

City of Carson, CA

CITY SPECIAL EVENTS FUND AUDIT

March 2023 – May 2023

May 4, 2023



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Executive Summary

Background

The City of Carson (“City”) is located in the South Bay section of Los Angeles. Carson has a documented population of approximately 95,000. Over the years, three annexations have increased the City’s size to 19.2 square miles. Steady and continued growth has enabled Carson to become a city of regional significance. Carson has been included in the top 20 highest valued cities in the county since 1998, according to the Annual Report of the Assessor’s Office of the County. While Carson is well known as an industrial center with unparalleled access to transportation and the Pacific Rim, it is also a culturally diverse community that is attractive place to live, work and play. The City has more than 120 acres of park land divided into 12 parks, 2 mini-parks and sports/recreational facilities that include 3 swimming pools, a boxing center, a state-of-the art sports complex and the Carson Community Center. These facilities allow the residents of Carson to enjoy a variety of sports, recreational and cultural programs. The City’s educational needs are served by Los Angeles Unified School District, and the community has access to 47 church organizations.¹

Historically, Special Events have been a cornerstone to the City of Carson and its residents. In March 2019, City Council directed staff to move forward with conducting a review of the City Special Events Special Revenue Fund to make improvements to the accounting policies and procedures, cash receipting process, strengthen internal controls, and implement best practices. In July 2019, the City Manager authorized the service agreement with Gruber and Associates to evaluate the internal controls and processes of the City Special Events Fund. As a result, City Council approved Resolution No. 21-012 on April 6, 2021, to adopt the policy recommended by Gruber and Associates’ Independent Accountants’ Report dated December 16, 2019.

In 2023, the City of Carson engaged Baker Tilly US, LLP (Baker Tilly) to provide internal audit services surrounding the City Special Events Special Revenue Fund. To enhance transparency during the Special Events Fund planning process, Baker Tilly is tasked with providing an evaluation of the governance structure, the budgeting process including direct and indirect costs, and the classification of Special Events versus Program Events.

Objectives and Scope

Based on our understanding of the audit engagement, the City Special Events Fund audit contains three main objectives.

1. Conduct an audit of the City Special Events Fund (Budget).
2. Assess the City Special Events Fund Resolution No. 21-012 and general procedures to identify strengths, weaknesses, and opportunities for improvement.
3. Provide guidance to support the development process for the FY23-24 City Special Events Fund Budget.

¹ City of Carson, California 2022 Annual Comprehensive Financial Report

Audit Methodology



Phase 1: Planning

- Conduct project initiation tasks and a kick-off meeting

Phase 2: Information Gathering & Fieldwork

- Review, data gathering and process interviews with Management and Council to identify risks and internal controls for testing

Phase 3: Testing & Analysis

- Develop testing strategy and conduct analysis of best practices per GASB, industry standards and guidelines

Phase 4: Reporting

- Prepare draft findings and recommendations, validate with auditee and finalize in final report

Acknowledgements

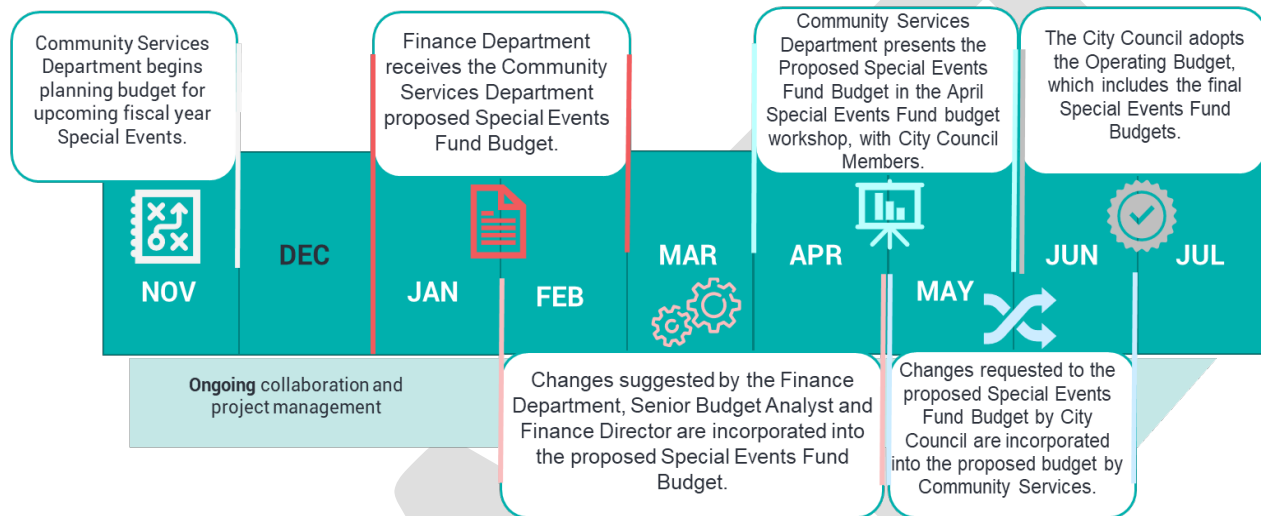
Thank you to the City of Carson, California team members for their support and cooperation throughout the audit. Their insight and responsiveness in providing information was integral to the successful execution of this audit. Specifically:

- David Roberts Jr., City Manager
- Robert Lennox, Assistant City Manager Administrative Services
- Tarik Rahmani, Director of Finance
- Michael Whittiker, Director of Community Services and Parks/Recreation

Thank you to the City of Carson, California team members for their support and cooperation throughout the audit. Their insight and responsiveness in providing information was integral to the successful execution of this audit. Specifically:

- Ralston Turner, Sr. Budget Analyst
- Luchie Magante, Principal Administrative Analyst
- Tim Grierson, Recreation Superintendent
- Bobby Grove, Community Services Superintendent
- Sunny Soltani, City Attorney
- Benjamin Jones, Assistant City Attorney
- Hnin Phyu, Senior Accountant
- Susan Delirio, Accountant II

Special Events Budget Process Timeline



Resolution 21-012

On April 6, 2021, the City of Carson adopted and approved Resolution No. 21.012, in reference to Gruber and Associates' Independent Accountants' Report dated December 16, 2019, which allowed the City to implement policies and procedures to improve internal controls relating to the City Special Events Fund. The adopted policy helped refine accounting policies and procedures, improve the cash receipting process, develop internal controls, and track indirect costs of each special event in order to ascertain the true cost of hosting an individual event. Additionally, the policy identified controls surrounding funding sources between the General Fund and Special Events Special Revenue Fund, as well as controls surrounding the budgeting process for specific events.

The Resolution emphasized the importance of funding sources for Special Events. All Special Events are required to utilize event fees and financial contributions prior to the remaining balances being funded by the General Fund, through transfer. The City Special Events Fund shall not be allowed to carry a fund balance using funding from the General Fund. The General Fund transfer should be equal to the remaining expenditures for each event and must occur after the completion of each event.

Controls were identified within the Resolution to ensure that a project-based accounting approach was utilized to evaluate cost benefits within the Special Events budgeting process. Detailed budgets of each specific event are to be completed and approved by City Council prior general ledger entry. Indirect costs are to be tracked for each event in order to determine the cost benefit of a specific event. The City's purchasing policy must be utilized, and all Special Events' contracts must confirm that the City's funds are adequately protected.

