



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
September 19, 2023

TOPIC: Carry-Over of Unspent Amounts from FY 2022-23 to FY 2023-24

AGENDA TITLE

Approve Appropriation Adjustment to Carry Over Unspent Amounts from Fiscal Year 2022-23 to Fiscal Year 2023-24

RECOMMENDED ACTION

1. Approve an Appropriation Adjustment to reduce the FY 2022-23 budget for unspent amounts to be carried over to FY 2023-24. *(Requires five affirmative votes)*
2. Approve an Appropriation Adjustment to increase the FY 2023-24 budget for amounts carried forward from FY 2022-23. *(Requires five affirmative votes)*

DISCUSSION

Carryover of Unspent Budgets from FY 2022-23

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 “carry-over” of the unspent budget from one fiscal year to the next to provide resources for project completion. Staff typically does not request carry-over 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 carry-over requests (Exhibit 1) such as multi-year capital/grant projects, delayed purchases due to vendor availability, and various one-time projects approved for FY 2022-23 that were not completed by June 30, 2023. The largest projects are a combination of Public Works and Community Development projects for the modernization of the OC Civic Center and land acquisitions such as 1815 E. Carnegie Avenue for the Homeless Navigation Center, as well as various parcels of land throughout the city to expand the city’s green space.

The General Fund comprises \$52.5 million of the total \$514.2 million in carryover requests and the remainder is restricted funds. The General Fund carry-over amount consist of capital projects, purchase of equipment, and one-time funding items. 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.

The carry-over list does include several negative amounts. Our legal level of budgetary compliance is by fund and department. These negative carryover amounts are accompanied by positive carry-over amounts within the same fund and department. In essence, these offsetting negative and positive amounts are being used to true-up the budget between accounting units within a single department and fund to match remaining available resources such as grants.

Each amount on the list includes the amount available one month after the end of FY 2022-23. Staff continued to pay FY 2022-23 invoices through the end of August and will complete the reconciliation of accounts in October. The FY 2022-23 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 carry-over will be limited to the available budget once the FY 2022-23 ledger is closed. Carryovers are summarized by fund in Exhibit 2. Staff will update FY 2023-24 revenue estimates for reimbursement grants tied to carryover amounts to reflect reimbursement timing.

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(S)

1. List of Requests to Carry Over Unspent Appropriations
2. List of Requests to Carry-Over Unspent Appropriations by Fund

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Kristine Ridge, City Manager