

Cash Flow

Administration continues to monitor the City's cash position and is fortunate to be in a strong liquidity position. Forecast cash and temporary investment balances are provided in the table below.

(\$ millions)	July 2, 2020	July 2, 2019
Cash - balance forward	\$78.4	\$16.8
Temporary Investments	\$784.7	\$1,327.0
Total Cash and Temporary Investments	\$863.1	\$1,343.8

Variation in collection combined with the timing of certain expenditures could result in lower than anticipated cash balances. The City has a number of options for managing its short term cash position. The City maintains a cash account and money market fund which allows for the investment of excess cash in short term low risk investments. These accounts are managed together and form the City's cash and temporary investment position. In addition, the City has a program allowing the City to place up to \$100 million in promissory notes and access to a line of credit of \$100 million.

On April 29, 2020 City Council passed Bylaw 19302 A Bylaw to amend Bylaw 10956, as amended by Bylaw 15212, to authorize indebtedness on behalf of the City of Edmonton and its utilities until tax levies and utility revenues can be collected. This bylaw authorized an increase in the borrowing authority necessary for the City to be able to manage the collection of utility and tax levy revenue against the budgeted disbursements of the corporation. The bylaw allows for an increase in the combined promissory note program and line of credit programs from \$200 million to \$500 million. The City is in the process of increasing the line of credit from \$100 million to \$250 million, and expects to increase the promissory note program in the fall of 2020 from \$100 million to \$250 million.

The City's cash and temporary investment position is generally at its lowest level toward the end of May and increases with tax collection in June peaking in mid to late July. The cash and temporary investment position at the beginning of July 2020 is approximately \$480 million lower than the same period in 2019. With the deferral of the penalty date to September 1, Administration is forecasting a lower cash position through the summer months because a portion of the taxes normally collected in June is now expected in late August.

Longer term investments are held in a short term bond fund, a balanced fund, and the EdTel Endowment fund. If the City's cash position were to be significantly impacted, certain portions of these funds could be used. However, underlying assets in these funds are committed for future expenditures through reserves or are subject to policy restrictions on the use of funds, as is the case with EdTel Endowment Fund.

While there are a number of risks with the cashflow forecast, including longer term declines in transit and recreation facilities revenue, the timing of tax revenue collection has the most significant impact because property taxes are a significant portion of the City's revenue.

Edmonton's Tax Collection

To support taxpayers who were unable to pay their April 1 tax installment, Administration offered the option to miss the April 1 monthly payment. City Council also approved the delay of monthly payments for the period of May 1 through August 1, and the delay of annual tax payments until August 31 without penalty.

- Edmonton's collection rate for property taxes has historically been high, with 95 percent of the levy or more consistently paid by June 30 and 98 percent of the levy or more consistently paid by December 31.
- Since March 2020, the total number of accounts on the Monthly Payment Plan (MPP) has fallen by 1.9 percent. A further 1.5 percent of property owners have delayed their payment installments. Returned payments (insufficient funds) have also increased.
- Those opting to delay payment are disproportionately non residential property owners, who typically have larger valued property. Consequently, to date, the overall fall in MPP revenue collection is 20.7 percent.
- Taxes owing on larger non residential property are expected by August 31, in advance of the first penalty date (September 1).
- Mortgage companies that collect on behalf of their clients are expected to pay by the due date of June 30. Mortgage companies account for \$203 million of the \$2.2 billion total tax levy, which includes education tax collection.

The following is the status of tax payments under the monthly payment program:

Payment Date	Total Accounts Enrolled (% decrease)	Total Payment Expected (% decrease)	# Delayed Payments (% of enrolled)	\$ Delayed Payments	# Returned Payments	\$ Returned Payments (as % of expected)*
March 1	132,036	\$80.3M	0	0	371	\$0.156M

April 1	130,592 (-1.1%)	\$71.8M (-10.6%)	1,315 (1%)	\$7.6M	577	\$4.1M (5.7%)
May 1	129,905 (-1.6%)	\$67.3M (-16.2%)	1,826 (1.4%)	\$10.5M	291	\$2.1M (3.1%)
June 1	129,537 (-1.9%)	\$63.7M (-20.7%)	1,903 (1.5%)	\$12.7M	221**	\$2.7M (4.2%)

*Returned payments are typically a small fraction of the overall monthly payment collection with the March number being close to previous trends. Return payments have increased since COVID-19 pandemic response measures have been in place.

Payments Tracker - Year-over-year comparison

Tracking actual payments and comparing them to previous years provides payment compliance information. Compared with July 1 collections in 2018 and 2019, in 2020, collections are 25 and 35 percent lower respectively. This comparison is shown below:

