

Village of Dolton Final Report

January 27, 2025

CRA Charles River
Associates

Disclaimer

- The information presented here is based on information and records obtained through January 27, 2025.

CRA's services were performed, and these findings developed pursuant to the engagement letter between CRA and The Village of Dolton Trustees the terms of which limit CRA's liability and impose certain restrictions on the use and distribution of our findings. Our findings are based on information that was available to us at the time that the work was performed. Subsequent changes in circumstances could materially affect the findings contained herein.

CRA's findings were prepared solely for the use of The Village of Dolton Trustees and may not be otherwise used by any other parties for any purpose without CRA's prior written permission. CRA accepts no responsibility of any kind for any third party's use of or reliance on our findings.

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Introduction

Introduction

- CRA is a global consulting firm with over 800 professionals specializing in providing economic, accounting, financial, and management consulting services.
- Scope --- We began in earnest in Spring 2024, after the Trustees overrode a veto of a resolution hiring us through legislative counsel.
 - We were tasked with looking into allegations of financial mismanagement by Mayor Tiffany Henyard and others.
- Our work is not a criminal investigation.

Introduction

- We experienced consistent challenges in obtaining relevant documents and information from the very beginning of the engagement.
 - Absent subpoena power, the ability to obtain materials required cooperation from a number of individuals.
 - The Village's personnel policies do not require cooperation with an internal investigation, nor do they reference whistleblower protections or offer training on state whistleblower protections.
 - The lack of cooperation by some individuals led to delays, limited the scope of work, and ultimately limited the information addressed in this report.
- Despite these obstacles, we made progress in assessing the true financial condition of the Village.
- And have the ability to make a set of concrete recommendations.

Background

History of the Village of Dolton

- The Village of Dolton was incorporated in 1892.
- According to the US Census Bureau:
 - the 2020 census population was 21,426;
 - median income is \$58,706; and
 - approximately 91% of the population is African-American.

City Government Structure

- The Village has a Trustee form of government – Mayor and Trustees
- Key city employees include:
 - Mayor;
 - Village Administrator;
 - Director of Administration;
 - Director of Finance; and
 - Staff Accountant.

Relevant State and Local Guidelines

Relevant State and Local Guidelines

- The Illinois Municipal Code, 65 ILCS 5, et seq. sets forth some very specific guidelines for the organization of various forms of municipal government and specifically regarding the handling of finances.
 - There must be an annual budget or appropriation (§8-2-9);
 - no official can incur debt or expenses that exceed the annual appropriation unless through a two thirds approval by the Trustees (§8-1-6);
 - there can be no entering into contracts without a corresponding appropriation (§8-1-7);
 - an annual appropriation be made within the first quarter of the fiscal year (§8-2-9);
 - the municipality must have an audit of its accounts annually (§8-8-3 (a)-(b));
 - must file the audit with state Comptroller's Office (§8-8-7) within 180 days of the close of the fiscal year, unless an extension of time is granted (§8-8-3);
 - upon failure to file such an audit with the Comptroller, "***the Comptroller shall cause such audit to be made by an auditor or auditors.***" (§8-8-4) (Emphasis added); and
 - in order for a municipality to receive its share of the annual property tax levy, by early December of each year, the municipality must file its annual appropriation with the county clerk (§8-3-1).

Village Ordinances and Resolutions

- The Village does not have a codified municipal code.
- The absence of a codified, readily transparent and available municipal code means:
 - archived ordinances and resolutions are not readily available and accessible to the public;
 - laws are routinely ignored as many key ordinances and resolutions, some of which are historic, are simply not known; and
 - governance becomes unnecessarily difficult.
- Gaps in the municipal code are filled by the Illinois Municipal Code.

Purchasing Policy

- The Village has a Purchasing Policy and Manual which provides:
 - “guidelines and directions for the acquisition of goods and services. When used with good judgment and common sense, the policies and procedures conveyed within will allow the Village to obtain required supplies and services efficiently and economically.”
 - “In general, all supplies, materials equipment and contractual/professional services required for operational efficiency will have been included in the annual Budget.”

Purchasing Policy – Key Provisions

- Authorizing Authority (§I.D.):
 - Department heads – up to \$1,000.
 - Village Administrator – up to \$5,000.
 - In excess of \$5,000 – requires Village Board approval
- Finance Department (§I.E.):
 - Designated Purchasing Agent for the Village -- Staff Accountant “is the designated Purchasing Agent for the Village. . . The Staff Accountant or his/her designee shall be responsible for:
 - determining if an item is budgeted, if adequate funds are still available, and if the proper purchasing procedures have been followed.
 - Reviewing and initialing all purchase orders/payment requests after they are submitted to the Finance Department for payment.”

Purchasing Policy – Key Provisions

- Centralized Purchasing (§I.E.):
 - The Purchasing Policy assumes that certain common goods will be purchased by the Finance Department:
 - “There are certain items, especially office supplies, which are used by the Village and are common to all the operating departments and divisions of the Village. The Finance Department generally purchases these items.”
- Purchase Orders (§II.A.):
 - “A purchase order must be prepared for the following purchases:
 - Any purchase of goods or services
 - Any purchase for a source determined by a formal bid, bid waiver or formal quotation
 - Any capital outlay item
 - Any case where the vendor requires a purchase order.”
 - The same dollar authorization tiers apply to purchase orders.

Warrant Process

- A warrant is a request to spend municipal funds.
- A warrant is typically created based upon invoices created by a vendor and submitted to a department head for approval through the MyViewPoint system.
- The Village's accounting firm, John Kasperek Company ("JKC"), in conjunction with Village staff prepares two monthly warrant lists in advance of the Board meeting.
 - An accounts payable warrant list which includes most of the Village's expenses including payroll.
 - An electronic warrant list which includes payments made via wire, ACH, credit card, or other online method.

Warrant Process

- Village expenditures as reflected on the warrant lists are then reviewed and approved by vote of the Board each month.
- After an expense is approved by the Board, Janice Johnson prepares checks for signature and payment.
- However, either if Johnson is directed by Mayor Henyard or someone else to hold the payment or if there are insufficient funds, since March 2023, millions of dollars of checks that were approved, have been held (i.e., not sent to vendors).
- Apart from payroll, the accounts payable warrant list reflects invoices that have been submitted for approval and payment but not yet paid.
- We understand from JKC personnel that the electronic warrant list expenditures have generally already been paid when they are added to the warrant list.

