



City of St. Albert  
**CITY COUNCIL POLICY**

Cash Management

AUTHORITY	APPROVED	Res. No.	mm dd	REVISED	Res. No.	mm dd
City Council		C337-2004	06 21		C187-2005	05 02
					C159-2008	03 17
					C523-2009	09 21
					C691-2011	10 31

## Purpose

To ensure that the City of St. Albert optimizes cash management opportunities in order to maximize its use of available cash.

## Policy

The City of St. Albert will make every reasonable effort to control the City's cash flow in order to maintain appropriate levels of working capital, maximize investment, internal borrowing or debt prepayment opportunities and to minimize interest expense, overdraft charges and other finance charges (i.e. penalties). As well, in order to preserve the integrity of the City's cash holdings, the City will work towards maintaining a 1:1 ratio in respect to cash and investment balances, reserves and deferred revenue.

## Standards

The City will invest its cash on the basis of pooling all of its available funds including both municipal and utility operating and/or capital funds. The City will track and record investment earnings between the funds as appropriate. The following standards will be followed regarding both types of funds:

### 1. Operating Funds

Cash Flow Forecast – The City will maintain a detailed cash flow model for operating funds, which will forecast cash inflows and outflows on a monthly basis for a 365-day period.

The City will forecast Operating Reserve cash flows for a 10-year period.

The City will invest positive operating cash balances in investments under the direction of the City Investment Policy C-FS-02.

### 2. Capital Funds

Cash Flow Forecast – The City will maintain a detailed cash flow model for capital funds, which will forecast cash inflows and outflows on a monthly basis for the fiscal period. Each capital project will include a projection of cash requirements so as to provide information required to invest available funds in longer-term investments.

The City will forecast Capital reserve cash flows for a 10-year period.



The decision to either invest, internally finance or prepay existing debt will be made to maximize the use of available cash and match the funding requirements for the projects they are specified for. Subject to economic cycles, the intent is that this will result in potentially long-term investments (i.e. one to ten).

### **3. Payments & Collections**

The City will develop and follow an appropriate Cash Disbursement and Collection Policy(ies) (administrative) to ensure that cash is not issued until the appropriate due date and that cash is collected as early as possible to maximize the City's cash position for investment purposes or internal borrowing opportunities.

### **4. Electronic Disbursements and Collections**

The City will monitor and implement electronic or E-commerce applications to ensure that funds are collected and disbursed in a timely, cost effective and, where possible, on a pre-determined date so as to maximize the City's investment and internal financing opportunities. Applications will be evaluated from both the business and customer service perspectives.

### **5. Short Term Borrowings**

Where operating or capital funds have been invested and the timing of projected cash needs changes, the City may access a Line of Credit to maximize its net yields.

## **Reporting**

The City Manager will report quarterly to Council regarding the City's cash balances by providing a reconciliation of cash, investments and reserves and report on the 1:1 ratio in respect to cash and investment balances, reserves and deferred revenue.

## **Policy Review**

This policy will be reviewed annually by Administration with any changes being recommended to Council for approval.

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**Cross References:** Policy C-FS-1, Financial Reserves; Policy C-FS-2, Investment; Policy C-FS-3, Debt Management; Policy C-CAO-4, CAO Limitations on Financial Planning and Budgeting; Policy C-CAO-5, CAO Limitations on Financial Conditions and Activities; C-CAO-7, CAO Limitations on Asset Protection

