



THOMAS P. DiNAPOLI
STATE COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

ROBIN L. LOIS, CPA
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

May 30, 2025

Mayor Kate Wdowiasz
Members of the Common Council
City of Dunkirk
342 Central Avenue
Dunkirk, NY 14048

Dear Mayor Wdowiasz and Members of the Common Council:

I write to you regarding the requirements of the City of Dunkirk Fiscal Recovery Act¹ (Act), and to reiterate the need for the City to take appropriate and immediate steps to manage its fiscal situation.

Of particular note, the City of Dunkirk (City) has a \$12.7 million revenue anticipation note (RAN) maturing, with interest due and payable in July 2025. During our review of the City's 2025 budget, we advised officials that the Mayor's proposed budget did not have sufficient appropriations to provide funding for both operations and repayment of the RAN. At that time, we were told that City officials intended to issue the Deficit Bonds authorized by the Act to repay the RAN principal and interest. However, as noted in our Budget Review letter issued November 2024, the ability of the City to issue Deficit Bonds is dependent upon actions that may not occur by July 2025 due to the state of the City's records.

While the Act authorizes the City to issue Deficit Bonds not to exceed \$18.5 million to liquidate the City's actual accumulated deficits (Deficits), it does not permit the City to issue Deficit Bonds unless and until the State Comptroller has reviewed and confirmed the existence of the Deficits and has certified the amount of the Deficits. Unfortunately, to date the City has been unable to provide the documentation needed by our Office to certify the Deficits and adequately monitor the City's financial condition.

Specifically, the Act requires the City to prepare a report detailing the amount and cause of its accumulated deficits and to submit such report along with the independent audit report for fiscal year ending 2024 to the State Comptroller's Office. As of May 2025, these documents have not been provided to our Office. According to the City's independent auditors, the 2024 audit has not yet begun and the City's independent audit report for the 2024 fiscal year will not be completed before July 2025; therefore, it appears unlikely that the City will be able to issue Deficit Bonds in time to repay the principal and interest due on the RAN, as the City initially intended.

¹ Chapter 56 of the Laws of 2024, Part DD.

The City's Fiscal Affairs Officer has indicated that the City would not have sufficient cash to repay the RAN principal and interest, and that officials are working with their financial consultants and others to identify options. We are concerned that the RAN repayment date is fast approaching, and therefore stress the importance of immediate action and effective financial planning.

The Act requires that the City provide our Office with accurate and up-to-date quarterly budget reports and trial balance reports with recommendations from the Fiscal Affairs Officer addressing any unfavorable budget variances. The Act requires that these reports be provided to our Office within 30 days of the end of each quarter; however, the reports have not been provided to our Office in a timely manner, and for the last two quarters ending December 31, 2024 and March 31, 2025, our Office has had to request the reports from the Treasurer and Fiscal Affairs Officer. None of the quarterly reports have included recommendations regarding budget variances.

On multiple occasions (including in letters dated September 5, 2024, and October 15, 2024), we conveyed to the Mayor, Treasurer, Fiscal Affairs Officer and members of the City Council our concern about the accuracy and reliability of the City's financial records, and we requested that City officials keep us apprised of their progress in correcting these deficiencies. However, we have not been informed of what progress has been made, and have not been asked for additional guidance.

We further note that the City's recently released 2023 audited financial statements repeated the written finding that had been cited in the audited financial statements for the preceding seven years that the City had an undue reliance on its independent auditors for Governmental Accounting Standards Board (GASB) compliance and governmental Generally Accepted Accounting Principles (GAAP), as evidenced by the material adjusting journal entries that were proposed. The repeated written findings regarding the City's financial reporting and recording practices indicate that City officials must better prioritize and act with urgency to take corrective action and address these significant internal control weaknesses.

We have provided several resources and publications to the Mayor to disseminate to the Common Council and key officials, including the Treasurer and Fiscal Affairs Officer. These publications are also available on our website. As accurate and up-to-date records are crucial for City officials to make sound and timely financial decisions, we urge City officials to make correction of this issue a priority. We also note that the 2025-2026 Enacted Budget (Chapter 53 of the Laws of 2025) included appropriation language making funds available to eligible local governments for the procurement of accounting or related services in connection with the calculation of fund balance percentages and the submission of annual financial reports. The City should consider whether it might be eligible for such funding, which could assist them in their efforts.

To fulfil our statutory responsibilities effectively, it is required that City officials provide us with accurate and up-to-date quarterly reports for the current fiscal year and keep us apprised of significant factors impacting the City's fiscal stability and City officials' progress toward updating financial records and obtaining audited financial statements for the year ending December 31, 2024. We also ask that the Mayor contact our Office to discuss the City's options and plan to avoid defaulting on the maturing RAN as soon as possible.

As always, if you have any questions, feel free to contact me at 716-847-3647 or mmyers@osc.ny.gov.

Sincerely,



Melissa A. Myers
Chief of Municipal Audits
Buffalo Regional Office
Division of Local Government &
School Accountability

cc: Robin Lois, Deputy Comptroller, Office of the State Comptroller
Mark Woods, Treasurer, City of Dunkirk
Ellen Luczkowiak, City Fiscal Affairs Officer
Blake Washington, Director, NYS Division of Budget
Hon. J. Gary Pretlow, Chair, NYS Assembly Ways and Means Committee
Hon. Liz Krueger, Chair, NYS Senate Finance Committee
Hon. Andrew M. Molitor, NYS Assembly
Hon. George M. Borrello, NYS Senate