Budgeting Process

Government Accounting Budget Standards²

The budget determines the nature and scope of most governmental fund financial operations by setting the amounts and sources of estimated revenues and authorized expenditure transfers. Effective management control and accountability for governmental funds can best be achieved by using a common language and uniform classification system in financial planning, management, and reporting. Budgetary compliance is a paramount consideration in government. The basis on which the budget is prepared should be consistent with the basis of accounting used. The three possible levels of budgetary control and authority to which organizations, programs, activities, and functions may be subject are:

1. "Appropriated budget"; or
2. Legally authorized "non-appropriated budget" review and approval process, which is outside the "appropriated budget" process; or
3. Nonbudgeted financial activities, which are not subject to "appropriated budget" and the appropriation process or to any legally authorized "non-appropriated budget" review and approval process, but still are relevant for sound financial management and oversight.

We defined the Special Events Fund budget in the City Special Events Fund Policy template ([See Appendix A](#)), as: "Budget" - A plan of financial operation for a given period. The annual Special Event budgets authorize, and provide the basis for control of, financial operations during the fiscal year. The total budget is recommended to City Council and should be appropriately controlled through Tyler Munis, the accounting system, to assure effective budgetary control and accountability. All budgets involved in City Events are considered "fixed" budgets per GASB standards and should not exceed the budgeted amount within the period.

Indirect Cost Allocation Risks, Best Practices and Considerations for Government Entities³⁴

Indirect cost allocation is a recommended accounting practice to distribute indirect costs to programs or functions in order to estimate their true, full cost. These costs include shared administrative expenses, where a department incurs costs for support it provides to other departments, such as legal, finance, human resources, facilities, maintenance, and technology. These can also include indirect administrative and planning functions associated with government sponsored events.

Capturing indirect costs when budgeting is essential for accurate financial planning, effective resource allocation, and long-term organizational success. Risks of not properly capturing indirect costs include:

- Missed cost-saving opportunities: if an organization is not aware of the true cost of its operations, it may overlook opportunities to streamline processes and reduce expenses.
- **Inadequate resource allocation: Indirect costs often include expenses such as rent, utilities, and administrative salaries. Failing to capture these costs can result in inadequate resource allocation, leaving departments without the resources they need.**

² [NCGAS – National Council on Governmental Accounting Statements and Interpretations 1, ¶125]
[NCGAS – National Council on Governmental Accounting Statements and Interpretations 1, ¶126]
[NCGAI – National Council on Governmental Accounting Statements and Interpretations 10, ¶10]
[NCGAI – National Council on Governmental Accounting Statements and Interpretations 10, ¶6]

³ Source: Government Finance Officers Association (GFOA), "Indirect Cost Allocation - Best Practices", web-access April 2023

⁴ Source: Government Finance Officers Association (GFOA), "Measuring the Full Costs of Government Service - Best Practices", web-access April 2023

- **Inaccurate budgeting: Indirect costs are costs that are not directly associated with a particular project or product but are still necessary to support the organization's overall operations.**
- Reduced profitability: Failing to account for indirect costs can reduce an organization's profitability, as these costs can significantly impact the overall cost of doing business.

Best practice suggests a systematic and rational methodology should be used in the allocation process. According to GFOA, governments should address several issues when preparing indirect cost allocation plans. These issues include:

- Who should perform the allocation?
- What factors need to be addressed if an external party is selected to perform the allocation?
- How often the cost allocation should be performed?
- What factors need to be addressed if the allocation is performed by the government's own staff?
- Whether the government should use an indirect cost allocation plan or an overhead percentage rate?
- Other items that governments should address when developing an indirect cost allocation.

Governments should use a fair, rational, and consistently applied methodology to allocate each indirect cost, approximating the proportional share of service received from the service provider. Direct and indirect expenses should be presented in separate columns to enhance comparability of direct expenses between governments that allocate indirect expenses and those that do not. [GASBS 34, ¶42].

Additionally, government entities will need to consider the following:

- Governments should calculate the full cost of different services they provide for various purposes.
- **Full cost includes all direct and indirect costs, both operating and capital, related to the service.**
- Shared costs should be allocated systematically and rationally.
- Governments should evaluate service delivery alternatives based on effectiveness, efficiency, compliance, and other factors.
- **Indirect costs include shared administrative expenses and entity-wide indirect costs.**
- Cost should be allocated based on usage or causal factors and should be seen as fair and legitimate.
- Communication between accounting and budgeting is essential to ensure accurate figures are used.
- Clear systems must be in place to allow for the tracking of costs and be used for decision-making purposes.
- Governments should beware of "double-counting" in reporting when the costs from supporting departments are allocated to the operating departments.

Conclusions, Summary and Findings

During this audit, we identified Special Event Special Revenue Fund deficiencies as a result of budget process issues which can lead to an inaccurate, insufficient or inefficient budget development, reporting and monitoring. There is a risk that the Special Event Special Revenue Fund governance oversight stakeholders may not have comprehensive budget data to facilitate planning and support decision making.

The audit findings are listed in the table below. Additional information on the findings, recommendations, management's responses, and process improvement recommendations are located within the Detailed Report section.

Rating/Criticality:

- **High** - significant internal control weakness exists that may result in the inability to meet the City's business objectives and/or can cause disruption in business operations.
- **Medium** - internal control weakness may result in the inability to meet the City's business objectives and/or can cause disruption in business operations.
- **Low** - Internal control weakness exist; however, this may not result in the inability to meet the City's business objectives and/or cause disruption in business operations.

Objective 1: Conduct an audit of the City Special Events Fund (Budget).

Finding #	Finding	Rating/Criticality
1	Unallowable Accumulated Special Events Fund Balance at Year-End (Resolution No. 21-012, Section 2 (a))	High
2	Comingled Cash Receipts from Third-Party Organization/Individual and Not-For-Profits (NFP) (Resolution No. 21-012, Section 2 (c))	High
3	Failure to Institute Partnership Agreements (Resolution No. 21-012, Section 2 (j))	High

Objective 2: Assess the City Special Events Fund Resolution No. 21-012 and general procedures to identify strengths, weaknesses and opportunities for improvement.

Finding #	Finding	Rating/Criticality
4	Lack of Budget Process Policy and Procedures	High
5	Ineffectively Designed Special Event Budget Review and Approval	High
6	Incorrect Special Event Time Reporting	High
7	Lack of Special Events Performance Governance	Medium
8	Insufficient Special Events Budget Monitoring Framework	Medium

Objective 3: Provide guidance to support the development process for the FY23-24 City Special Events Fund Budget.

Below is a table to reference the change between the FY2022-2023 and FY2023-2024 budgets. See [Appendix B](#) for further analysis. Special Events highlighted in red indicate a material increase in allocation from 2023 to 2024.

Event	2022-2023 Budget	2023-2024 Budget	% Change
Community Friendship Day	\$14,475	\$0	N/A
Samoan Flag Day	\$10,000	\$10,000	0%
Unity Day	\$32,411	\$0	N/A
Heroes Day	\$26,905	\$28,977	8%
Cajun & Blues White Linen Festival	\$37,113	\$37,982	2%
Jazz Festival	\$53,092	\$103,577	95%
Women's Health Conference	\$58,607	\$80,369	37%
Country Western Fair	\$41,220	\$38,206	(8)%

Winterfest	\$30,074	\$30,449	1%
Earth Day Kids Fest	\$27,031	\$28,067	4%
Cinco de Mayo	\$51,367	\$54,542	6%
Gospel Fest/Faith, Family, Friends (FamFest in 2022/2023)	\$46,897	\$52,938	13%
Philippine Independence Day	\$57,160	\$82,863	45%
Juneteenth	\$51,869	\$71,481	38%
Samoan Heritage Day	\$36,801	\$44,746	22%

Summary:

The evaluation of the FY2023 – FY2024 Special Events Fund Budget included several considerations as indicated below:

- a. Overall, the City of Carson has sufficient resources committed to Special Events in the form of annually budgeted funds.
- b. The City may be able to host Special Events at a lesser cost than proposed and previously budgeted. Funds from the previous fiscal year were not being fully exhausted, therefore there is excess budget, and the funds need to be reallocated.
- c. Direct costs are driving the overall proposed budget increases in FY2023-2024, resulting in an estimated 19% increase in overall direct costs across Special Events.
- d. The criteria for classifying Special Event or a Program Event has implications on the overall costs to the City for taxpayer funded events. Expanding the criteria to include program events, and completed FY2022-2023 data, will assist the City Council's decision making.
- e. The City should consider evaluating the costs per event based on attendance to more accurately and objectively determine the demand from the community.

