



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council Staff Report

MEETING DATE:	4/14/2020
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10405 - A Resolution Amending the Financial Policies of the City of Folsom as Adopted by Resolution No. 7332 and Amended by Resolution No. 8367 Regarding Grant Administration
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council approve Resolution No. 10405 - A Resolution Amending the Financial Policies of the City of Folsom as Adopted by Resolution No. 7332 and Amended by Resolution No. 8367 Regarding Grant Administration.

BACKGROUND / ISSUE

On May 25, 2004, the City Council adopted Resolution 7332, a resolution adopting Financial Policies for the City of Folsom (see Attachment 3). A portion of this policy dealt with the strengthening of the City's financial position, including Intergovernmental Revenues, such as grants.

On September 9, 2008, the City Council adopted Resolution 8367, a resolution amending the Financial Policies of the City of the City of Folsom as adopted by Resolution 7332 regarding Grant Applications. Resolution 8367 modified the City's Financial Policies to permit the City Manager to review and approve grant applications that fall within the contract authority granted to the City Manager. (see Attachment 2).

During the Fiscal Year 2019 audit, the City's auditor recommended the City strengthen its policies and procedures regarding grant administration. As such, staff proposes to amend the Grants Administration section of Financial Policies so that the City is compliant with all applicable grant and audit requirements and will incorporate best practices as prescribed by our auditors and the Government Finance Officers Association (GFOA) (see Attachment 1).

POLICY / RULE

To provide policy direction for the City Manager and Finance Director in the prudent financial management of the City's grants, and to clarify guidelines for staff concerning the financial management of the City's grants.

ANALYSIS

The Government Finance Officers Association (GFOA) recommends that governments develop a formal grants policy and that the policy contain certain elements such as grant identification and application, strategic alignment, funding analysis, evaluation prior to renewal or grant continuation, and administrative and operational support.

The proposed modification of the Grant Financial Policy seeks to incorporate best practices as outlined by the GFOA as well as implement recommendations by the City's auditors to establish an effective grants policy. By establishing an effective grants policy, the risk of potential and future grant funding being jeopardized is mitigated.

This proposed amendment significantly updates and strengthens the City's Grant Financial Policy by spelling out the department's and Finance's roles and responsibilities.

FINANCIAL IMPACT

The adoption of this amendment will not have any negative financial impact but by establishing a more effective grants policy, the City will better ensure that it is compliant with all applicable grants and reduce the risk that grant funding is jeopardized.

ENVIRONMENTAL REVIEW

This Resolution is not a project as defined by CEQA and is therefore exempt.

ATTACHMENTS

1. Resolution 10405 - A Resolution Amending the Financial Policies of the City of Folsom as Adopted by Resolution No. 7332 and Amended by Resolution No. 8367 Regarding Grant Administration.
2. Resolution 8367 - A Resolution Amending the Financial Policies of the City of Folsom as Adopted by Resolution 7332 Regarding Grant Applications (approved September 9, 2008).
3. Resolution 7332 - A Resolution Adopting the Financial Policies of the City of Folsom (approved May 25, 2004).

Submitted,



Stacey Tamagni, Finance Director

ATTACHMENT 1

RESOLUTION NO. 10405

A RESOLUTION AMENDING THE FINANCIAL POLICIES OF THE CITY OF FOLSOM AS ADOPTED BY RESOLUTION NO. 7332 AND AMENDED BY RESOLUTION NO. 8367 REGARDING GRANT ADMINISTRATION

WHEREAS, On May 25, 2004, the City Council adopted Resolution 7332 and the Financial Policies for the City of Folsom; and

WHEREAS, On September 9, 2008, the City Council adopted Resolution 8367, a resolution amending the Financial Polices of the City regarding Grant Applications; and

WHEREAS, staff recommends the City Council modify a portion of the policy relating to Grant Administration to establish a more effective grants policy and to ensure departments work closely with the Finance Department to ensure grants are properly accounted for and maintained; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom that the proposed amendment to Section IX, Strengthening Financial Position, Section D.1. Grants, set forth on the attached Exhibit A is hereby adopted and made a part of the Financial Policies of the City of Folsom. All other policies as adopted May 25, 2004 remain in full force and effect.