Warrant Process

- **As it relates to credit card expenditures**, we understand from JKC personnel that the credit card balance is paid as a matter of course but the underlying purchases are not automatically reflected on a warrant list.
 - In general, credit card expenditures are only added to the warrant list when a receipt is submitted.
 - Accordingly, many credit card expenditures never appear on a warrant list for review and approval by the Board.
 - ***This means that neither the Board nor the public have ready access to information on credit card purchases made and paid outside the warrant process.***

Mayor Henyard Administration

Mayor Tiffany Henyard

- Life-long Village resident
- Served as Village Trustee from 2013 to 2021
- Her biography cites graduation from Robert Morris College (unable to verify)
- Assumed Office as Mayor in May 2021.
 - Only 9.5% of registered voters cast ballots per County Clerk's Election Records.

Management of City Finances Under Henyard

- Key personnel (aside from Mayor Henyard)
 - Village Administrator
 - Initially Dorothy Brown
 - Keith Freeman began in late 2021
 - Director of Finance
 - Vacant for Periods of Time
 - Tanjnique Miller fulfilled role beginning in 2022 full time and then from December 2023 switched to part-time and worked entirely remotely.
 - Position has been vacant since early 2024.
 - Director of Administration
 - Janice Johnson
 - Staff Accountant
 - No record of this position existing as mandated by Village Purchasing Policy

Management of City Finances Under Henyard

- Role of the JKC accounting firm:
 - Because of there are a limited number of internal Village finance personnel, JKC became the de-facto finance department of the Village under Mayor Henyard.
- This remains true to this day.
- JKC has a junior staffer who is embedded at the Village.
- A senior JKC manager supervises the work.
- JKC personnel reconcile bank records and assist in the preparation of payroll, monthly warrant lists, and Village accounting records and well as a variety of other responsibilities as needed.

Timeline of Key Events

Timeline of Key Events

- Denial Of Trustee Access to Financial Records
 - Prior to Mayor Henyard's tenure and during the early months of her tenure, JKC provided three categories of information about Village finances:
 - A weekly report of JKC's work performed on behalf of the Village.
 - Monthly financial statements with detailed notes memorialized in a memo.
 - Warrant lists which detailed the expenditures to be presented at an upcoming Board meeting.
 - For a time, JKC also prepared and shared a payroll list.
 - Initially, in 2021, after the beginning of Mayor Henyard's term, Cris Miroballi JKC sent or caused these documents to be sent to Mayor Henyard, Village Administrator Dorothy Brown and then Keith Freeman, Janice Johnson, the entire Board of Trustees and John Kasperek and Ari Turner of JKC.
 - This practice began to change in the fall of 2021.

Timeline of Key Events

- Denial Of Trustee Access to Financial Records
 - In a September 28, 2021 email to Kasperek, Miroballi noted “the Mayor has requested that the warrant list for both electronic and regular billing be sent to her first for review and approval prior to it being released to the Board.”
 - On October 4, 2021, Trustee House emailed Miroballi seeking missing payroll reports that he had not received since the August 27, 2021 payroll.
 - That same day, Miroballi forwarded House’s email to Henyard and sought direction on how to respond.
 - On October 21, 2021, Miroballi reported to Kasperek via email that Mayor Henyard was very upset with him because he disclosed in a Board meeting that she had directed him not to send the Trustees the payroll reports. Miroballi later revealed that Henyard, in the presence of Janice Johnson and Dorothy Brown, expected Miroballi to in effect fudge the truth.
 - By November 2021, a split between Henyard and certain Trustees was in full bloom and played out in the Trustee’s shrinking access to Village financial information.

Timeline of Key Events

- Denial Of Trustee Access to Financial Records
 - On January 22, 2022, Miroballi transmitted the December financials and a corresponding memo to the full list of recipients, including the Trustees.
 - On February 9, 2022, Trustee Steave sent an email to Miroballi and others objecting to not having access to payroll reports for approval and objecting to paying any payroll not approved by the Board. Trustee House concurred.
 - On February 24, 2022, Miroballi transmitted the January financials and an accompanying memo ***only to Miller***.
 - On March 9, 2022, Miroballi sent his weekly work report to the Mayor, Trustees and others. The next day, Freeman admonished Miroballi: “Cris, please stop sending these emails to everyone. It is a direct violation of the open meetings act. Send this information to Ms. Miller and Janice.”
 - ***In sum, by early March 2022, the Trustees were effectively cut off from receiving regular financial reports generated by JKC which would have reflected the true financial condition of the Village.***

The Village's Troubles with FOIA Compliance

- **The Illinois Freedom of Information Act** allows for members of the public to have access to government information to further the policy “that all persons are entitled to full and complete information regarding the affairs of government and the official acts and policies of those who represent them as public officials and public employees consistent with the terms of this Act.” (5 ILCS 140/1)
- Under IL FOIA Law, a municipality must keep and maintain records that reflect the operation of government and make those records available to the public upon request. There are certain categories of documents that can be excluded from production, but those exemptions are to be narrowly construed. (5 ILCS 140/5,140/7)
- Most municipalities set up a process where individuals may request public records in person, via letter, or electronically. This requires a person or persons to be designated as the FOIA officer to handle various requests.
- Any person who believes they were improperly denied access to public records may file suit. (5 ILCS 140/11)
- Consequences for non-compliance can result in monetary awards against the municipality.

The Village's Troubles with FOIA Compliance

- From May 2021 through September 2023, based on our review of relevant FOIA records and witness testimony there were a significant number of FOIA requests filed with the Village. Most of these requests were ordinary course requests, but there was a specific and increasing set of FOIA requests related to the operations of Village government.
- At the beginning of Henyard's tenure, Clerk Alison Key was responsible for FOIA requests. According to Clerk Key, when FOIAs were requested, they were reviewed to determine which Village department should respond, the response was then sent to the designated FOIA officer within the department and then if responsive documents existed, they were produced.
- The increased number of FOIAs posed a challenge for the limited resources devoted to FOIA response.

The Village's Troubles with FOIA Compliance

- There were many allegations that Mayor Henyard ordered the Village to stop responding to FOIA requests. This allegedly happened in March 2023. ***In part because of the lack of cooperation among Village employees, we were not able to verify whether this persistent allegation was true.***
- In April 2023, the Board passed an ordinance intended to get the FOIA process back on track. In the preamble to this ordinance, the Board found:
 - “WHEREAS, the Board of Trustees finds that the Village has experienced an insurmountable backlog of FOIA requests due to failures of Village staff to respond to requests for information from the FOIA Officer at the instruction of the Mayor and her Village Administrator. . .”
- Despite the passage of this ordinance, the Village FOIA process continued to break down, in part because of non-cooperation of Village staff who, according to Clerk Key, stopped responding to her requests to identify responsive documents.
- As a result, requesters appealed to the IL Attorney General and in some instances filed suit against the Village.
- One key milestone is when Clerk Key was stripped of her jurisdiction over FOIA requests.

Disruption of the Village's FOIA Process

From: Keith Freeman <kfreeman@vodolton.org>
Sent: Thursday, September 7, 2023 7:08 PM
To: Alison Key <akey@vodolton.org>
Cc: Aris Montgomery <amontgomery@vodolton.org>
Subject: FOIA officer duty

Clerk Key,

I am writing to inform you that you are hereby removed from your duty as the FOIA officer effective immediately. Your inability to process FOIA request in a complete and timely manner has left us no choice but to restructure our process going forward. The village has redirected FOIA officer duties **to another party and as such your services are no longer needed**. I have advised all department heads of the change.

Best regards,

Keith Freeman
Village Administrator
Dolton, Illinois

- (Emphasis added)
- **Clerk Key denies the allegations contained in Freeman's email.**

Disruption of the Village's FOIA Process

- Notable issues arising from Freeman's email:
 - “The village has redirected FOIA officer duties to another party and as such your services are no longer needed. I have advised all department heads of the change.” (Emphasis added).
- The new FOIA officer(s) is not identified and during our investigation we were never able to identify who was actually responsible for managing the FOIA process after Clerk Key lost jurisdiction.
 - We were unable to determine if the person(s) handling FOIA had received the proper training;
 - Took over the files on pending FOIA requests;
 - And there was no process for transitioning the FOIA process from Clerk Key to the new, unknown FOIA officer.
- There is plenty of evidence the alleged FOIA challenges Clerk Key experienced were never improved and in some instances got worse.
- These issues continue to the present day.

Financial Management Concerns

Revenue Concerns – Potential State Appropriation

- In fiscal year 2023, information provided by the state Department of Commerce and Economic Opportunity, reflects that the Village was slated to receive an appropriation in the amount of \$5 million dollars:
 - Appropriation 420-02-0971-44001122, Fund 097, for the Village of Dolton in FY 23. (August 4, 2024 DCEO FOIA response letter)
 - DCEO personnel also reported that “The line item was in the appropriation bill, but the project has not been released to the Department to begin administration of the grant.” *Id.*
 - The Village never actually received this appropriation.

Revenue Concerns - ARPA Usage and Reporting

- The American Rescue Plan Act (“ARPA”) created funding to help states and localities recover from the economic impact of the COVID-19 pandemic.
- The Village received an allocation through the state which was apportioned in two tranches by the Illinois Comptroller’s office.
- The funds are held in the Village’s capital projects account x1487 at Fifth Third.

Date	Amount	General Ledger Description
09/03/2021	\$ 1,519,041	American Rescue Plan deposit 1 st payment
04/14/2022	1,569	American Rescue Plan additional
09/23/2022	1,520,610	ARPA 2nd installment payment
Total	\$ 3,041,220	

Revenue Concerns - ARPA Usage and Reporting

- The U.S. Treasury Department has strict tracking and reporting requirements for ARPA funds.
- The contemporaneous documentation and recent communications provided confirm Village personnel have failed to complete any reporting as required.
- As of the end of fiscal year 2024, the Village had transferred \$1.3 million of APRA funds to the general fund to pay for expenditures accounted for as “due from American Rescue Plan.”
- Based on records provided to date, the Village has approximately \$1.7 million of ARPA funds remaining in the x1487 Capital Projects account.

Revenue Concerns - ARPA Usage and Reporting

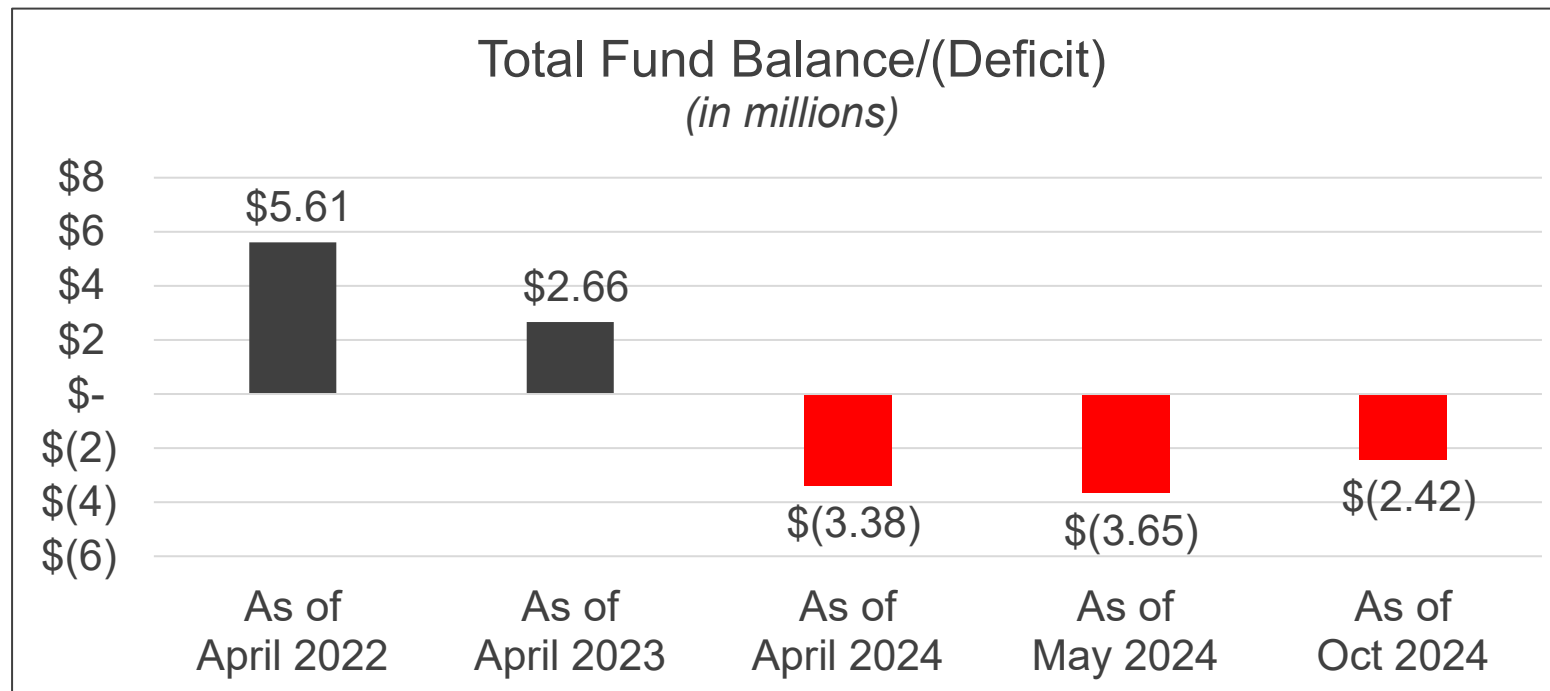
- Based on general ledger exports and other records provided to us, the Village has designated ARPA funds to be used to fund expenditures related to multiple specific projects.
- The Village has also designated ARPA funds to be used to fund over \$480,000 in other miscellaneous expenditures that do not clearly relate to a specific project.
 - For example, construction materials and supplies, lawn care, pest control, utilities, and sprinkler installation.

Category	Amount
Other expenditures	\$ 481,379
Re-pavement of the public works parking lot	343,250
Residential roofing and window improvements	236,424
Skating rink	171,368
Parking lot resurfacing	55,615
Business grants	55,000
FOIA software	6,500
Total	\$ 1,349,537

Source: Bank statements Fifth Third account x1487 September 2022 – June 2024; Village general ledger exports FY 2022 through FY 2024; warrant lists FY 2022 through FY 2024; and check registers FY 2022 through FY 2024. Note: The FY 2022 general ledger report was generated on February 17, 2023, the FY 2023 and FY 2024 general ledger reports were generated on May 17, 2024. Changes to the accounting records, if any, after those dates have not been provided and accordingly are not reflected in the information presented.

Financial Status as of October 31, 2024 *(unaudited)*

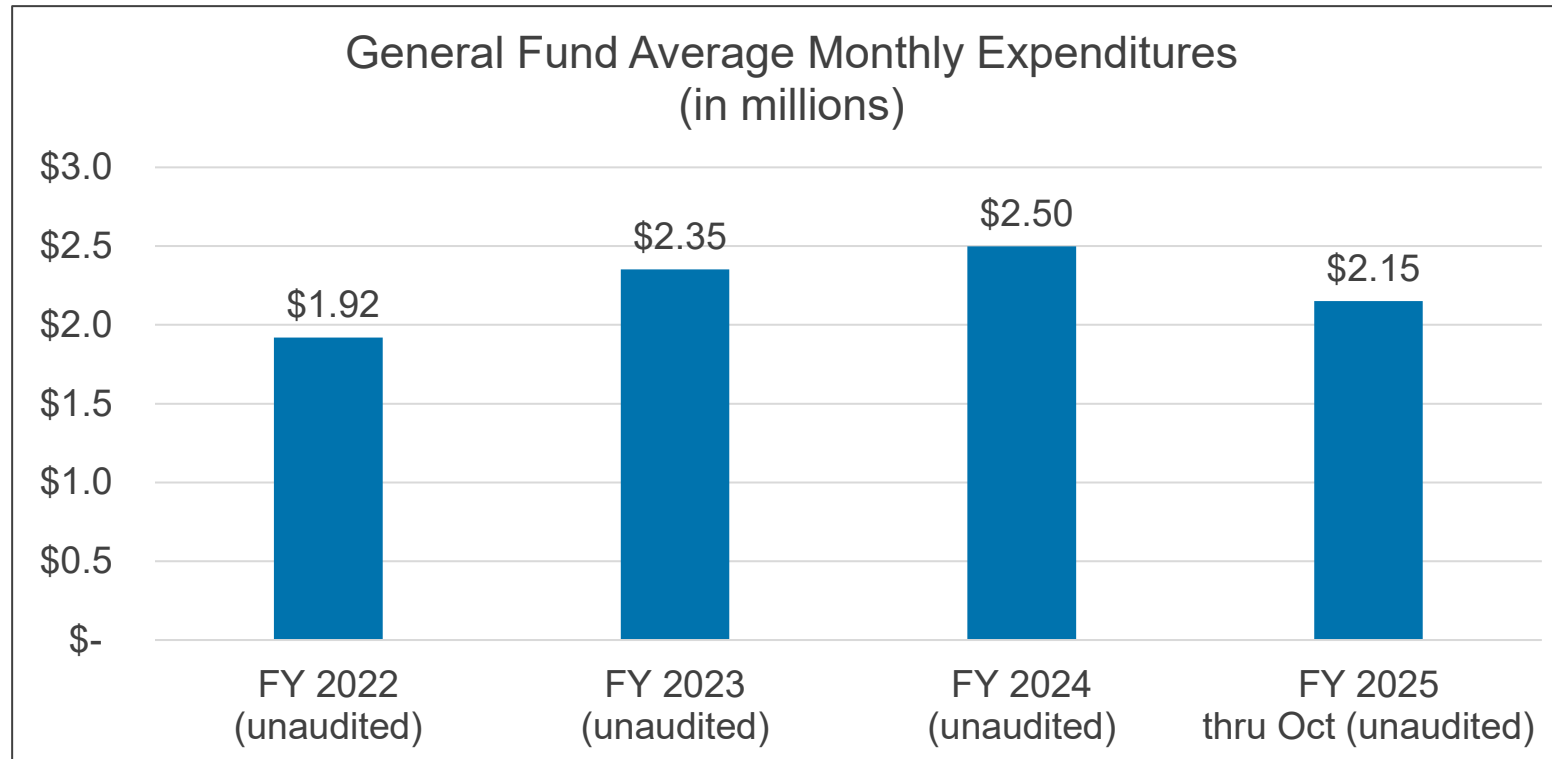
- The Village’s General Fund balance remains in a **net deficit position** (i.e., negative).
- The deficit has decreased (i.e., improved) from the balance as of May 2024 presented in the preliminary financial overview in August 2024.
- The Village’s Special Revenue Fund and Debt Service Fund remain in a positive position.



Source: Village of Dolton Unaudited Monthly Financial Report Balance Sheet October 2024

