



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
September 20, 2022

TOPIC: Carryover of Unspent Amounts from Fiscal Year 2021-22 to Fiscal Year 2022-23

AGENDA TITLE:

Approve Appropriation Adjustment to Carryover Unspent Amounts From Fiscal Year 2021-22 to Fiscal Year 2022-23

RECOMMENDED ACTION

1. Approve an Appropriation Adjustment to reduce the FY 2021-22 budget for unspent amounts to be carried over to FY 2022-23. *(Requires five affirmative votes)*
2. Approve an Appropriation Adjustment to increase the FY 2022-23 budget for amounts carried forward from FY 2021-22. *(Requires five affirmative votes)*

DISCUSSION

Carryover Unspent Budgets from FY 2021-22

It is common for a City to budget for non-recurring (one-time) expenditures, such as construction projects, which are not completed by the close of the fiscal year on June 30. When this happens, the City Council may approve the “carryover” of the unspent budget from one fiscal year to the next to provide resources for project completion. Staff typically does not request carryover for recurring operating budget amounts unless projects have not begun, with initial maintenance/operating costs, as each annual budget already includes provisions for operational expenses.

The City Council adopts a budget one year at a time and the City’s Charter requires City Council approval for appropriation adjustments. Increasing the current year’s budget for unspent amounts carried over from the prior year constitutes an appropriation adjustment.

Staff has compiled a list of carryover requests (Exhibit 1) such as multi-year capital/grant projects, delayed purchases impacted by global supply chain disruptions, improvements to City-owned fire stations, and one-time projects approved during the First Quarter and Mid-Year that are either in progress or will begin in FY 2022-23. In addition, the Police Department has General Fund savings to provide for one-time items that have been requested for several budget cycles and are desperately needed, such as the replacement of the PAAL Center A/C unit, fire system upgrade, and replacement of security gates for the Police Administration and Jail facility. The General Fund comprises

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\$22.9 million of the total \$418.9 million in carryover requests, and the remainder is restricted funds. The list includes the accounting unit, project description, status, and amount. All requests were reviewed with City departments and analyzed to ensure the unspent budget is available at the accounting unit and fund levels and the allocation is non-recurring.

Each amount on the list includes the amount available one month after the end of FY 2021-22. Staff continues to pay FY 2021-22 invoices through the end of August and complete the reconciliation of accounts in October. The FY 2021-22 ledger will not be final and closed until the financial statements have been audited in November. Therefore, the requested carryovers are “maximum” amounts. The actual amounts processed for carryover will be limited to the available budget once the FY 2021-22 ledger is closed and is summarized by the fund (Exhibit 2). Staff will update FY 2022-23 revenue estimates for reimbursement grants tied to carryover amounts (i.e., CDBG) to reflect reimbursement timing.

ENVIRONMENTAL IMPACT

There is no environmental impact associated with this action.

FISCAL IMPACT

No fiscal impact is associated with the recommended actions to carry over unspent appropriations. The previously authorized expenditures will be spent in a later period, which only impacts the timing of cash flow.

EXHIBIT

1. List of requests to carryover unspent appropriations
2. List of requests to carryover unspent appropriations by fund

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Kristine Ridge, City Manager