



City of Riverside Finance Department Cash Management Policy

Last Review Date: 1/2017
Prepared by: Financial Resources Division
Council Date: January 1, 2017

PURPOSE:

The purpose of this policy is to ensure adequate cash flow and liquidity for City operations and minimize idle cash for investment in the City's pooled portfolio.

POLICY:

The City shall manage its cash assets to preserve principal, provide ample liquidity to meet the City's daily cash requirements, and generate a fair return. The City's Finance Department shall ensure the accurate and timely accounting, investment, and security of all cash assets.

Pooled Cash

The City's unrestricted cash is accounted for in a pooled cash fund (Fund 999) to allow for efficient cash flow analysis and reconciliation. Pooled cash is reconciled to the City's bank statements on a monthly basis. The allocation of cash to individual funds is accounted for through a "Claim on Cash" within each fund's balance sheet.

Cash Flow Analysis

The Treasury Section of the Finance Department monitors the City's cash position daily to ensure sufficient liquidity to meet the City's payment obligations and other cash flow needs. The daily cash flow analysis incorporates anticipated cash receipts and disbursements based on historical information, projected financial activity and value of investment returns. Additional cash requirements are identified and drawn down from the City's balance in the State of California Local Agency Investment Fund (LAIF) managed by the State of California Treasurer's Office or other fund(s) as approved by the City's Chief Financial Officer/City Treasurer. Excess cash identified in the cash flow analysis is moved to LAIF.

Liquidity

The City's available cash balance is maintained at a flexible goal of \$25 million in its primary cash account with the City's bank depository, as approved by the City Council upon recommendation of the Chief Financial Officer/City Treasurer. The target cash balance may vary depending upon anticipated receipts and disbursements identified during the cash flow analysis.

PROCEDURE:

Responsibility	Action
Treasury Supervisor	<ol style="list-style-type: none">1. Perform daily cash flow analysis with attention to the following:<ul style="list-style-type: none">• Beginning Cash Balance per the City's primary bank account• Anticipated receipts (request from Finance-Accounting)

PROCEDURE:

Responsibility	Action
Treasury Supervisor	<ul style="list-style-type: none">• Planned disbursements (payroll and accounts payable obligations, planned or pending wire transfers, etc.)• Comparison of Ending Projected Cash Balance against the target of \$25 million <p>2. Draw down additional cash from LAIF for deposit to the City's primary bank account as needed to maintain a target bank balance of \$25 million with approval of the Chief Financial Officer/City Treasurer or designee.</p> <p>Transfer cash in excess of the target bank balance of \$25 million from the City's primary cash account to LAIF.</p>
Chief Financial Officer/City Treasurer	<p>3. Monitor the City's LAIF and other investment funds' balances and reinvest or replenish funds as necessary and in compliance with the City's Investment Policy.</p>
Chief Financial Officer/City Treasurer	<p>4. Prepare a monthly report of cash and investment balances for inclusion on the City's website.</p> <p>Prepare a quarterly report of cash and investment balances for review by the City Council.</p>