Detailed Report

Background, Roles, and Responsibilities

The City of Carson Special Events are an integral part of the City and contribute to making it an attractive place to live. Incorporating internal controls and developing a reliable budgeting process that follows best practices and industry standards is critical to bringing the best experience for City personnel and the community overall. There is a strong emphasis on planning for Special Events, therefore, ensuring an efficient and effective governance structure exists and a comprehensive budgeting process is in place is critical. Within City events, the City performs Special Events and Program Events. Program Events are funded through the General Fund and are department specific, i.e., Human Services Division, Recreation Division.

Special Events	Program Events (Recreation, Human Services)
<ol style="list-style-type: none"> 1. Samoan Flag Day (Requires City Council direction) 2. Heroes Day 3. Cajun & Blues White Linen Festival 4. Jazz Festival 5. Women’s Health Conference 6. Country Western Fair 7. Winterfest 8. Earth Day KidsFest (Combined Earth Day and Childrens Day in FY2022-2023) 9. Cinco de Mayo 10. FamFest (Combined Unity Day and Gospel Fest/Faith, Family, Friends in FY2022-2023) 11. Philippine Independence Day 12. Juneteenth 13. Samoan Heritage Day 	<ol style="list-style-type: none"> 1. Autism Awareness 5k Run 2. Black History Month 3. Cesar Chavez Tribute 4. Earth Day 5. Fabela Chavez Boxing Showcase 6. Filipino American History month Kick Off 7. Halloween 8. Larry Itliong Day 9. Mariachi Festival 10. Memorial Day Tribute 11. Mental Health Awareness 12. Nate Riddick Volunteer Recognition Banquet 13. Red Ribbon Week 14. Relay for Life 15. Teen Summit (Age Requirements, free) 16. Think Pink Breast Cancer 17. Tree lighting 18. Tribute to Dr. Martin Luther King. Jr 19. Veterans Day Celebration 20. Winterfest Recital 21. 55th Anniversary Gala Ball 22. 55th Anniversary 5k Walk 23. 55th Golf Tournament 24. 55th Anniversary - Street Fair 25. 55th Anniversary - Tour de Carson

City Special Events are funded from several different sources including advertising, event fees, donations, and not-for-profit fundraising. General Fund monies are used to subsidize any remaining costs not covered by Event generated revenue.

Audit Methodology

Phase 1: Project Planning

Baker Tilly began by conducting project initiation tasks that included including planning with the project team, assigning project liaisons and managers, and hosting a kick-off meeting with the City of Carson and Baker Tilly staff. Periodic project updates were provided to the City of Carson as needed.

Phase 2: Information Gathering & Fieldwork

Baker Tilly began by issuing a data request for current information, including Gruber and Associates' Independent Accountants' Report ("Report"), Resolution No. 21-012, most recent ACFRs, and relevant information pertaining to the current Special Events' budget process. All information requests were reviewed to confirm that internal controls are implemented and to identify areas of improvement. Council Members and City personnel were interviewed, prior reports were reviewed, and external risks and trends in the industry were considered during the audit.

Phase 3: Testing & Analysis

A testing strategy was developed based on Resolution No. 21-019 and industry best practices. Testing was conducted using gathered evidence and documentation provided by the City in order to confirm internal controls and identify areas of improvement in accordance with industry standards and best practices. All testing procedures were reviewed and analyzed for compliance and subsequent findings were written for any controls that were deficient, or if current practices do not align with industry standards.

Internal Controls tested involved those approved by City Council on April 6, 2021 within Resolution 21-012. Controls are as follows:

- a. The Special Events Special Revenue Fund should not accumulate fund balance through the General Fund subsidy.
- b. All transactions must be entered into the City's accounting software correctly on the initial entry.
- c. The City's general ledger must have unique revenue accounts in order to properly account for donations received by outside individuals and companies versus support received from not-for-profit organizations that are partnering with the City on special events.
- d. The City must fully utilize project based accounting treating each special event as a project where all revenues and expenditures can be recorded, which will allow City Council and management the ability to evaluate the cost benefit of each special event. Furthermore, detailed budgets must be submitted for each event which would be approved by Council and entered into the general ledger.
- e. Transfers are to be recorded only after an event has been completed and all revenues and costs have been reconciled; at that point, the General Fund can transfer in the needed funds to balance the net cost of the event.
- f. Cash receipting process is to be enhanced to ensure that detailed information is used when initially recording the collected funds and avoid the need for journal entries to be made to correct the errors.
- g. Transactions are to be entered into the proper fund, department and account when initially recorded to the general ledger.
- h. Individual budgets are to be created for each event so that expenses can be charged against the budgeted accounts and that they account for straight time that employees spend on special events.
- i. All City sponsored events must follow the City's purchasing regulations, inclusive of approved City employees authorizing purchases on behalf of the City.
- j. All special events contracts are to be entered into using the City's standard services contracts, or another contract form approved by the City Attorney, to ensure the City's funds are adequately protected.
- k. All indirect costs of each special event is to be tracked each year to capture a true cost of putting on a specific event.

Additionally, the evaluation of the FY2023 – FY2024 Special Events Fund Budget was performed with consideration for the FY2022 – FY2023 and FY 2021 – FY2022 Special Events Fund Budgets.

Phase 4: Reporting

Results of testing were drafted and findings, were provided to the City of Carson for review. The draft findings and draft summary report which contained preliminary observations and recommendations were reviewed with the City of Carson audit stakeholders. The City was then given the opportunity to provide management responses and an action plan prior to the report being finalized.

DRAFT

Findings, Recommendations, and Management's Responses

Objective 1: Conduct an audit of the City Special Events Fund (Budget)

Objective 2: Assess the City Special Events Fund Resolution No. 21-012 and general procedures to identify strengths, weaknesses, and opportunities for improvement.

Objective 1 and Objective 2 Findings and Recommendation Table

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
1	<p><u>Unallowable Accumulated Special Events Fund Balance at Year-End</u></p> <p>Criteria: Resolution No. 21-012, Section 2 (a) states " All event fees and financial contributions to special events must be used before any transfer of General Fund monies to the Special Events Special Revenue Fund are made for subsidizing events. The Special Events Special Revenue Fund should not accumulate fund balance through the General Fund subsidy. Budget controls should be focused on the event costs and the General Fund transfer must provide funding for an amount up to the actual costs incurred."</p> <p>Condition: In fiscal year 2022, the Winterfest event was classified as a program event. All revenues and expenditures pertaining to this event were recorded in the General Fund. However, overtime expenses rendered by the Public Works Department for that event were recorded to the City Special Events fund. Inadvertently, there was no General Fund subsidy, resulting in an accumulated Special Events fund balance at year-end for Winterfest.</p> <p>Cause: Budget controls to monitor event costs and General Fund transfers that ensure funding</p>	<p>We recommend the City strengthen the controls monitoring reported expenditures after a Special Event has taken place. The City should implement a checklist, as part of their review process, that documents a listing of all accumulated revenues and expenses for a special event and suggests consideration of other common special event revenues and expenses, to ensure that all event activity is captured via general ledger entry. Further, this review checklist should be peer-reviewed and retained for reference and future external review engagements.</p>	High	