PASSED AND ADOPTED this 14th day of April, 2020, by the following roll-call vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):
ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

EXHIBIT A

D. Intergovernmental Revenues

1. Grants

The purpose of this policy is to set forth an overall framework for guiding the City's use and management of grant resources.

To ensure that the City is compliant with all applicable grant and audit requirements and future grant funding is not jeopardized, departments seeking to obtain grants should work closely with the Finance Department to ensure grants are properly accounted for and maintained.

a. Grant Applications

Grant application shall be the responsibility of the department seeking the grant. Grant applications which require an expenditure of funds by the City of less than or equal to the City Manager contract authority amount may be approved by the City Manager prior to submittal to the grantor. All other grant applications, including any requiring an ongoing commitment of resources or staff, shall be reviewed and approved by the City Council prior to submittal. In circumstances where it is not possible for the City Council to approve the grant application prior to submittal, the City Manager may approve the application subject to the City Council ratification as soon as practicable to do so.

Requests to the City Council or the City Manager for approval of a grant application shall identify anticipated long-term maintenance and/or renovation costs, required City matching funds, and additional personnel that may be needed if the grant is awarded for a capital project. With respect to grants for staffing, the source of funds for long-term staffing after the expiration of the grant shall also be identified in the request for approval of the grant application.

All grant applications on behalf of the City shall be reviewed by the Finance Director before submittal to the City Council or the grantor.

b. Grant Administration

Departmental Role

Departments seeking to obtain grants have the primary responsibility for successfully managing grant programs after they have been awarded. Once the department is notified that the City has been awarded a grant, it is their responsibility to:

- i. notify the Finance Department in a timely manner and provide Finance with copies of all grant award documents
- ii. maintain financial and other records in accordance with approved budgets and grant requirements and have those records available for review by the City's auditors
- iii. prepare requests for reimbursements in a timely manner as specified by the grant award, on at least a semi-annual basis and that correspond with the City's fiscal year end, and provide copies to Finance for review prior to submitting grant claims for reimbursement
- iv. ensure requests for reimbursements are segregated by expenditures for each grant and reviewed to ensure expenditures are not claimed more than once
- v. monitor grant expenditures and coordinate with Finance at year end to ensure all current year expenditures claimed under the grant are reported
- vi. complete grant closeout requirements and notify Finance when the project is complete
- vii. retain all necessary program and financial records for the required period
- viii. work with Finance to resolve any audit findings

Finance Department Role

The Finance Department will:

- i. provide initial training and on-going assistance to the departments to help ensure they are compliant with grant requirements
- ii. keep copies of all grant documents and make those documents available to the City's auditors as needed
- iii. monitor reimbursement requests to ensure they are submitted in a timely manner, on at least a semi-annual basis, and review the reimbursements for accuracy and completeness
- iv. identify and segregate costs as necessary for the grant
- v. ensure the City has adequate cash flow and local matching funds if required to complete projects
- vi. coordinate with departments at year end to ensure all current year expenditures claimed under the grant are reported
- vii. lead efforts to help resolve any audit findings

c. Grant Project Resolutions

All grants received from the Federal or State government for operating or capital purposes shall be recognized in separate grant project resolutions. A balanced grant project resolution must be adopted prior to beginning the project. A grant project resolution is balanced when estimated expenditures do not exceed estimated revenue. Information on each grant project resolution shall be included in the Annual Budget.

ATTACHMENT 2

RESOLUTION NO. 8367

**A RESOLUTION AMENDING THE FINANCIAL POLICIES OF THE
CITY OF FOLSOM AS ADOPTED BY RESOLUTION 7332
REGARDING GRANT APPLICATIONS**

WHEREAS, on May 25, 2004, the City Council adopted Resolution 7332 and the Financial Policies of the City of Folsom; and,

WHEREAS, the City Council now desires to modify a portion the policy relating to Grant Applications to permit the City Manager to review and approve grants within the contract authority granted to the City Manager;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Folsom that the proposed amendment to Section IX, Strengthening Financial Position, Section D.1. Grants, set forth on the attached Exhibit A is hereby adopted and made a part of the Financial Policies of the City of Folsom. All other policies as adopted May 25, 2004 remain in full force and effect.

