

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 13, 2016  
“*Communications Received and Filed*” Item

To: Board of Supervisors

From: Department of Finance

Subject: Department Of Community Development - Economic Development And  
Marketing - Former Mather Air Force Base - Economic Development  
Conveyance Agreement - For The Period April 26, 2013 Through June 30, 2014

Supervisory  
District: All

Contact: Ben Lamera, Director of Finance, 874-7450

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**RECOMMENDATION**

Receive and file the attached Agreed-Upon Procedures Report, *Department Of Community Development - Economic Development And Marketing - Former Mather Air Force Base - Economic Development Conveyance Agreement - For The Period April 26, 2013 Through June 30, 2014.*

Respectively submitted,

**Ben Lamera**  
Director of Finance

Attachment 1, Economic Development - Mather EDC Report



**COUNTY OF SACRAMENTO**  
**DEPARTMENT OF FINANCE**  
**AUDITOR - CONTROLLER**

**Department of Community Development  
Economic Development and Marketing**

**Former Mather Air Force Base  
Economic Development Conveyance Agreement  
Dated April 26, 2013**

**Agreed-Upon Procedures Report**

**For the Period April 26, 2013 through June 30, 2014**

**Internal Services**  
**Department of Finance**  
**Auditor-Controller Division**

Ben Lamera,  
Assistant Auditor-Controller



**County of Sacramento**

Navdeep S. Gil,  
Interim County Executive

David Villanueva,  
Chief Deputy County Executive

Ben Lamera,  
Interim Director of Finance

April 11, 2016

Mr. Troy Givans  
Department of Community Development - Economic Development and Marketing  
County of Sacramento  
700 H Street, Suite 6750  
Sacramento, CA 95814

Dear Mr. Givans:

We have performed the procedures enumerated below, to the Former Mather Air Force Base Economic Development Conveyance Agreement (Mather EDC), dated April 26, 2013, for the period of April 26, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings were as follows:

1. We reviewed the Former Mather Air Force Base Economic Development Conveyance Agreement applicable to the period April 26, 2013, through June 30, 2014 for compliance.

Finding: No exceptions were noted as a result of our procedures.

2. We reviewed the Mather EDC accounting systems as they relate to the accounting for the control over contract receipts and expenses.

Finding: Although the accounting system controls over contract receipts and expenditures generally appear adequate to properly record transactions, we noted that there were percentage allocations being used for both revenue and expenditures that were not properly documented. See Attachment I, *Finding and Recommendation*.

Mr. Troy Givans  
Department of Community Development - Economic Development and Marketing  
April 11, 2016

3. We reviewed reported revenues, expenses for compliance with the terms and conditions of the above agreement for the period. See Schedule A for the *Statement of Agreement Revenues and Expenditures*.

Finding: As noted in number 2 above, we noted that percentage allocations were used for both revenue and expenditures that were not included in the Economic Development Conveyance Agreement and were not documented. See Attachment I, *Finding and Recommendation*.

Because the above procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. Had we performed additional procedures or had we made an examination in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the contract between the Sacramento County and the U.S. Air Force and does not extend to any other contract or program administered by Department of Community Development - Economic Development and Marketing.

This report is intended solely for the use by the Sacramento County Department of Community Development - Economic Development and Marketing, U.S. Air Force, Sacramento County Board of Supervisors and the Sacramento County Executive's Office and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA  
INTERIM DIRECTOR OF FINANCE



By: Alan A. Matré, CPA  
Chief of Audits

COUNTY OF SACRAMENTO  
 DEPARTMENT OF COMMUNITY DEVELOPMENT -  
 ECONOMIC DEVELOPMENT AND MARKETING  
 FORMER AIR FORCE BASE ECONOMIC DEVELOPMENT  
 CONVEYANCE AGREEMENT - APRIL, 26, 2013 (MATHER EDC)  
 STATEMENT OF AGREEMENT REVENUES AND EXPENDITURES  
 FOR THE PERIOD APRIL 26, 2013 THROUGH JUNE 30, 2014