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
	<p>is provided for an amount up to the actual costs incurred are not operating as intended.</p> <p>Impact: When The City of Carson carries a fund balance in the Special Events, they are out of compliance with Resolution No. 21-012. Further, it incorrectly suggests the City is sponsoring events with the intention of making a profit.</p>			
2	<p><u>Comingled Cash Receipts from Third-Party Organization/Individual and Not-For-Profits (NFP)</u></p> <p>Criteria: Resolution No. 21-012, Section 2 (c) states " The City's general ledger must have unique revenue accounts in order to properly account for donations received by outside individuals and companies versus support received from not-for-profit organizations that are partnering with the City on special events."</p> <p>Condition: For 3 out of 10 or approximately 33% of events tested as part of our review had cash receipts with unique revenue codes created for donations. However, it could not be determined if the cash receipt was from a third-party organization/individual or a nonprofit/not-for-profits (NFP). It was later learned that regardless of source, all donations are allocated to the same donation account.</p> <p>Cause: Controls monitoring general ledger entry compliance with Resolution No. 21-012 are not in place.</p>	<p>We recommend the City revise their general ledger chart of accounts to include two revenue donation accounts, allowing for the proper accounting of donations received from third-party organization/individual and nonprofit/not-for-profits (NFP).</p>	High	

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
	<p>Impact: When a Special Event is held in partnership with an external organization, the City of Carson cannot effectively assess the impact of its partner's contributions. This in turn, impairs the City's' ability to assess the success of the event, as well as creates challenges for future budgeted allocations.</p>			
3	<p><u>Failure to Institute Partnership Agreements</u></p> <p>Criteria: Resolution No. 21-012, Section 2 (j) states " All special events contracts are to be entered into using the City's standard services contracts, or another contract form approved by the City Attorney, to ensure the City's funds are adequately protected."</p> <p>Condition: For 3 out of 3 or 100% of Special Events involving a partnership between the City of Carson and nonprofit/not-for-profits (NFP) and other external organizations, Partnership Agreements were not initiated and acknowledged by the City and the NPF prior to engaging in a co-sponsored/co-hosted event. These events include JazzFest, Woman's Health Conference, and Philippine Independence Day. Therefore, the City cannot enforce guidelines and regulations for Special Events set forth in City Council Resolution No. 21-012 that are intended to protect the City's resources from fraud, waste, and abuse.</p>	<p>We recommend that the City require that a Special Event Partnership Agreement be administered and signed prior to engaging in an co-host / co-sponsor arrangement with an NFP or any other related external organization. The agreement should specifically note any event details, arrangements or City regulations that the selected external organization is required to perform. Further, the agreement should also refer to all procedures and practices cited in Section 2 of Resolution No. 21-012.</p> <p>Given the heightened visibility of Council-Member-led Special Events, we also recommend the City strengthen the evaluation criteria, selection process and performance metrics for all Special Events partners, requiring that all external parties undergo a documented evaluation and selection process.</p>	High	

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
	<p>Cause: The City established a process to define partnership roles and responsibilities, however, this is not being enforced.</p> <p>Impact: In the event of a failure to perform, the City of Carson nor the NFP have a documented acknowledgement indicating both parties understood the agreed upon terms and in good faith promised to uphold their responsibilities and obligations.</p>			
4	<p><u>Lack of Budget Process Policy and Procedures</u></p> <p>Criteria: The City should have a comprehensive framework for Special Events budgeting that includes documented formal procedures for budget initiation, planning, preparation, review, approval, and modification.</p> <p>Condition: The City does not have documented procedures to guide the planning, preparation, review, approval and budget modifications of proposed Special Events budgets that formally establishes roles, responsibilities and minimum requirements in the following areas:</p> <ol style="list-style-type: none"> 1. Development of a Special Events strategic planning process to ensure events are in alignment with the City's mission and objectives. 2. Performing an event budget feasibility analysis to justify the business need 3. Minimum requirements and a definition of what constitutes as sufficient detail necessary to support requests to 	<p>We recommend that the City develop and adopt formal procedures that detail the budget process initiation, planning, preparation, review, approval and modification.</p> <p>Roles and responsibilities should be clearly defined, along with identifying the need for any potential sub-committees that could strengthen the budget preparation process. Required documentation and procedures to support budget requests and modifications from prior years should also be detailed within the procedure. Newly developed procedures should require review and approval of the final Special Events budget proposal by the City Manager, Finance Director, and Community Services Director.</p>	High	

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
	<p>increase revenue and expenditure levels for Special Events budgets year-over-year.</p> <p>4. City Council has the authority to request budget modifications and approve the same modifications without delegated authority.</p> <p>Cause: City Management has not established a Special Event budgeting governance process that ensures adequate oversight to ensure the City is optimizing its available resources.</p> <p>Impact: Management is unable to make informed decisions that impact the City's ability to achieve its program mission and objectives.</p>			
5	<p><u>Ineffectively Designed Special Event Budget Review and Approval</u></p> <p>Criteria: City Council members should perform a comprehensive review of the City's proposed budget.</p> <p>Condition: The proposed Special Event Fund 244 Budget is presented to the Council for the first time during the Budget Workshop Council Meeting in May of every fiscal year, where Council Members are expected to review and approve the Special Events budget during June City Council meeting budget approval sessions.</p> <p>Further, Council members do not have adequate time to prepare support for potential budget modifications.</p> <p>Cause: City Council members do not have sufficient time to review the individual Special Event budgets,</p>	<p>We recommend that the City submit the Proposed Special Event Fund 244 Budget, along with any planned presentation materials, to City Council members at least two weeks prior to the scheduled Budget Workshop Council Meeting. If the City Council members would like to suggest modifications to the event agenda and proposed budgets, they should be required to present support substantiating the rationale for revisions during the Budget Workshop.</p> <p>We also recommend that the City strengthen the presentation of the Proposed Special Event Fund 244 Budget to include more detail in support of proposed expenditures. The presentation should include an explanation of how indirect and indirect costs are calculated, as well a description of the special time code assignments used to capture staff time allocations for Special Events.</p>	High	

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
	<p>leading to confusion amongst the City Council regarding the availability of funds for Special Events.</p> <p>Impact: The City Council does not have a clear understanding of how direct and indirect costs for Special Events are represented and accounted for in proposed budgets, particularly regarding event staffing fulfilled by City personnel. This can lead to Council-led Special Events to experience budget overruns. Further, budget modifications for certain events supported solely by testimonial evidence creates inconsistencies in budget preparation practices, reduces the level of public confidence in the Council's approval, and leaves the City susceptible to the public perception of bias.</p>	<p>Further, we recommend that the City Manager strengthen the controls over City Council's review and approval of the proposed Special Events budget. Policies and procedures should be established to govern Council's review and approval of the Special Events budget, as well as detail what documentation is required to justify any budget modifications suggested by a City Council member.</p>		
6	<p><u>Incorrect Special Event Time Reporting</u></p> <p>Criteria: City staff are required to enter time worked supporting special events to a specific pre-determined time code.</p> <p>Condition: City staff, using Special Event time codes provided by the Human Resources Department via email for manual entry, are recording time to the incorrect expense code.</p> <p>Cause: Special Event staff need continued training on the appropriate time code to use to record their shift.</p>	<p>We recommend the City reconfigure, expand or upgrade the automated time recording functionality within the Tyler Munis system to allow for role-based access to Special Event time codes based on predetermined managerial staff assignments. Additionally, periodic training should be conducted to ensure staff understands the time entry process and what support resources are available.</p>	High	