Average Monthly Expenditures

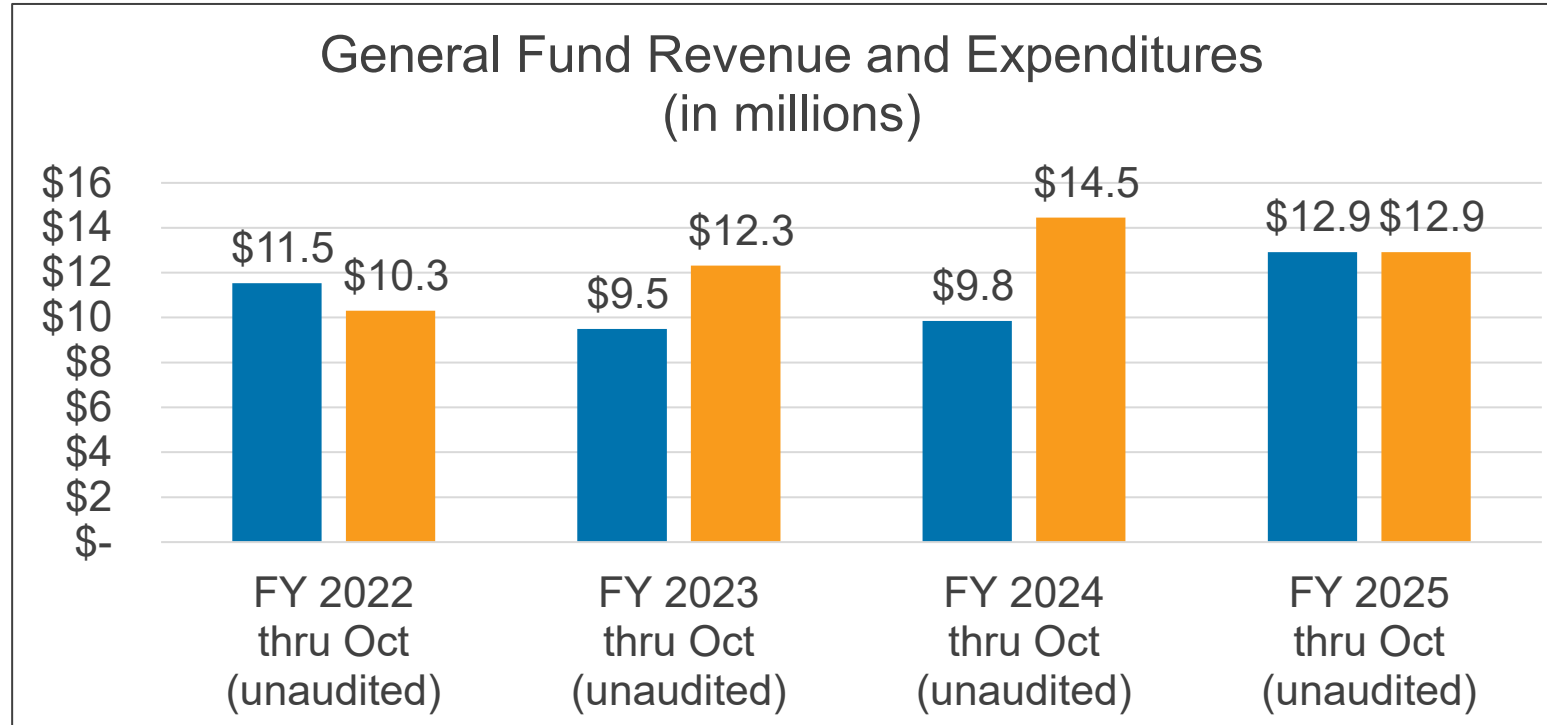
- As of October 2024, average monthly expenditures during FY 2025 have decreased as compared to the monthly average in FY 2024.



Source: Village of Dolton Unaudited Monthly Financial Report Balance Sheet April 2022, April 2023, April 2024, and October 2024

Revenue and Expenditures

- The amounts below reflect revenue and expenditures to date for the first six months of each fiscal year.



Source: Village of Dolton Unaudited Monthly Financial Reports Statement of Detailed Revenue, Expenditures and Changes in Fund Balance October 2022, October 2023, and October 2024. Note: We understand from a John Kasperek Company manager that the prior year actual values reported in the monthly financial statements reflect accounting changes recorded after the end of the period (e.g., accruals for invoices received after year end). As such, where available the information presented reflects the prior year actual values. FY 2022 amounts are taken from the “prior year actual” reported in the October 2022 monthly financial report, pp.8, 15. FY 2023 amounts are taken from the “prior year actual” reported in the October 2023 monthly financial report, pp. 8, 15. FY 2024 amounts are taken from the “prior year actual” reported in the October 2024 monthly financial report, pp. 8, 15. Prior year actuals are not yet available for October 2024; therefore, the amounts presented reflect the current period actual amount.

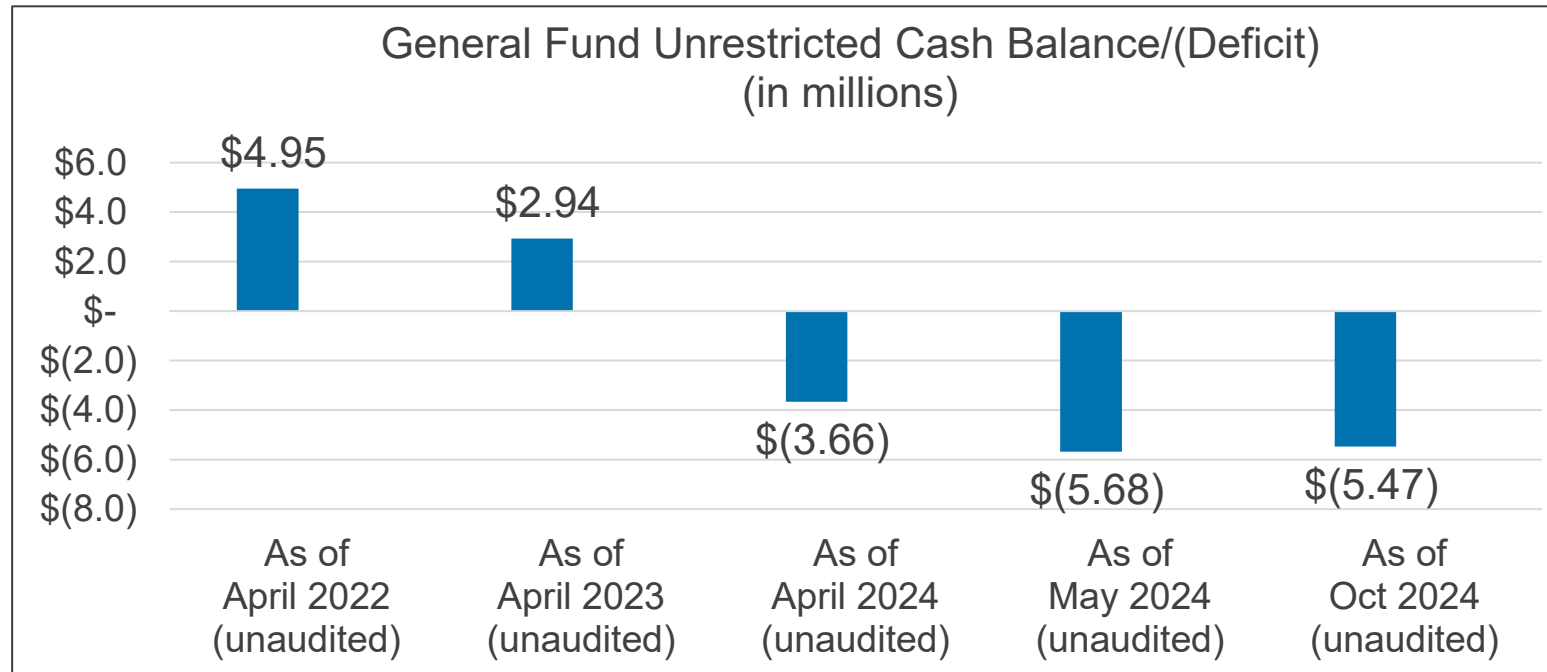
Revenue and Expenditures

- The gap between revenue and expenditures has decreased for primarily two reasons.
 - Revenue through October was approximately \$3 million more compared to the same period in the prior year largely due to the timing of property tax disbursements.
 - Expenditures have decreased, most notably in general administration, the police department, and public works.
- There were notable expenditure decreases in general administration telephone and other miscellaneous as well as police department overtime and medical insurance.

