

February 18, 2020

To the Board of Directors of
Binghamton Local Development Corporation

We have audited the financial statements of Binghamton Local Development Corporation (the Corporation), a blended component unit of the City of Binghamton, New York (the City) for the year ended August 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated September 23, 2019. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 2 to the financial statements.

Qualitative Aspects of Accounting Practices (Continued)

We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive key estimates affecting the financial statements were:

- Valuation of property held for sale
- Notes receivable and the related allowance for doubtful accounts

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

SIGNIFICANT AUDIT FINDINGS (Continued)

Corrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements and they are attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of our Independent Auditor's Report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Binghamton Local Development Corporation and is not intended to be, and should not be used by anyone other than these specified parties.

Bonadio & Co., LLP

Client: **BIN009001 - Binghamton Local Development Corporation**
 Engagement: **BLDC - Govt Audit 2019**
 Period Ending: **8/31/2019**
 Trial Balance: **3101 - Blank Trial Balance**
 Workpaper: **Combined Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To record impact of prior year entry that was not recorded in Quickbooks after reviewing PB Insetro TB				
Unrestricted 2000	Account Liability		27,931.00	
Unrestricted 1110	1110 Retained Earnings			27,931.00
Total			27,931.00	27,931.00
Adjusting Journal Entries JE # 2				
To record PY Entries necessary to roll equity following the review of the PB Insetro TBs and F/S in relation to Quickbooks files				
UDAG 04	City Loan Receivable		5,000.00	
UDAG 41	Acc Liabilities		122,250.00	
UDAG 45	Opening Balance Equity		493,553.00	
UDAG 08	Loan Receivable Asset			482,900.00
UDAG 42	Deferred Revenue			54,333.00
UDAG 45	Opening Balance Equity			20,475.00
Total			620,803.00	557,708.00
Adjusting Journal Entries JE # 3				
To record necessary prior year entries so that equity roll following a review of the PBC Insetro TB and Quickbooks records				
Restricted 07	Loan Receivable Asset Bearcats Development LLC		734.00	
Restricted 25	Unrestricted Net Assets		266.00	
Restricted 05	Allowance for Doubtful Accounts			1,000.00
Restricted 06	Loan Receivable Asset			63,095.00
Total			1,000.00	64,095.00
Adjusting Journal Entries JE # 4				
To remove an entry made directly to equity on 7/1/2019 related to a loan receivable for Tom Haines				
UDAG 45	Opening Balance Equity		5,000.00	
UDAG 08	Loan Receivable Asset			5,000.00
Total			5,000.00	5,000.00
Adjusting Journal Entries JE # 5				
To book prior year entry not recorded in the Grant Fund upon review of Quickbooks and PY Insetro TB				
Grant 02	Grant Receivable		2,300.00	
Grant 14	32000 Retained Earnings			2,300.00
Total			2,300.00	2,300.00
Adjusting Journal Entries JE # 6				
To reclass unclassified expenses to the appropriate account (s) for FYE 8/31/2018				
UDAG 53	Accounting Expense		4,400.00	
UDAG 54	Payroll Expense		122,250.00	
UDAG 51	Uncategorized Expenses			122,250.00
UDAG 51	Uncategorized Expenses			4,400.00
Total			126,650.00	126,650.00
Adjusting Journal Entries JE # 7				
Per discussions with the client and 3rd party confirmations, two receivable balances (Emma Street and Ellis Street) were not accurate. B&Co reviewed the GL Detail to determine the necessary offset to adjust the loans receivable.				
UDAG 51	Uncategorized Expenses		9,000.00	
UDAG 58	Loan Payable		391,000.00	
UDAG 58	Loan Payable		140,000.00	
UDAG 21	Loan Receivable Asset Ellis Brothers			400,000.00
UDAG 22	Loan Receivable Asset Emma Street			140,000.00
Total			540,000.00	540,000.00
Adjusting Journal Entries JE # 8				
To reclass the "loan receivable" to VMR Realty Management				
Restricted 21.2	Loans Receivable - VMR Realty Management		260,811.00	
Restricted 06	Loan Receivable Asset			260,811.00
Total			260,811.00	260,811.00
Adjusting Journal Entries JE # 9				
To accrue for subsequent disbursement payment made to the City of Binghamton for use of personnel in accordance with agreement.				
UDAG 54	Payroll Expense		40,750.00	
UDAG 40	Accounts Payable			40,750.00
Total			40,750.00	40,750.00
Adjusting Journal Entries JE # 10				
Based upon examination of the TB and GL Detail it was noted that the loans receivable accounts had a contra asset. It was determine that it should be offset by the "loan payable" account.				
UDAG 08	Loan Receivable Asset		487,900.00	
UDAG 58	Loan Payable			487,900.00
Total			487,900.00	487,900.00

Adjusting Journal Entries JE # 11

Based upon review of the GL Detail, it was noted that a \$200 credit for application fees were recorded to AR as a contra asset rather than revenue account. Amount not material however B&Co moved to a revenue account.