PASSED AND ADOPTED on this 9th day of September, 2008, by the following roll-call vote:

AYES: Council Members: Morin, Starsky, Howell, King
NOES: Council Members: None
ABSTAIN: Council Members: None
ABSENT: Council Members: Miklos


Eric S. King, MAYOR

ATTEST:


Christa Schmidt, CITY CLERK

EXHIBIT A

a. Grants

1. *Grant applications which require an expenditure of funds by the City of less than or equal to the City Manager contract authority amount may be approved by the City Manager prior to submittal to the grantor. All other grant applications, including any requiring an ongoing commitment of resources or staff, shall be reviewed and approved by the City Council prior to submittal. In circumstances where it is not possible for the City Council to approve the grant application prior to submittal, the City Manager may approve the application subject to the City Council ratification as soon as practicable to do so.*
2. Requests to the City Council *or the City Manager* for approval of a grant application shall identify anticipated long-term maintenance and/or renovation costs, required City matching funds, and additional personnel that may be needed if the grant is awarded for a capital project. With respect to grants for staffing, the source of funds for long-term staffing after the expiration of the grant shall also be identified in the request for approval of the grant application.

b. Grant Administration – No proposed changes

c. Grant Project Resolutions – No proposed changes

d. Review by Finance Department

All grant applications on behalf of the City shall be reviewed by the Finance Director before submittal to the City Council, *the City Manager*, or the grantor.

ATTACHMENT 3

RESOLUTION NO. 7332

A RESOLUTION ADOPTING THE FINANCIAL POLICIES OF THE CITY OF FOLSOM: FINANCIAL PLANNING, BUDGET PREPARATION, BUDGET MANAGEMENT, UNDESIGNATED FUND BALANCE (RESERVE), CAPITAL IMPROVEMENT PLAN, PRESERVING CAPITAL INVESTMENT, DEBT MANAGEMENT, STRENGTHENING FINANCIAL POSITION, INVESTMENTS, FINANCIAL REPORTING, PRODUCTIVITY, AND RISK MANAGEMENT

WHEREAS, it is prudent to adopt financial policies to guide staff in evaluating financial implications of program and policy recommendations to the City Council; and

WHEREAS, the financial policies also serve as parameters for City Council action to ensure a long-term, stable economic base for the City; and

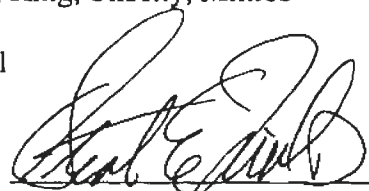
WHEREAS, the financial policies are intended to be applied in conjunction with requirements set forth in federal and state law, the City Charter, the Folsom Municipal Code and Generally Accepted Accounting Principles (GAAP), and in the case of any conflict, the provisions of such laws, ordinances or GAAP will control; and

WHEREAS, the Financial Policies of the City of Folsom have been presented to the City Council for review, comment and direction to staff,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom hereby adopts the Financial Policies of the City of Folsom: Financial Planning, Budget Preparation, Undesignated Fund Balance (Reserve), Capital Improvement Plan, Preserving Capital Investment, Debt Management, Strengthening Financial Position, Investments, Financial Reporting, Productivity, and Risk Management.

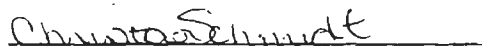
PASSED AND ADOPTED this, 25th day of May, 2004 by the following roll call vote:

AYES:	Council Member(s)	Morin, King, Starsky, Miklos
NOES:	Council Member(s)	None
ABSENT:	Council Member(s)	Howell
ABSTAIN:	Council Member(s)	None



Stephen E. Miklos, MAYOR

ATTEST:


Christa Schmidt, CITY CLERK

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