Oak Park

Finance Policies Revision Comprehensive Overview

Finance Committee

August 6, 2026

Background

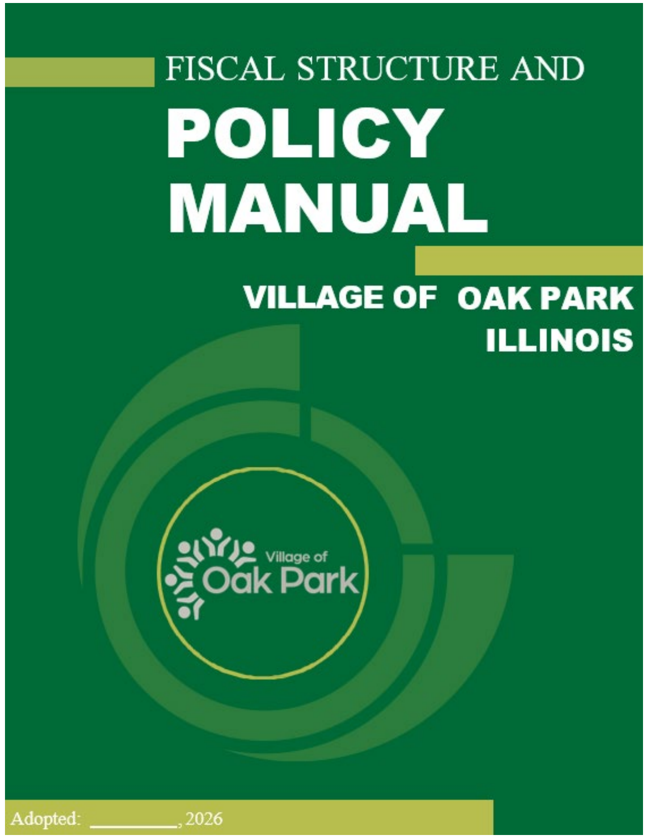
Finance is in-progress on a comprehensive review of policies & procedures governing activities within its department.

We will use this meeting to review draft policies proposed for:

- External Agency Funding Policy
- Investment Policy
- Tax Levy Policy

Additionally, we will review a framework for our overall policy approach, including:

- Major finance policy topics and categories
- Prioritization for development
- Status of policies under review, in-progress, and not started



Policy Framework Overview

We have identified 60 policy topics grouped them into nine broad categories to develop policies and procedures for the Finance Department.

- Accounting and Financial Reporting
- Budget and Financial Planning
- Capital and Debt Management
- Economic Development
- Internal Controls and Governance
- Personnel and Pensions
- Procurement & Disbursement
- Revenue and Cash Management
- Risk and Compliance

Policy Framework Overview

We have identified the following preliminary topics for each policy category.

Bolded items *are under Finance Committee review or revisions in-progress.*

Accounting and Financial Reporting

- Cost Allocation
- General Ledger
- Accounting Policies/Basis of Accounting
- Financial Reporting (ACFR)
- Interfund Transfers & Loans
- Year-End Closing

Budget and Financial Planning

- **External Agency Funding**
- Appropriations
- Budget Amendment
- Capital Budget
- **Fund Balance**
- Annual Budget Process
- **Carry Forward**
- One-Time Revenue
- Multi-Year Forecasting

Capital and Debt Management

- Post-Issuance Compliance
- Capital/Fixed Asset
- Capitalization/Depreciation
- Property Control
- **Debt Management**

Policy Framework Overview

We have identified the following preliminary topics for each policy category.

***Bolded items** are under Finance Committee review or revisions in-progress.*

Economic Development

- Tax Increment Financing (TIF)
- Special Service Area (SSA)
- Economic Incentives

Internal Controls and Governance

- Donations
- Improper Payment
- Record Retention
- Self-Assessment
- Vehicle Usage
- Audit
- Conflict of Interest
- Financial Signatory
- Fraud Prevention

Personnel and Pensions

- Compensated Absences
- OPEB Funding
- Payroll Processing
- Pension Funding
- Travel/Expense Reimbursement
- Timekeeping
- Fringe Benefits

Policy Framework Overview

We have identified the following preliminary topics for each policy category.