Grant 02	Grant Receivable
Grants 17	Application Fee Income

Total

GL Detail

200.00	200.00
<u>200.00</u>	<u>200.00</u>

Adjusting Journal Entries JE # 12

It was noted that an entry was recorded directly to equity and loan payable related to the Haines Loan. B&Co wiped out the entry to equity to loan receivable. This entry removes the overstatement (doubling) of the loans receivable offset by loan payable.

UDAG 58	Loan Payable
UDAG 38	Loan Receivable Asset Tom Haines Mini Micro

Total

PY GL Detail

5,000.00	5,000.00
<u>5,000.00</u>	<u>5,000.00</u>

Adjusting Journal Entries JE # 13

To reclass funds received from M&T Charitable Foundation which were passed through BLDC and paid to LUMA Projection Arts LLC.

UDAG 57	Uncategorized Income
UDAG 60	Pass-through Revenue

Total

17,000.00	17,000.00
<u>17,000.00</u>	<u>17,000.00</u>

Adjusting Journal Entries JE # 14

To reclass items from Uncategorized expense to community event expense for costs associated with the LUMA Projection Festival.

UDAG 61	Passthrough Expense - Sponsorship
UDAG 62	Projector
UDAG 51	Uncategorized Expenses

Total

17,000.00	61,791.00
44,791.00	61,791.00
<u>61,791.00</u>	<u>61,791.00</u>

Adjusting Journal Entries JE # 15

To reclass amount paid to accountant from professional services expense to accounting expenses.

UDAG 53	Accounting Expense
UDAG 52	Professional Services

Total

600.00	600.00
<u>600.00</u>	<u>600.00</u>

Adjusting Journal Entries JE # 16

To appropriately reclassify amounts held in professional services expense to Main Street Grant expense.

UDAG 63	Main Street Grant Expense
UDAG 52	Professional Services

Total

798.00	798.00
<u>798.00</u>	<u>798.00</u>

Adjusting Journal Entries JE # 17

To reverse the effects of AJE #16

UDAG 52	Professional Services
UDAG 63	Main Street Grant Expense

Total

798.00	798.00
<u>798.00</u>	<u>798.00</u>

Adjusting Journal Entries JE # 19

To reclassify amounts associated with the Main Street Grant from Uncategorized Expense to Main Street Grant Expense.

UDAG 63	Main Street Grant Expense
UDAG 51	Uncategorized Expenses

Total

66,428.00	9,971.00
	10,762.00
	29,548.00
	382.00
	2,641.00
	4,650.00
	2,639.00
	926.00
	4,200.00
	709.00
<u>66,428.00</u>	<u>66,428.00</u>

Adjusting Journal Entries JE # 20

To reclassify 30 Charles Street expenses from Uncategorized Expense to 30 Charles Street account as a property held for sale

UDAG 64	30 Charles Street
UDAG 64	30 Charles Street
UDAG 64	30 Charles Street
UDAG 51	Uncategorized Expenses

Total

50,000.00	52,376.00
426.00	52,376.00
1,950.00	<u>52,376.00</u>
<u>52,376.00</u>	<u>52,376.00</u>

Adjusting Journal Entries JE # 21

To remove contra balance within the loans receivable account for Happy Papi UDAG 29

UDAG 29	Loan Receivable Asset Luis Carillo - Happy Papi
UDAG 46.2	Misc Income

Total

17.00	17.00
<u>17.00</u>	<u>17.00</u>

Adjusting Journal Entries JE # 22

As noted in previous entries, unbalanced entries were recorded. This entry is to correct that and record back a loan receivable for VMR in restricted fund while eliminating entries in error to "uncategorized exp" and "loan payable" in UDAG

UDAG 66	Loans Receivable - VMR Realty Management
UDAG 51	Uncategorized Expenses
UDAG 58	Loan Payable