Source: Village of Dolton Unaudited Monthly Financial Reports Statement of Detailed Revenue, Expenditures and Changes in Fund Balance October 2024.

Cash Balance

- The General Fund cash position has generally remained the same since the preliminary financial update in August 2024.
- We received updated bank statements for many but not all Village bank accounts, specifically the Illinois Funds account where the Village holds excess cash. Without this information we cannot provide a complete picture of the current Village bank account balances.



Source: Village of Dolton Unaudited Monthly Financial Reports Supplemental Information - Cash Balances April 2022, April 2023, April 2024, May 2024, October 2024 p. 36. Note: Prior year actuals are not available for the cash balances.

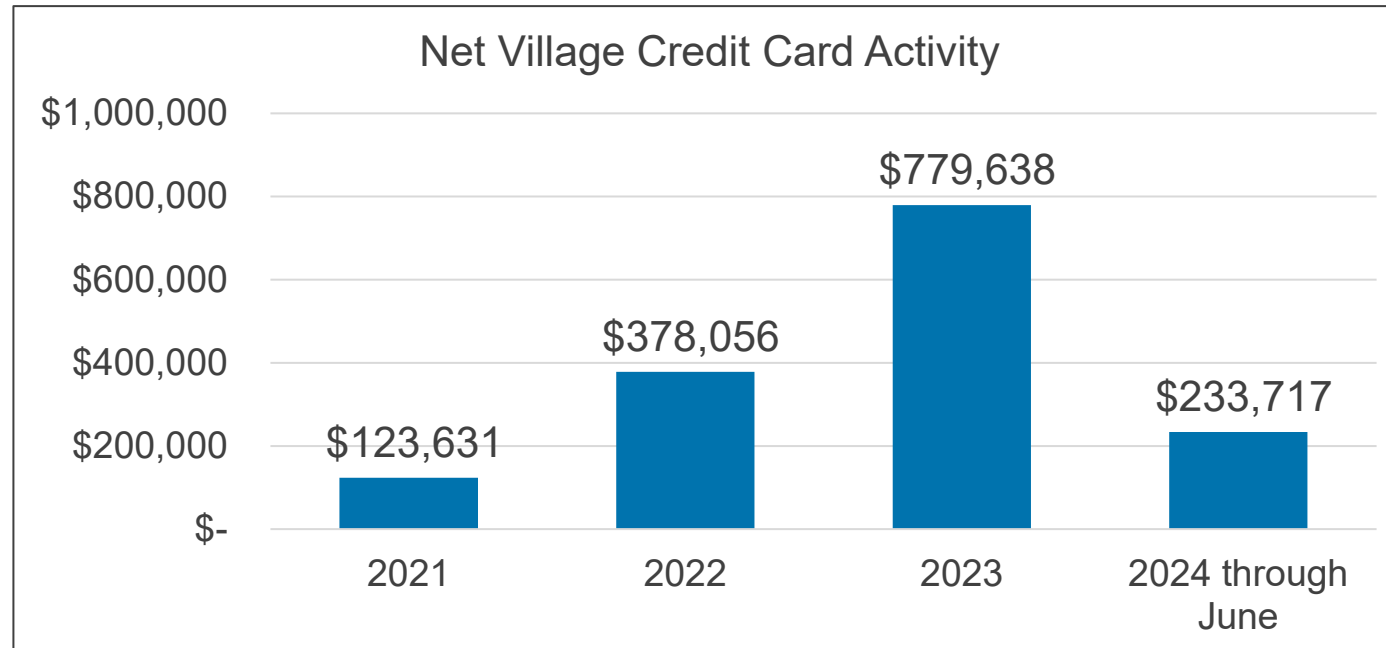
Unfunded Expenditures

- As presented in August, since March 2023, nearly every month a portion of the checks approved and printed have been held.
- As of June 18, 2024, there were 589 checks totaling over \$6 million that had been approved and printed but not sent to vendors.
- ***We requested but were not provided an updated listing of the Village's held checks.***
- ***We have been told, but unable to verify, the amount of held checks is currently in excess of \$5 million.***

Source: Held Checks listing as of June 18, 2024 produced by John Kasperek Company

Credit Card Use

- We are aware of six different credit cards that have been in use at various points in time from January 2021 through at least June 2024.
 - We requested but did not receive credit card statements from July 2024 through December 2024.



Source: Credit card statements produced by John Kasperek Company

Credit Card Use

- Many of the credit card expenditures have no accompanying receipt, and the statements alone provide limited information about the purchases.
- Given the overall lack of available documentation, it is not possible to ascertain important details about the Village's credit card use including, but not limited to:
 - who the purchaser was;
 - was the purchase approved; and
 - what was the government purpose.
- This additional information is necessary to perform a fulsome investigation of Village credit use and to draw any conclusion regarding individual purchases.
- That being said, certain activity does stand out which the Village may wish to pursue additional information to understand the nature of the charges.