***Bolded items** are under Finance Committee review or revisions in-progress.*

Procurement & Disbursement

- Credit Card Use
- Petty Cash
- Vendor Debarment
- **Purchasing/Procurement**
- Accounts Payable
- Contract Management
- Vendor Management

Revenue and Cash Management

- Revenue Policy
- Grant and Financial Award
- **Investment**
- **Tax Levy**
- Accounts Receivable
- Banking & Depository
- Cash Handling/Receipting
- User Fees & Charges

Risk and Compliance

- Identity Theft / "Red Flags"
- PCI-DSS Compliance Policy
- Risk Management
- Insurance

Credit Rating Implications

S&P Rating Criteria

- *Management* is 20% of S&P's score, 30% of which reflects policies.
- Our current score (1.65) is equal to Evanston and Skokie and suggests the "policy" subcategory is scored as a '2'.
- Improving policies to merit a 1 would have a small effect on the overall credit but is nevertheless an opportunity to optimize the score.

Management
20%

State and local government

Budgeting practices (35%)

Long-term planning (35%)

Policies (30%)

Policies Prioritized by S&P

- Investment policy
- Debt management policy
- Reserve/liquidity policy

Management: Policies subfactor assessment

1	2	3	4
Robust, well-defined policies with thorough reporting	**Basic policies with regular reporting**	**Informal policies exist with little or no reporting**	**No policies or policies not followed**
Investment, debt management, and reserve and liquidity policies exist, are well defined, and reflect the operating environment of the government. Strong reporting and monitoring mechanisms exist and are functioning	Investment, debt management, and reserve and liquidity policies exist; however, they are basic or informal, but are widely communicated and followed with some regular reporting	Some policies exist, formally or informally, and are generally adhered to; however, there is limited reporting or link to the operating environment of the government	Absence of basic policies or clear evidence that policies are not followed

[*Methodology For Rating U.S. Governments | S&P Global*]

External Agency Policy Overview

Policy Purpose

Establish a consistent, transparent framework for evaluating and approving discretionary Village funding requests from outside organizations, prioritizing one-time, well-justified assistance over recurring commitments.

Major Sections

- Governing Authority and Scope: *grants, contributions, and loans to external organizations; excludes grant pass-throughs.*
- Guiding Principles: *funding is discretionary, one-time by default, and contingent on fund balance availability.*
- Eligibility & Evaluation Criteria: *application requirements, financial condition review, evaluation factors.*
- Process & Procedure: *annual cycle, exceptional requests, fund availability, approval authority, reporting*

Discussion

- Priorities for external funding approvals
- Criteria for disfavoring requests
- Approach to sunsetting funding

Investment Policy Overview

Policy Purpose

Establish a framework for investment of Village funds that meets legality, safety, liquidity, and yield standards of Illinois state law, while allowing for ethical and values-aligned investment decision-making.

Major Sections

- Governing Authority: Public Funds Investment Act (PFIA) and Illinois Sustainable Investing Act (SIA)
- General Objectives: *legality, safety, liquidity, yield*
- Authorized Institutions: *Board approval, custody, internal controls*
- Authorized Investments: *permitted securities plus sustainability factors (e.g., environment, social capital)*
- Reporting: *quarterly report to Board members*

Discussion

- Sustainability factors and review criteria
- Benchmarks for reviewing investments
- Recurring reports to Board

Tax Levy Policy Overview

Policy Purpose

Establish a consistent, transparent framework for setting the annual levy, achieving structural balance, meeting legal/contractual obligations, advancing Board priorities, and prioritizing taxpayer impact.

Major Sections

- Governing Authority
- Levy Components: *Operations, Debt, Pension, Library*
- Policy Planning Range: *3% floor; ceiling of 5% or CPI*
- Annual Levy Development: *baseline commitments, partner agencies, SSAs*
- Required Annual Presentation: *scenarios, 10-yr history, 5-yr forecast, taxpayer impact*
- Truth in Taxation & legal compliance

Discussion

- Proposed levy floor and ceiling
- Baseline recurring commitments
- Partner Agency funding and sunset

Oak Park

IL Sustainable Investing Act.

“(b) Sustainability factors may include, but are not limited to, the following:

1. **Corporate governance and leadership factors**, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
2. **Environmental factors** that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
3. **Social capital factors** that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
4. **Human capital factors** that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
5. **Business model and innovation factors** that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.”

ESG Investment Indexes

[S&P 500 Environmental & Socially Responsible Index | S&P Dow Jones Indices]

- The S&P 500® Environmental & Socially Responsible Index is designed to measure the performance of securities from the S&P 500 that meet environmental and social sustainability criteria.

[SRI Indexes | MSCI Indexes]

- MSCI's indexes target the top 25% of companies across sectors according to their MSCI ESG Ratings.
- Sustainability scores are translated to an 'AAA' to 'CCC' scale, indicating how a company manages issues relative to industry peers. The indexes also seek to exclude companies involved with nuclear weapons, tobacco, gambling and other controversial businesses.