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
	<p>Impact: Management reported that the Finance Team must reclassify inaccurate and/or incomplete Special Events employee time entries. Further, until required adjusted entries are discovered and recorded, budget monitoring activities are impaired.</p>			
7	<p><u>Lack of Special Events Performance Governance</u></p> <p>Criteria: Special Events should be evaluated against an established set of criteria in order to identify successes, weaknesses and opportunities for improvements.</p> <p>Condition: The City has not established formal documented policies and procedures to govern the following areas:</p> <ol style="list-style-type: none"> 1. Limitations on the subsidizing of Special Events from prior event transfers or the general fund. 2. Monitoring and reporting on Special Events financial success and engagement satisfaction to the City Council post event. 3. Establishment of authorization thresholds for fund balances and transfers. 4. Monitoring and reporting on compliance or non-compliance with City practices and expectations. 	<p>We recommend the City Manager, Finance Director, and Community Services Director establish budgetary and satisfaction performance indicators that will determine if Special Events are in line with City spending expectations and are meeting measures of success for Special Events.</p> <p>These performance indicators should include the following:</p> <ul style="list-style-type: none"> - measurable standards for budget-to-actual analytics, - per-capita expenditures and revenues, - attendance expectations and attendee satisfaction, - fiscal policies outlining expected budget/fund balances for Special Events and General Fund subsidy thresholds, - and checklists that itemize required practices and reporting for Special Events to ensure compliance with City guidelines and regulations. 	Medium	

Finding #	Finding	Recommendations	Rating/Criticality	Management's Response
	<p>Cause: City Management has not established benchmarks to facilitate continuous review of performance results and to determine whether the allocated fundings align with the City's fiduciary responsibilities for Special Event.</p> <p>Impact: A Special Event that results in risk, loss or less than optimal outcomes for the City may have an opportunity cost that is not aligned with Management's program mission and risk appetite. The City cannot effectively assess the success or future feasibility of its Special Events.</p>			
8	<p><u>Insufficient Special Events Budget Monitoring Framework</u></p> <p>Criteria: Budget monitoring activities should be established to monitor fiscal responsibility and accountability.</p> <p>Condition: The City does not have a formalized framework or mechanism to monitor the Special Events cost (budget) overrun prior to expenditures being procured and processed within Tyler Munis. In the event, Special Event expenditures are approaching the budgeted allocation, there are no preventative or detective, real-time alerts to notify leadership beforehand.</p> <p>Further, requirements for post-event reporting of actual direct and indirect costs, event attendance, and other event metrics are not established.</p> <p>Cause:</p>	<p>We recommend that the City establish a framework that details how individual Special Event budgets are to be monitored. Budget monitoring activities should include at least the following:</p> <ul style="list-style-type: none"> - Assigned responsibility for the monitoring of each strategic performance indicator and measure. - Periodic Special Event budget performance updates should be produced throughout the fiscal year. - Regular desk reviews of Special Event expenditures and revenues, partnership agreement deliverables, and compliance with Resolution 21-012 should be performed. - Periodic meetings with Special Event stakeholders to ensure budgets are on track. <p>We also recommend that the Finance Department implement a post-event reporting schedule that requires Community Services and Finance to submit actual expenditures for all, direct and indirect costs, along with invoices and receipts substantiating direct costs. Documentation should be submitted detailing actuals of indirect costs including the actual costs for the use of City-owned</p>	Medium	

Finding #	Finding	Recommendations	Rating/ Criticality	Management's Response
	<p>Management has not assessed the control environment needed to protect City resources available for Special Events.</p> <p>Impact: The City is unable to effectively assess its ability to meet planned event goals and objectives, nor can it effectively forecast resources needed for future special events due unreliable expenditure and revenue figures.</p>	<p>facilities and assets and staff time used planning and coordination in advance of Special Events.</p>		


Objective 3: Provide guidance to support the development process for the FY23-24 City Special Events Fund Budget

Overall, the City of Carson has sufficient resources committed to Special Events in the form of annually budgeted funds. The City's overall operating budget is comparatively large, and the budgets proposed for the Special Events in FY2023-2024 will not have a major impact on the City's overall success. The City may be able to host Special Events at a lesser cost than proposed and previously budgeted. Funds from the previous fiscal year were not being fully exhausted and therefore the budget was excessive and the remaining funds should be reallocated. In FY2021-2022, approximately only 44% of the budgeted Special Event funds were used and with the majority of the current fiscal year complete, only 60% of budgeted funds in FY2022-2023 have been used. While every event does not generate revenue, the total revenue from Special Events offset an additional 25% of the budgeted funds needed for Special Events.

Refer to [Appendix B](#) for further analysis.

Appendix A: Policy and Procedure Template

Below is a sample Budget Policy Template which includes key components that may be incorporated to improve the overall Special Events Revenue Fund governance structure.

Policy Title:		RECOMMENDED CITY SPECIAL EVENTS FUND POLICY AND PROCEDURE TEMPLATE	
	OFFICE OF COMMUNITY SERVICES	Category:	Special Events Revenue Fund Management
		Administrative Policy #:	TBD
		Revision #:	N/A
		Review Frequency:	Annually
Administrative Division:	City of Carson Community Services (C.C.C.S.)	Reviewed By:	TBD
Approval:	TBD	Last Reviewed/Update Date:	TBD
Implementation Date:	TBD	Resolution #:	TBD

1. AUTHORITY

- 1.1. City of Carson, California, City Council Resolution 21-012
- 1.2. City of Carson, California, City Council Resolution 23-089

2. OBJECTIVES

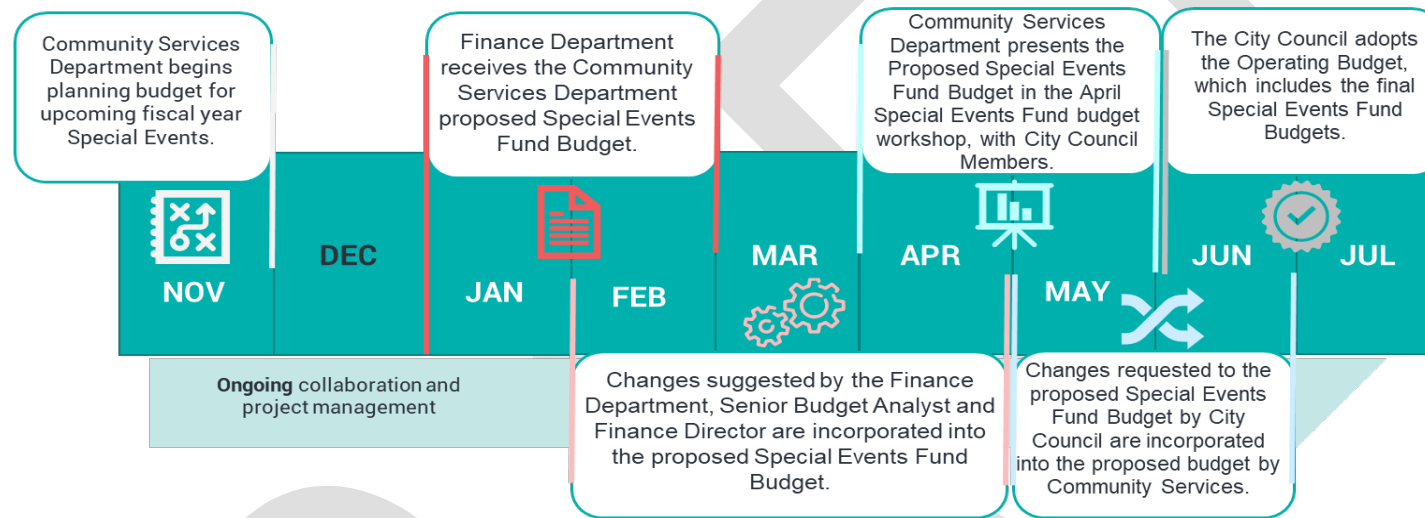
- 2.1. City Special Events Fund policy and procedure, budget approval, and oversight.

