 CAPER indicates limited public works and facilities improvement were completed. These included: ADA compliant curbs and sidewalks near a school and Dunkirk Senior Center Parking lot improvements. The Senior Center Parking lot (IDIS# 570) was listed in IDIS as a slums & blight activity instead of a LMC activity. HUD recommends Dunkirk revisit this categorization and if appropriate, change the National Objective to reflect the beneficiaries as senior citizens which are presumed LM.

Public Services: The 2012 CAPER reports \$10,759.97 or 2.34% was expended during the program year on Youth Services. The narrative section of the CAPER reports one activity spending \$6,250; therefore there is a discrepancy between the IDIS data and the narrative. The expenditure is well within the 15% cap; however upon receipt of the revised financial reports, this will be re-evaluated.

Planning and Administration: The IDIS PR 26 submitted with the 2012 CAPER lists \$110,929 in expenditures for planning and administration during the 2012 reporting period, which accounts for over 21.65% of Dunkirk's overall spending. This exceeds the program limit of 20%. Upon completion of the revised 2012 Financial Summary report, HUD will reevaluate the P&A cap. Any funds expended in excess of 20% must be repaid to HUD.

National Objective Compliance: The CDBG program was designed to principally benefit low-moderate income persons. The IDIS PR 26 for the 2012 reporting period indicated that the City spent 45.81% of their funds on activities that principally benefitted low-moderate income persons. This is significantly below the HUD minimum requirement of 70%. Based on the PR26 not being accurate or complete, HUD has required Dunkirk to revise the 2012 Financial Summary Report and therefore recalculate the low-moderate-income benefit ratio.

Program Progress and Timeliness: The CDBG program requires that the City's unexpended CDBG funds be no more than 1.5 times their annual grant 60-days before the end of the program year. The City's ratio was within the acceptable limits (.68) when tested on February 1, 2013. The City was not timely (1.55) on February 1, 2014 and has subsequently submitted a workout plan (as of March 31, 2014).

Fair Housing and Equal Opportunity: The 2012 CAPER reports that the City is collaborating with other area housing agencies but did not report any actions related to the promotion of Affirmatively Furthering Fair Housing or addressing barriers to housing. In the next CAPER,

Dunkirk must address what actions are being taken by the City and its partners to address barriers to fair and affordable housing along with any efforts to promote fair housing.

HUD Monitoring: The City of Dunkirk has open monitoring findings from 2009, 2011 and 2013 reviews. Dunkirk is addressing the findings by developing policies, procedures, repaying funds and implementation of corrective actions. This will continue to be an area for HUD and Dunkirk to address in the coming year.

Financial

Audits - A single audit must be submitted each year 9 months from the end of the City's fiscal year. The City is current with its audit reporting.

As previously noted the financial data is being revised by Dunkirk and submitted to HUD. The 2012 Program Year information has not yet been received.

Management Summary

During the past year, Dunkirk has been working to address historic program management problems. They have also completed a five year plan to streamline the CDBG program to more efficiently use CDBG funds given local capacity.

Key issues to resolve in the coming year include:

- Clearance of monitoring findings, including development and adoption of policies and procedures and repayment of funds
- Address the conditions of the 2013 grant award, including engagement in training and technical assistance
- Timely expenditure of CDBG funds

HUD will continue to provide on-site technical assistance to help the City correct these outstanding issues.

As a reminder, this report is final and is your community's Program Year Letter as required by HUD regulations. Consistent with the Consolidated Plan regulations, this assessment should be made available to the public. This can be accomplished by making it available through your established citizen participation process. HUD will also make it available to citizens upon request.

