

**Title: US FOREIGN FUNDS BANK ACCOUNT**

**Policy No: 1505**

**Approval: Council**

**Effective Date: June 10, 2014**

**Supersedes Policy No: (None)**



**MUNICIPAL DISTRICT OF GREENVIEW NO. 16**

*"A Great Place to Live, Work and Play"*

**Policy Statement:** The Municipal District of Greenview No. 16 (Greenview) directs the Chief Administrative Officer or delegate to open a US Dollar Foreign Bank Account at the local ATB branch.

**Purpose:**

The purpose of the policy is for Council to set the overall direction for the opening and use of the US Dollar Foreign Bank Account.

**Principles:**

1. MGA Section 208 (1)(h); "all money belonging to or held by the municipality is deposited in a bank, credit union, loan corporation, treasury branch or trust corporation designated by council;". This includes authorizing the opening of foreign currency bank accounts (\$US).
2. The guiding principle behind the \$US Foreign Currency Bank Account is to eliminate the uncertainty of currency exchange rates between Canadian and US funds when the municipality is purchasing equipment from US suppliers.
3. By accessing a \$US Dollar Foreign Currency Bank Account the municipality will allow the timing of the municipality's transfers of Canadian dollars to US dollars to coincide with purchases from US companies for equipment not readily available in Canada or at a more favourable price in the United States.
4. This is a low-cost strategy to deal with foreign exchange risk. Further it is a convenient way for US vendors to deal with the municipality and avoid transaction fees and foreign currency transaction "holding" periods.
5. With a transfer of funds into the \$US Foreign Currency Bank Account, equal to the amount to cover the municipality's commitments, at the time the purchase order is placed and confirmed by the vendor; this should protect the purchase price from future fluctuations in the US vs. Canadian dollar exchange rate.

**Approved: 14.06.321**