Total

GL Detail

66,100.00	9,000.00
	57,100.00
<u>66,100.00</u>	<u>66,100.00</u>

Adjusting Journal Entries JE # 23	8000.01		
To record an accrual for grant revenue and grant receivable to reflect the excess of grant expenses over grant revenues received to date.			
Grant 02	Grant Receivable	75,809.74	
Grant 15	NYS Income		75,809.74
Total		<u>75,809.74</u>	<u>75,809.74</u>
Adjusting Journal Entries JE # 24	n/a		
Based upon review of the T/B, it was discovered that the \$5k due from the City needs to be reclassified to A/R to reflect no changes in A/R from the PY.			
UDAG 03	AR	5,000.00	
UDAG 04	City Loan Receivable		5,000.00
Total		<u>5,000.00</u>	<u>5,000.00</u>
Adjusting Journal Entries JE # 25	5201		
To remove deferred revenue recorded as of 8/31/2018 and properly recognize as revenue as of 8/31/2019.			
UDAG 42	Deferred Revenue	54,333.00	
UDAG 46.1	Grant Revenue		54,333.00
Total		<u>54,333.00</u>	<u>54,333.00</u>
Adjusting Journal Entries JE # 26			
Client entry to write off a prior year liability that was paid in FY18 but recorded to expense versus decreasing the liability.			
Restricted 23	HUD Interest Liability	441.00	
Restricted 28	Loan Interest Income		441.00
Total		<u>441.00</u>	<u>441.00</u>
Adjusting Journal Entries JE # 27			
Client entry to record interest earned on bank account due to HUD for fiscal year end 18			
Restricted 32	HUD Interest Expense	327.00	
Restricted 23	HUD Interest Liability		327.00
Total		<u>327.00</u>	<u>327.00</u>
Adjusting Journal Entries JE # 28			
Client entry to record interest earned on bank account due to HUD for fiscal year end 18			
Restricted 28	Loan Interest Income	1,064.00	
Restricted 23	HUD Interest Liability		564.00
Restricted 31	HUD Admin Fee		500.00
Total		<u>1,064.00</u>	<u>1,064.00</u>
Adjusting Journal Entries JE # 29			
Client entry to reclass due to preliminary trial balance provided by client changing			
Restricted 26	Checking Account Interest	327.00	
Restricted 28	Loan Interest Income		327.00
Total		<u>327.00</u>	<u>327.00</u>
Adjusting Journal Entries JE # 30			
Client entry to reclass due to preliminary trial balance provided by client changing			
UDAG 17	Loan Receivable Asset DDBing Properties #1	593.00	
UDAG 50	UDAG Marketing		593.00
Total		<u>593.00</u>	<u>593.00</u>
Adjusting Journal Entries JE # 31			
Client entry to record liability payable and due upon sale of 30 Charles Street.			
UDAG 64	30 Charles Street	385,000.00	
UDAG 65	30 Charles Street Liability		385,000.00
Total		<u>385,000.00</u>	<u>385,000.00</u>
Adjusting Journal Entries JE # 32	Client Entry		
Client proposed entry - To remove the \$3,005 that was left in "other loan receivable not associated with a specific borrower" NFWDN.			
Restricted 33	Misc Expense	3,005.00	
Restricted 06	Loan Receivable Asset		3,005.00
Total		<u>3,005.00</u>	<u>3,005.00</u>
Adjusting Journal Entries JE # 33	Client Entry		
To adjust remaining immaterial balance sheet accounts with a lack of support.			
BRTMLK 02	Accounts Receivable	5,400.00	
Grant 13	Refundable Advance	3,284.00	
UDAG 67	Misc Expense	5,000.00	
BRTMLK 07	Other Income		5,400.00
Grant 15.1	Misc Income		3,284.00
UDAG 03	AR		5,000.00
Total		<u>13,684.00</u>	<u>13,684.00</u>
Adjusting Journal Entries JE # 34	8000.04		
To record grant related entries in UDAG and Grants Funds.			
Grant 16	6000 Grant Expense	75,809.74	
UDAG 03.1	Due From Grants	75,809.74	
Grants 13.1	Due to UDAG		75,809.74
UDAG 46.1	Grant Revenue		75,809.74
Total		<u>151,619.48</u>	<u>151,619.48</u>

Adjusting Journal Entries JE # 35

8000.04

To reverse the effect of AJE #34 for F/S preparation purposes. Client to NOT book this entry.

Grants 13.1	Due to UDAG	75,809.74	
UDAG 46.1	Grant Revenue	75,809.74	
Grant 16	6000 Grant Expense		75,809.74
UDAG 03.1	Due From Grants		75,809.74
Total		<u>151,619.48</u>	<u>151,619.48</u>
Total Adjusting Journal Entries		<u>3,227,075.70</u>	<u>3,227,075.70</u>
Total All Journal Entries		<u>3,227,075.70</u>	<u>3,227,075.70</u>