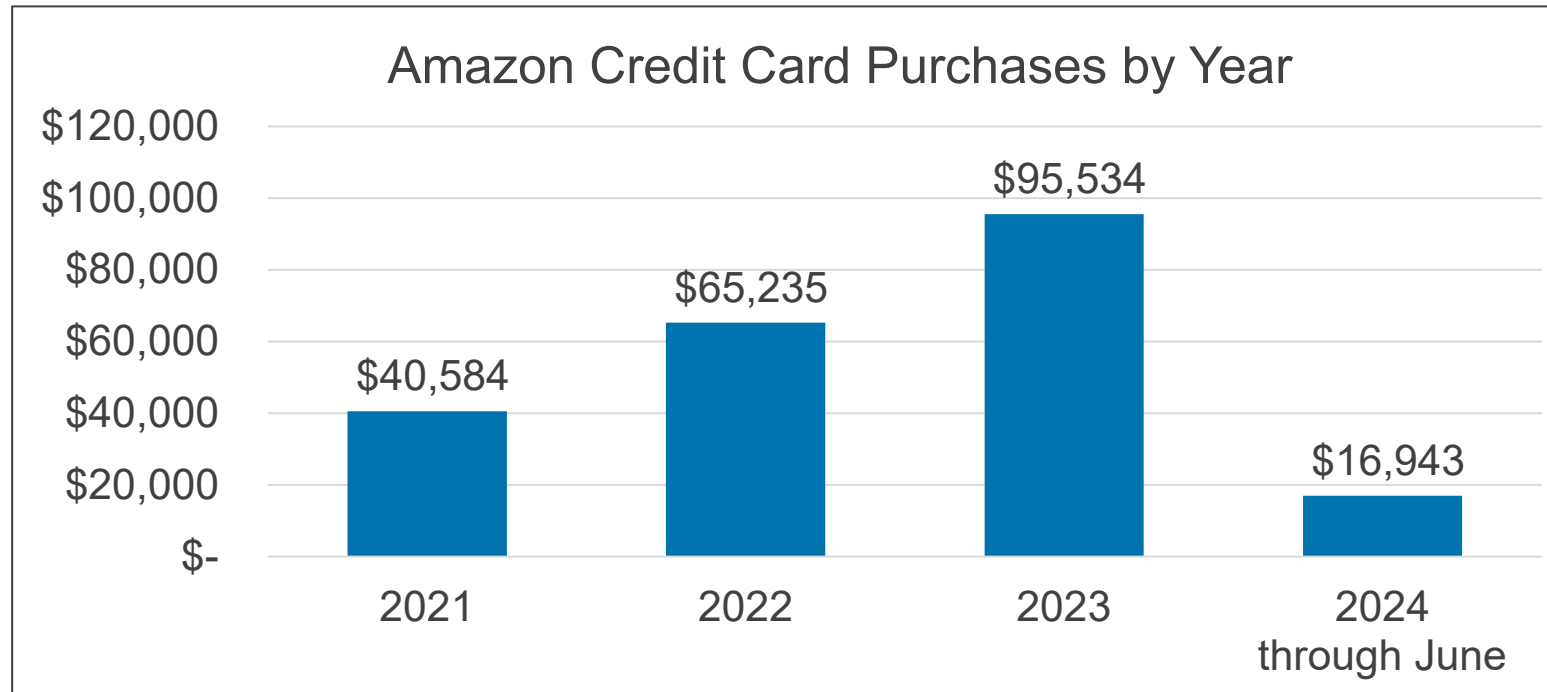
Credit Card Use

- For example, from 2021 through June 2024:
 - Over \$171,000 spent on travel related costs (e.g., airfare, excess baggage, hotels, meals, and rental cars)
 - Some, but not all, of these charges were reflected on the electronic warrant lists with descriptions ranging from “training accommodations” to simply the merchant’s name.
 - Over \$51,000 spent at local area restaurants
 - Some, but not all, of these charges were reflected on the electronic warrant lists with descriptions ranging from “meals” and “donuts” to “code enforcement lunch” and “homicide task force lunch.”
 - Additionally, the Village’s credit cards were used for purchases from retailers such as Dicks Sporting Goods, Best Buy, Wayfair, Walgreens, Apple, and Wal-Mart not all of which are reflected on an electronic warrant list.
 - When credit card charges are reflected on the electronic warrant list the description does not always provide detail about either the purpose or items purchased. For example, a description that is simply the merchant’s name.

Source: Credit card statements produced by John Kasperek Company, electronic warrant lists FY 2022 through FY 2024.

Amazon Purchases

- We did obtain purchase order details for purchases made from Amazon, the vast majority of which were paid for with Village credit cards.
 - From January 2021 through June 2024, the Village spent approximately \$218,000 on purchases from Amazon using Village credit cards.



Source: Credit card statements produced by John Kasperek Company, electronic warrant lists FY 2022 through FY 2024.

Amazon Purchases

- The vast majority appear to be routine items such as office supplies, office furniture, and police department supplies.
- Amazon orders were delivered to either Village Hall or the Police Department.
- Many of the largest purchases on Amazon, three of which were identified in the preliminary financial update in August, relate to materials or supplies for a Village skating rink. This includes:

Date	Amount	Item
12/18/22	\$ 5,099.92	Skateable artificial ice tiles
01/05/23	33,005.00	Skateable artificial ice tiles
01/05/23	5,609.92	Skateable artificial ice tiles
01/05/23	4,715.00	Skateable artificial ice tiles
01/24/23	3,779.56	Ice skates

Source: Amazon order details produced by John Kasperek Company

Amazon Purchases

- The various routine office supply and office furniture purchases do not appear to have been done in compliance with the Village's Purchasing Policy.
 - There appears to be no centralized purchasing or inventory control as required in the Purchasing Policy.
 - While Janice Johnson was listed as the originator for a number of these purchases, there were nine other purchasing sources identified in the Amazon records.
- Similarly, we found no evidence that the purchases related to the ice rink, done in five separate purchases, and totaling \$48,429.84 were done in compliance with the Village's Purchasing Policy.
 - For example, we were unable to find evidence that these purchases were done as a result of a competitive bidding process which would have been triggered given the amount of the aggregate purchases. There is also no evidence that these particular purchases were presented to the Board for prior approval.

Background of Key Personnel

Background of Key Personnel

- We saw no evidence that there is a written policy for performing background checks of prospective Village senior or key personnel.
 - Keith Freeman
 - Lewis Lacey
 - Carmen Carlise
- ***Based on our investigation, these and other individuals working for the Village or proposed by the Mayor to assume key roles have issues in their backgrounds that would likely be disqualifying if they had been properly vetted.***

Cascading Consequences

Audit Concerns

- Illinois municipal code requires municipalities to have an audit of their accounts annually which must be filed with state Comptroller's Office within 180 days of the end of the fiscal year. (§8-8-3 (a)-(b), §8-8-7)
- For at least the last several years the Village's auditor has been the accounting firm Lauterbach and Amen.
 - Draft audits for fiscal year 2022 were completed, but never finalized.
 - Lauterbach and Amen resigned as auditor on August 27, 2024 "effective immediately".
- ***The Village has not completed a financial statement audit since fiscal year 2021.***
- On August 15, 2024, the Illinois Comptroller's office notified the Village if it did not file the required financial reports including audited financial statements the Village may face fines and penalties. The Comptroller's Office subsequently then forced an audit on the Village.