3. PURPOSE

- 3.1. To outline the City of Carson Special Events fund budgeting and fund use policies and procedures in accordance with relevant City Council approved resolutions, and to establish an efficient process for Special Events management and effective system of internal control pertaining to all City events.

4. SPECIAL EVENTS BUDGET PROCESS TIMELINE

Special Events Budget Process Timeline



5. DEFINITIONS

- a. "City Events" – All events performed by the City of Carson, California. These include either Special Events or Program Events, as defined in this policy document.
- b. "Special Event" – An event is classified as a City Special Event when it meets the following criteria:
 - i. A City hosted event in which any member of the community can attend, occasionally requiring a paid ticket entry.
 - ii. Approved by City Council vote within the annually approved Special Events budgeting process;
 - iii. Funding is provided from the Special Event Revenue Fund, also referred to as "Fund xxx";
 - iv. City Council Member participation in program oversight limited to raising donations, advertising, and promotional activities for the respective Special Event, and the participation is not permitted to manage the day-to-day operations / processes required to conduct a Special Event.
 - v. Special Event management and coordination are performed by City personnel reporting to the City Manager in the Community Services Division.
 - vi. An event with 401 or more attendees will be classified as a Special Event. Special events can be established to meet the goals of cultural initiatives that anticipate significant attendance (i.e., 55th Anniversary events, cultural holidays, etc.).

- vii. Generate revenue that offsets the costs of the event through entrance fees / ticket sales, vendor payment agreements, donations, event sponsors, etc.
- c. “Program Event” – An event is classified as a City Program Event when it meets the following criteria:
 - i. A City hosted event in which any member of the community can attend, occasionally requiring a paid ticket entry.
 - ii. Approved by City Council vote within the annual general operating budget approval process, concurrently to the Special Events budgeting process.
 - iii. Funding is provided from the General Revenue Fund, also referred to as “Fund xxx”. Program Events are approved as part of a department’s budget.
 - iv. Limited City Council member participation in Program Events. Management and coordination are performed by City personnel reporting to the City Manager in the respective department of the Program Event.
 - v. An event with 400 or less attendees will be classified as a Program Event. Attendance for events will be estimated to determine the events classification.
- d. “Budget” - A plan of financial operation for a given period. The annual Special Event budgets authorize, and provide the basis for control of, financial operations during the fiscal year. A comprehensive budget is recommended to City Council and should be appropriately controlled through the accounting system to assure effective budgetary control and accountability. Special Event budget reporting will detail direct costs, indirect costs, totals, previous year actuals, and current proposed budget at the least. All budgets involved in City Events are considered "fixed" budgets per GASB standards and should not exceed the budgeted amount within the period.
- e. “Project Based Accounting” - The process determining the types and levels of services to be provided as well as allocation of available resources among various events, programs, or functions. The tracking of fixed event budgets to ensure financial controls are followed, and that fixed expenditure limitations are not exceeded when comparing budget and actual revenues.
- f. “Direct Cost” – Direct costs include the salaries, wages, and benefits of employees while they are exclusively dedicated to an activity that is designated for a named Special Event/Program Event pre-event day, day-of delivery or post-event, as well as the materials and supplies, and other associated operating costs such as vendor payments, prizes / giveaways, professional services and insurance costs paid directly to perform the event.
- g. “Indirect Cost” – An accounting function to estimate and distribute certain event management activities as costs to events, to approximate the event's full cost. Regardless of the purpose of the indirect cost allocation, indirect costs are supported by a systematic and rational methodology determining what is an appropriate indirect cost based on industry standard and agreed on by City Council. Indirect costs can include city owned equipment rented, city owned facilities rented, any non-designated Special Events/Program Events city employees time spent pre-event day, day-of delivery or post-event in planning, meetings, administration, program design, and other reconciliatory tasks.
- h. “Tyler Munis” - The City of Carson time keeping and financial management system.
- i. “Standard Workday” – Eight hours of authorized work. Employees may also be assigned to alternative schedules to include flextime.
- j. “Work hour” – Any hour of the day that is worked and authorized to be worked.

- k. Key Performance Indicators (KPI)" – can include:
 - i. Budget / Actual – the ratio containing the approved budgeted funds, divided by the total funds actually expended for an event. Indirect and direct costs are included in budget / actual calculations.
 - ii. Cost Overrun – An unexpected change in budget that ends up increasing the total cost.
 - iii. Budget Surplus - Income or revenue exceeds expenditures.
 - iv. Budget Transfers - Authorized movements of appropriation authority between appropriations in different funds or accounts typically approved by City Council.
 - v. Projected / Actual Event Attendance – A high quality estimate, beyond a reasonable doubt, to reach the closest number of eventgoers that may attend the event, either Special Event or Program Event, divided by the estimate of actual attendees to the event. This does not include event sponsors, contracted vendors, or personnel working the City Event.
 - vi. Year-over-year Budget Performance – comparing any Special Event or Program Event's previous fiscal year budget with the current fiscal year budget, to determine trends around budget usage and revise budgeted funds accordingly.
 - vii. Disruption to City Operation – To avoid disruptions to other community presence, living activities, and routine City operations. The City should seek to minimize adverse impacts on neighborhoods and essential public infrastructure and services. This indicator captures effects of disruption to City Operations due to size, resource, and volume of events, to mitigate the negative effects.
 - viii. Safety Level – The City will need to take precautions to protect the health and safety of participants, residents, businesses, and visitors. Generating safety risks that are likely due to the crowd gathering, and tracking the necessary response needed to mitigate the safety level and tracking the number of safety incidents.
 - ix. Citizen Satisfaction – a scale metric, determined by the City, to capture the level an eventgoer values the City Event. This can be done through simple 1-5 scale through survey.

6. SCOPE

- 6.1. This policy applies to all City of Carson Special Events and Program Events as defined in the Definition Section above. The policy outlines the responsibilities of elected City Council members, and City staff when interacting with Special Events, relevant resolution items from Council Resolution 21-012, Sections a-k, and procedures to perform Special Events and program events.

7. RESPONSIBILITIES

7.1. City Council

- 7.1.1. City Council meets to discuss Special Events for the upcoming year to decide which events are approved. The full operating budget is reviewed by City Council in early June. The City Council approves the full budgeted amount for Special Events and Program Events, as proposed by the Community Services Department and verified by the Finance Department and Finance Director.
- 7.1.2. Within Special Events, City Council Members are responsible for participating in Special Event committee meetings, and for raising donations for the respective events they support. Council Members are permitted to participate in any City Council Special Event in this capacity.

7.1.3. City Council members are required to produce documented justification for suggested budget increases such as price quotes, year-over-year budget performance comparative analysis, industry research and other reliable documentation to support the request for budget increases to any Special Events recommended by that City Council members at the May Special Events Budget Workshop. Justification for any recommendations of new events must include assessments of the criteria for Special Event or Program Event listed in the 'Definitions' section of this Policy.

7.2. City Manager and Assistant City Managers

7.2.1. The City Manager publishes the City Council approved City Special Events Fund Policy and Procedure document as amended; communicates this policy to all impacted City personnel; and updates the City Council on the policy compliance as necessary.

7.2.2. The City Manager in consultation with the Finance Director sets a target for the total City Funds to be spent on Special Events in a Fiscal Year. This target is adhered to by the Community Services Department when generating the budgets for all Special Events and is implied within the proposed Special Events presented to City Council for their approval.

7.2.3. Community Services reports KPI's to the City Manager within 60 days of the completion of each City Event. The City Manager updates the City Council regarding Special Event KPIs including, but not limited to, the following:

- i. Budget / Actual
- ii. Cost Overrun
- iii. Budget Surplus
- iv. Budget Transfers
- v. Projected / Actual Event Attendance
- vi. Year-Over-Year Budget Performance
- vii. Disruption to City Operation
- viii. Safety Level
- ix. Citizen Satisfaction

7.3. Community Services Department

7.3.1. Community Services Department personnel coordinate the execution of City Events, both Special Events and, to a lesser extent, Program events.