**AGREEMENT REVENUES AND EXPENDITURES**

	<u>Reported by Department<sup>1</sup></u>	<u>Reviewed</u>	<u>Variance</u>
Revenues	\$ 159,977	159,977	
Expenditures	(185,433)	(185,433)	
Net	<u>\$ (25,456)</u>	<u>(25,456)</u>	

<sup>1</sup> The amounts reported by the Department were based on allocations that were not substantiated. See Attachment 1, *Finding and Recommendation*.

**COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT -  
ECONOMIC DEVELOPMENT AND MARKETING  
FORMER AIR FORCE BASE ECONOMIC DEVELOPMENT  
CONVEYANCE AGREEMENT – APRIL 26, 2013 (MATHER EDC)  
AGREED-UPON PROCEDURES REVIEW  
FINDING AND RECOMMENDATION  
FOR THE PERIOD APRIL 26, 2013 THROUGH JUNE 30, 2014**

**CURRENT REVIEW FINDING AND RECOMMENDATION**

**Expenditure Allocations**

Finding

The Department of Community Development - Economic Development and Marketing (the Department) used various percentage allocations when recording and reporting revenue and expenditures benefiting the EDC property. Upon review of these percentage allocations, there was no documentation to support these various allocations. The percentages that were used were between 20% and 100% of the various revenue and expenditure types and categories. Even though the Department was consistent in applying these percentages, we could not determine if they were reasonable allocation of the revenue and expenditures to the EDC property.

Recommendation

We recommend the Department base any allocations on percentages that are documented and maintained by the Department. We further recommend that these allocations be accepted and approved in the Economic Development Conveyance Agreement language.

Management Response

The Department concurs with the recommendation that allocations be based on percentages that are documented and maintained by the Department. The Department in connection with this financial review has already provided a summary matrix to the Department of Finance. The summary matrix included allocation percentage figures where costs incurred by the Department were shared costs and Management determined that the allocation of a proportionate share of the overall cost item is appropriate. The summary matrix was also provided to local US Air Force management. Since this was the first financial review associated with the EDC properties the allocation percentages are new percentages. These allocation percentages will be used in documenting expenses going forward. When Management determines that an allocation percentage requires adjustment to ensure expenses or revenues are correctly assigned to the EDC properties they will be adjusted as determined by Management in coordination with the US Air Force

**COUNTY OF SACRAMENTO  
DEPARTMENT OF COMMUNITY DEVELOPMENT -  
ECONOMIC DEVELOPMENT AND MARKETING  
FORMER AIR FORCE BASE ECONOMIC DEVELOPMENT  
CONVEYANCE AGREEMENT – APRIL 26, 2013 (MATHER EDC)  
AGREED-UPON PROCEDURES REVIEW  
FINDING AND RECOMMENDATION  
FOR THE PERIOD APRIL 26, 2013 THROUGH JUNE 30, 2014**

**CURRENT REVIEW FINDING AND RECOMMENDATION**

**Expenditure Allocations**

Management Response (continued)

The Department disagrees with the recommendation that allocations be accepted and approved in the EDC language. Activities including, but not limited to, planning, engineering, environmental permitting, construction, property management, leasing and sales associated with the economic redevelopment of the EDC properties are dynamic. Further, the redevelopment of these properties is being coordinated and undertaken with redevelopment of other properties providing for coordinated development sharing of costs. It was not possible to identify all possible revenue and expenditure items and allocation percentages in advance undertaking the redevelopment of this property. This is the purpose in part for the EDC agreement and the partnering of the Department and Air Force for the transition of property formerly used for military purposes to civilian purposes. The Department and Air Force mutually agreed to the EDC language which provided structure for transition of the property from Air Force to the Department and gives the Department the ability to reinvest proceeds received from the redevelopment furthering the goals of this community and the Air Force.