

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2021-09
SUBJECT: CASH RESERVE POLICY
EFFECTIVE DATE: NOVEMBER 12, 2021
AMENDED:

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A. INTRODUCTION

1. The Illinois Police Officers' Pension Investment Fund (the Fund) is created with the authority to manage the reserves, funds, assets, securities, properties, and moneys of the police pension funds created pursuant to Article 3 of the Illinois Pension Code. (40 ILCS 5/22B-101).
2. The Board of Trustees is granted the authority to apply moneys derived from the pension fund assets transferred and under its control to pay the costs and expenses incurred in the operation and administration of the Fund. (40 ILCS 5/22B-118 (e)).
3. The designation of a cash reserve is intended to support the financial operations of the Fund and to allow for timely financial planning in the administration of the Fund.

B. CASH RESERVE PROCEDURE

4. The adequacy of a cash reserve needs to be based upon the specific circumstances appropriate to the Illinois Police Officers' Pension Investment Fund.

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5. The cash reserve policy is intended to inform the fiscal administration of the annual budget to ensure there is sufficient liquidity in order to pay anticipated expenditures, capital requirements and debt payments related solely to Fund administration and operations.
6. In general, the Fund will anticipate expenditures through the adoption of an annual operating budget.
7. The amount of the cash reserve will be calculated annually and will be adjusted in accordance with approved budget adjustments.
8. The Fund will maintain a minimum level of cash reserve that should be no less than 60 days and no more than 90 days of anticipated expenses in order to maintain the ongoing operation of the Fund.
9. The Board of Trustees may from time to time direct that a specific amount of cash be maintained in the cash reserve to anticipate large expenditures that would exceed the minimum level of cash reserves.
10. The Executive Director will be responsible for the monitoring of the cash reserve balance as a component of the budget administration and monitoring responsibility, as defined in the Budget Administration Policy.

C. POLICY REVIEW

11. The Policy is subject to change in the exercise of the Board's judgement.
12. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
13. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
14. This policy was adopted by the Board on November 12, 2021.