7.3.2. The Community Services Department builds Special Events budget estimates using the 'Special Events FY (XXXX) Budget Template' document leveraging previous year City Event budget actuals data and planning for reference.

7.3.3. Community Services Department submits the finalized Special Events Budget Template to the Finance Dept., for assistive review. The Community Services Department is responsible for collaborating with the designated Finance personnel in generating and updating the Special Events budgets based on Finance Director, City Manager, and Finance Director.

- 7.3.4. Establish Budget KPIs to measure success for Special Events and Program Events on a timely basis after each event is completed and for City Council consideration at the budget Fiscal Year Budget Approval.
- 7.3.5. Indirect and direct costs are calculated by the Community Services Department to be shown in the budget presented to City Council.
- 7.3.6. The Community Services Department submits the proposed Special Event Fund 244 Budget, along with any planned presentation materials, to City Council members at least one week prior the scheduled Budget Workshop Council Meeting.

7.4. Finance and Accounting Department

- 7.4.1. Finance Director, Senior Budget Analyst and Senior Accountant initiate the annual budget process and review the Community Services Department's proposed City Special Events Fund Budget.
- 7.4.2. Finance and Accounting Department personnel collaborate with Community Services Department personnel to update the City Special Events Fund Budgets to ensure they align with the City Manager's directive for the total amount to be spent on Special Events in the Fiscal Year.
- 7.4.3. The Finance Department in collaboration with Community Services Department will review the number of annual events to make recommendations for changes to the total City Events budgeted and requested by City Council, based on the capacity to perform each event and successfully track budget, proper budget use, and KPIs.
- 7.4.4. The Accountant II executes budget requisitions and invoices for expenses associated with each Special Event. They also perform all reconciliations of final City Event time reporting monthly.
- 7.4.5. The Community Services Department Principal Analyst in collaboration with the Finance Department tracks performance of all Special Events Budgets within 60 days of event completion.

7.5. Events Leaders, Event Committees, and City Staff (day-of-event)

- 7.5.1. Department leaders should ensure that all employees working City Events day-of maintain accurate time records regarding event participation. Event leaders are responsible for informing all personnel utilized of the proper time recording selections using proper project codes in the City's Tyler Munis time management system. The City may need to implement Special Event specific "project codes" within the City's time entry system for personnel to record their Work Hours within a Standard Workday. This time entry will allow better capture of personnel time and reduce the reconciliation of time after the event.
- 7.5.2. Event Committee leaders will ensure the Special Events program is executed following the design, and committee roles are adhered to, especially considering the role of City Council Members in advising on the City Event coordination and management, which is not compliant with this policy.

8. POLICY REFERENCE

8.1. City Special Events Fund Policies (City Council, Resolution 21-012)

- 8.1.1. All event fees and financial contributions to special events must be used before any transfer of General Fund monies to the Special Events Special Revenue Fund are made for subsidizing events. The Special Events Special Revenue Fund should not accumulate

fund balance through the General Fund subsidy. Budget controls should be focused on the event costs and the General Fund transfer must provide funding for an amount up to the actual costs incurred, per Resolution 21-012, Section 2(a).

- 8.1.2. All transactions must be entered into the City's accounting software correctly on the initial entry. This will require coordination with the City Treasurer's office as well as the Community Services Department, per Resolution 21-012, Section 2(b).
- 8.1.3. The City's general ledger must have unique revenue accounts in order to properly account for donations received by outside individuals and companies versus support received from not-for-profit organizations that are partnering with the City on special events, per Resolution 21-012, Section 2(c).
- 8.1.4. The City must fully utilize project-based accounting treating each special event as a project where all revenues and expenditures can be recorded, which will allow City Council and management the ability to evaluate the cost benefit of each special event. Furthermore, detailed budgets must be submitted for each event which would be approved by Council and entered into the general ledger, per Resolution 21-012, Section 2(d).
- 8.1.5. Transfers are to be recorded only after an event has been completed and all revenues and costs have been reconciled; at that point, the General Fund can transfer in the needed funds to balance the net cost of the event, per Resolution 21-012, Section 2(e).
- 8.1.6. Cash receipting process is to be enhanced to ensure that detailed information is used when initially recording the collected funds, and avoid the need for journal entries to be made to correct the errors, per Resolution 21-012, Section 2(f).
- 8.1.7. Transactions are to be entered into the proper fund, department and account when initially recorded to the general ledger. The City is to fully utilize project-based accounting by treating each special event as a project where all revenues and expenditures can be recorded. Furthermore, the City is to improve its budgeting process by submitting detailed budgets for each event which would be approved by Council and entered into the general ledger, per Resolution 21-012, Section 2(g).
- 8.1.8. Individual budgets are to be created for each event so that expenses can be charged against the budgeted accounts and that they account for straight time that employees spend on special events, per Resolution 21-012, Section 2(h).
- 8.1.9. All City sponsored events must follow the City's purchasing regulations, inclusive of approved City employees authorizing purchases on behalf of the City. This procedure is put in place so that the City employees tasked with overseeing the budget and monies available to be spent are utilized under fiscal prudence, which provides the City Council a level of confidence that monies are not authorized that are over the City's budgeted allowances for a particular project in a particular year, per Resolution 21-012, Section 2(i).
- 8.1.10. All special events contracts are to be entered into using the City's standard services contracts, or another contract form approved by the City Attorney, to ensure the City's funds are adequately protected, per Resolution 21-012, Section 2(j).
- 8.1.11. All indirect costs of each Special Event is to be tracked each year to capture a true cost of putting on a specific event. This practice will help determine if the "cost benefit" of the event justifies City continuing to subsidize a particular event. This budgeting tool can also be used as a marketing resource to the community to illuminate the cost in which the City is subsidizing events that benefit the community, per Resolution 21-012, Section 2(k).

9. PROCEDURE

9.1. Review and Approval

- 9.1.1. The Director of Community Services reviews and approves the proposed Special Events Budget for the Finance Director's review.
- 9.1.2. The Senior Budget Analyst reviews the proposed Community Services Special Events Budget prior to review by the Finance Director.
- 9.1.3. City Finance Director reviews and approves the proposed Special Events budgets.
- 9.1.4. The City Manager reviews and approves the annual Operating Budget containing all City Events budgets.
- 9.1.5. City Council approves the annual Operating Budget containing all City Events budgets.
- 9.2. Post-Event Reporting and Fund Monitoring**
 - 9.2.1. Capture actuals from direct and indirect costs, as well as event attendance estimates.
 - 9.2.2. Develop key performance indicator reporting (refer to sections 6.2.3).
 - 9.2.3. Report inter-departmental outputs between Community Services Department and Finance. This includes support for direct costs via invoices, receipts, correspondence, etc., and indirect costs support including time entry reports, facilities booking confirmation, etc.
- 9.3. Reconciliation**
 - 9.3.1. The City Accountant II performs reconciliation of time entry for Special Events and Program Events once each event is completed to identify incorrect time entries or omissions.
- 9.4. Corrections in Error / Policy Deviation**
 - 9.4.1. If an employee makes an error when recording their time for any City Event, they will be notified of the error to make corrections within the City Event project reporting reconciliation process. Employees who incorrectly place time for City Events will be tracked for repeat offenses, and after an agreed upon number of incidents are subject to disciplinary action as agreed upon by City Management, which can include demerit, negative performance evaluation, etc.
 - 9.4.2. Deviations from this Policy by process owners can include lack of collaborative budget development, lack of sharing supporting data for budget development or actuals data in an easily accessible location for all involved personnel, lack of sharing proposed documentation with assisting City Departments or City Council for review (at least 5 business days prior to discussion).

