CITY OF ST. ALBERT

CITY COUNCIL POLICY

NUMBER	TITLE
C-FS-04	Cash Management

ORIGINAL APPROVAL DATE	DATE LAST REVISED
June 21, 2004	December 17, 2024

Purpose

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

Policy Statement

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).

Definitions

"Capital Funds" – Those funds established for funding of capital projects and initiatives. These funds would include federal, provincial and other grants, previously accrued reserve funds and budgeted transfers from the current years operating budget.

"Operating Funds" – those funds generated through property taxes, user fees and operating grants generated for the purpose of meeting annual budgeted obligations including such things as payroll, purchases of supplies and contracted services.

"Positive Operating Cash Balances" – the cash balance in excess of what is required to meet current and future obligations based on the cash flow models.

Responsibilities

The Chief Administrative Officer shall:

a. Be responsible for the control, administration, and management of the City's cash in accordance with this cash management policy approved by Council.

Service Standards/ Expectations

The City will invest its cash based on pooling all of its available funds including reserve funds, grants and operational funds such as property taxes, user fees and utility rates. 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

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

b. The City will maintain a high-level cash flows analysis which will forecast cash inflows and outflows on an annual basis for a 10-year period.

c. The City will invest Positive Operating Cash Balances in investments under the direction of the City Investment Policy C-FS-02.

2. Capital Funds

a. Cash Flow Forecast – The City will maintain a detailed cash flow model, which will forecast cash inflows and outflows on a monthly basis for 365-day period. Each capital project will include a projection of cash requirements to provide information required to invest available funds in longer-term investments.

b. The City will maintain a high-level cash flows analysis which will forecast cash inflows and outflows on an annual basis for a 10-year period.

c. The decision to 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.

3. Payments & Collections

The City will develop and follow an appropriate Cash Disbursement and Collection directive 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

a. 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.

b. 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.

6. Performance Measure

In order to preserve the integrity of the City's cash holdings, the City will maintain a minimum of 1:1 liquidity ratio in respect to cash and investment balances versus reserves and deferred revenue.

a. Investment in land as per *Council Policy C-FS-02, Investments*, shall be included in the calculation of the 1:1 liquidity ratio.

b. The 1:1 liquidity ratio is a measure to ensure sufficient cash balances are in place to meet obligations of reserve requirements and deferred revenue obligations.

7. Reporting

The Chief Administrative Officer 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.

8. Policy Review

This policy will be reviewed in accordance with the corporate review schedule.

Legal References

Alberta Debt Limit Regulation 255/2000

Cross References

Policy C-FS-01, Financial Reserves
Policy C-FS-05 Budget and Taxation Guiding Principles
Policy C-FS-14 Utility Fiscal Policy

DATE REVIEWED	NEXT REVIEW DATE	REVISIONS
December 17, 2024 – Finance & Strategic Services	**2029 – Finance & Strategic Services**	**May 2, 2005 – C187-2005** **March 17, 2008 – c159-2008** **September 21, 2009 – C523-2009** **October 31, 2011 – C691-2011** **October 29, 2012 – C498-2012** **June 24, 2013 – C292-2013** **December 12, 2016 – AR-16-529** **September 11, 2017 – POL-17-009** **January 21, 2019 – AR-19-003**