Appendix B: Year-Over-Year Budget Analysis

Below is analysis comparing the FY2022-2023 to FY2023-2024 City Special Events Fund proposed budget to determine increase and cost per attendee.

Summary

Baker Tilly reviewed the final proposed budget for Special Events to be submitted for City Council approval in May 2023. Table 1 – Table 4 below highlights the information we gathered and prepared for this analysis. These tables form the basis of our considerations on the FY2023-2024 proposed budget. Note: All data gathered was received within the month of April 2023. We concluded the following:

1. Overall, the City of Carson has resources committed to Special Events in the form of annually budgeted funds. The City's overall operating budget is comparatively large, and the budgets proposed for the Special Events in FY2023-2024 will not have a material impact on the City's overall success.
2. The City may be able to host Special Events at a lesser cost than proposed and previously budgeted projections. Funds from the previous fiscal year were not fully exhausted. In FY2021-2022, approximately 44% of the budgeted Special Event funds were used and with the majority of the current fiscal year complete, only 60% of budgeted funds in FY2022-2023 have been used. While every event does not generate revenue, the total revenue from Special Events will offset an additional 25% of the budgeted funds needed for Special Events.
3. Direct costs are driving the overall proposed budget increases in FY2023-2024, direct costs increased approximately 19% across all Special Events. This is reasonable considering the inflationary environment and increasing cost of professional services nationwide. Direct costs comprise 72% of the Special Events proposed budget, while indirect costs comprise the remaining 28%.
4. Determining how to define and classify a Special Event and Program Event has implications on the overall costs to the City for taxpayer funded events. Expanding the classification to include Program Events, and completed FY2022-2023 data, will assist the City Council's decision making.
5. Based on the projected attendance from the FY2021-2022 Special Events Fund Budget, multiple events experienced high costs-per-attendee, including Cajun & Blues White Linen Festival, at approximately \$190 per person, and the Women's Health Conference at approximately \$180 per person. *Note: Community Services Management indicated that attendance data is not considered reliable.* Baker Tilly recommends the City consider evaluating the costs per event based on attendance to determine the demand more accurately and objectively from the community.

Appendix B – Table 1: Special Events Changes Year-Over-Year

Statistic	FY2022-2023 Budget	FY2023-2024 (Proposed)
Total Events	15	13
Eliminated Events / Combined Events Year-over-year	Unity Day, Children's Day, Earth Day, Gospel Fest / Faith Family, Friends (FamFest), Community Friendship Day	
Events with Increased Budgets for FY2023-2024	11 of 13	
Events with Decreased Budgets for FY2023-2024	1 of 13 (Country Western)	
Events with no change Budgets for FY2023-2024	1 of 13 (Samoan Flag)	

Appendix B – Table 2.1: Special Events Fund Budget Performance

Statistic	FY2022-2023 Total Budget	FY2023-2024 (Proposed)	% Increase
Direct Costs	\$400,469.97	\$475,791.47	18.81%
Indirect Costs	174,559.42	188,409.69	7.93%
Special Event Budgets	575,029.39	664,201.16	15.51%
Special Event Actual Expenditures	342,233.67	N/A	
Special Event Revenues	142,920.00	166,890.00	
Budget Performance (Actuals + Revenues)	84.37%	N/A	

Appendix B – Table 2.2: Expanded Special Events Fund Budget Performance

Special Event	Actual Expenditures FY2022-2023	% of Event Budget	Actual Revenues FY2022-2023 ⁵	% of Event Budget	Budget + Expenditures - Revenues
Community Friendship Day	\$0.00	0%	\$0.00	0%	0%
Samoan Flag Day (Requires City Council direction)	10,000.00	100%	0.00	0%	100%
Unity Day	0.00	0%	N/A	N/A	N/A
Heroes Day	N/A	N/A	0.00	0%	N/A
Cajun & Blues White Linen Festival	32,139.96	87%	21,650.00	58%	145%
Jazz Festival	71,678.73	135%	18,440.00	35%	170%
Women's Health Conference	48,601.26	83%	24,200.00	41%	124%
Country Western Fair	26,979.33	65%	850.00	2%	68%
Winterfest	21,279.96	71%	0.00	0%	71%
Earth Day Kids Fest	2,557.75	9%	5,390.00	20%	29%
Cinco de Mayo	22,413.52	44%	1,275.00	2%	46%
Gospel Fest/Faith, Family, Friends (FamFest in 2022/2023)	25,065.48	53%	23,970.00	51%	105%
Philippine Independence Day	23,015.43	40%	16,050.00	28%	68%
Juneteenth	39,381.17	76%	7,125.00	14%	90%
Samoan Heritage Day	19,121.08	52%	23,970.00	65%	117%

Appendix B – Table 3: FY2023-2024 Proposed Budget Increases

Special Event	FY2022-2023 Budget	FY2023-2024 (Proposed)	% Increase (Proposed)
Community Friendship Day	\$14,475.69	ELIMINATED 2023	N/A
Samoan Flag Day (Requires City Council direction)	10,000.00	\$10,000.00	0%
Unity Day	32,411.98	ELIMINATED 2023	N/A
Heroes Day	26,905.07	28,977.77	8%
Cajun & Blues White Linen Festival	37,113.48	37,982.84	2%
Jazz Festival	53,092.59	103,577.33	95%
Women's Health Conference	58,607.01	80,369.53	37%
Country Western Fair	41,220.22	38,206.00	-8%
Winterfest	30,074.95	30,449.61	1%
Earth Day Kids Fest	27,031.88	28,067.46	4%
Cinco de Mayo	51,367.96	54,542.80	6%
Gospel Fest/Faith, Family, Friends (FamFest in 2022/2023)	46,897.21	52,935.44	13%
Philippine Independence Day	57,160.43	82,863.96	45%
Juneteenth	51,869.74	71,481.54	38%
Samoan Heritage Day	36,801.20	44,746.88	22%

Appendix B – Table 4: Special Event Attendance Review (Estimated from 2021-2022)

Special Event-	Attendance FY2021-2022 (Est.) ⁶	\$ Per-Head FY2021-2022	\$ Per-Head FY2022-2023	\$ Per-Head FY2023-2024 (Proposed)
Community Friendship Day	250.00	\$45.56	\$57.90	N/A
Samoan Flag Day (Requires City Council direction)	2,000.00	5.00	5.00	\$5.00
Unity Day	4,000.00	6.25	8.10	N/A
Heroes Day	400.00	0.00	67.26	72.44

⁵ Note: FY2022-2023 has not fully concluded, the results of this analysis are based on April 2023 data, not full year completed actual expenditures and revenues.

⁶ Note: Estimated attendance is the same for FY2022-2023, and FY2023-2024 as the attendance tracked and estimated for FY2021-2022.

Special Event-	Attendance FY2021-2022 (Est.) ⁶	\$ Per-Head FY2021-2022	\$ Per-Head FY2022-2023	\$ Per-Head FY20232024 (Proposed)
Cajun & Blues White Linen Festival	200.00	50.00	185.57	189.91
Jazz Festival	6,500.00	5.90	8.17	15.93
Women's Health Conference	450.00	131.49	130.24	178.60
Country Western Fair	800.00	25.00	51.53	47.76
Winterfest	2,500.00	7.82	12.03	12.18
Earth Day Kids Fest	500.00	10.00	54.06	56.13
Cinco de Mayo	4,000.00	5.80	12.84	13.64
Gospel Fest/Faith, Family, Friends (FamFest in 2022/2023))	2,000.00	5.00	23.45	26.47
Philippine Independence Day	6,500.00	4.67	8.79	12.75
Juneteenth	2,750.00	14.94	18.86	25.99
Samoa Heritage Day	2,000.00	10.00	18.40	22.37

DRAFT

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