Litigation

- According to court records, 48 separate cases have been filed against the Village during Mayor Henyard's tenure.
 - Twelve pending matters relate to alleged FOIA violations.
 - Eight pending matters by Village vendors allege improper revocation of or failure to renew business licenses.

Insurance

- The Village's insurance needs are primarily handled by two entities:
 - Insurance broker – InsureSource, LLC
 - Third party administrator (“TPA”) – Charles Taylor TPA
- In 2024 the Village's insurance coverage became at risk due to late or non-payment.
 - The Village's premium financing company sought to void its agreement with the Village.
 - The Village's long time TPA declined to renew its agreement with the Village.
 - Long time carriers cancelled or declined to renew the Village's policy.

Insurance

- As part of the 2024-2025 renewal effort, the broker reached out to 36 insurance carriers, including excess (10) and non-excess carriers (26).
 - Five carriers chose not to renew their coverage for the Village.
 - Thirteen carriers declined to quote coverage for the Village and one carrier failed to respond. (August 2024 InsureSource presentation, p. 4)
 - Of the excess carriers who provided a quote, two set the claim minimum at \$25 million, four set minimum limit at \$10 million, two at \$5 million, and one declined to quote any coverage. (Id.)
- The Village was able to obtain coverage for the 2024 – 2025 period, however, there was two important concessions that the Village was compelled to make.

Insurance

- First, the Village had to pay more, and in some key areas, the Village received less coverage.

Coverage Area	2023-2024 Policy Year	2024-2025 Policy Year
General liability	\$ 11,000,000	\$ 1,000,000
Law enforcement	11,000,000	3,000,000
Public official	11,000,000	8,500,000
Auto liability	11,000,000	5,000,000

	2021-2022 Policy Year	2022-2023 Policy Year	2023-2024 Policy Year	2024-2025 Policy Year
Amount	\$ 1,119,556	\$ 1,816,625	\$ 2,015,745	\$ 2,134,412
Increase from prior year		62%	11%	6%

Source: Communication from InsureSource, LLC

Insurance

- The second concession that the Village had to make in order to get coverage for the 2024-2025 period was the **cancellation of coverage for Mayor Henyard**.
- RSUI, an insurance carrier based on Atlanta, Georgia, provided coverage to the Village as part of its “Non-profit Organization Management Liability Policy.” As part of its coverage, it offered coverage to Public Officials. (RSUI Non-Profit Organization Management Liability Policy)
- However, the policy contains an “absolute exclusion” in which the insurer states that it “shall not be liable to make any payment for **Loss** arising out of or in connection with any **Claim** made against any **Insured** which is brought by, on behalf of, or against the following entities or individuals:
 - Tiffany Henyard. . . “ (Id) (Emphasis in the original).
- This coverage exclusion regarding Mayor Henyard also applied to the law enforcement policy.

Insurance

- There are implications for the Village given the **cancellation of coverage for Mayor Henyard during the 2024-2025 period.**
 - Mayor Henyard will have to pay for all defense costs related to her out of pocket or the Village could pay for her outside of insurance coverage.
 - Mayor Henyard would be responsible for any judgments, settlements or attorneys' fees rendered against her personally, separate from the Village.
 - There is an open question on whether Mayor Henyard will participate in litigation that she has to pay for herself and what that would mean for the Village if she simply defaults.

Labor

- Village Fire Department
 - After two years of no resolution of a contract dispute, in fall of 2024, legislative counsel was finally able to reach a collective bargaining agreement with the DFD union which a majority of the Board approved over Mayor Henyard's objections.
- Village Police Department
 - Negotiations on a tentative agreement remain on-going.
- The resolution of these labor agreements was/is made difficult in part because without audited financial statements, the Village is not able to clearly understand its finances and ability to incur more financial obligations through labor contracts.

Other Items of Interest

Other Items Which Impacted the Village

- Las Vegas trips and allegations against Trustee Holmes
 - In May 2022 and 2023, Mayor Henyard led a large delegation to an economic development convention in Las Vegas.
 - The convention was called ReCon and was put on by the International Council of Shopping Centers.
 - Financial records from the the Village and Thornton Township reflect that a number of people travelled to Las Vegas on these trips and that the expenses for their travel, lodging, and meals were paid for on Village and Township credit cards.
 - There is no evidence that any business development opportunities came to the Village as a result of either of these two trips.

Other Items Which Impacted the Village

- Las Vegas trips and allegations against Trustee Holmes
 - It is alleged that during the May 2023 Las Vegas trip, Trustee Holmes assaulted a young woman, a Village employee, who was on same trip.
 - There are also allegations that Holmes contacted a Village police officer who was on the trip, and then face-timed with him, showing the young woman unconscious on a hotel room bed. A recording of that face-time call has recently surfaced.
 - The young woman eventually filed complaints in Las Vegas, and suburban Cook County.
 - The Las Vegas criminal authorities closed its case after a brief investigation.
 - The young woman has also filed a complaint with the EEOC alleging that she was wrongfully terminated as a result of making an outcry to Mayor Henryard directly about the alleged assault, among other allegations. The young woman has subsequently filed a lawsuit which makes similar allegations. That lawsuit remains pending.
 - Neither the young woman, Andrew Holmes, or other key witnesses cooperated with this investigation.

Other Items Which Impacted the Village

- Las Vegas trips and allegations against Trustee Holmes
 - Working through the DelGado law firm, Mayor Henyard authorized an investigation to be conducted by the R.E. Walsh & Associates, Inc. of Oak Brook, IL.
 - This investigation was not authorized by the Board and the results have not been shared with the Board.
 - It is unknown what the scope of the investigation was, who was interviewed, if anyone, what documents were reviewed as part of this investigation or its findings and/or conclusions.
 - The R.E. Walsh firm has refused to provide its report or otherwise answer any question about its investigation because it has not been paid for its services.

Other Items Which Impacted the Village

- Overlapping Issues with Thornton Township
 - In the course of our investigation, we received information that there was significant use of Thornton Township funds to cover expenses for the benefit of the Village.
 - Similar to the lack of cooperation from Village personnel under the control of Mayor Henyard, we faced obstacles to obtaining records from Thornton Township.
 - We therefore do not have a complete picture of a variety of allegations against Mayor Henyard and others in connection with the operations of the Township.
 - Nonetheless, we received sufficient information to determine that a similar pattern of financial operations existed at the Township during Mayor Henyard's tenure.

Other Items Which Impacted the Village

- Overlapping Issues with Thornton Township - Credit Card Use
 - We were able to review records from May 2022 through October 2022, January 2023 through June 2023, and January 2024 through June 2024.
 - Many of these records were heavily redacted which made analysis very difficult.
 - But, we were able to determine the following from the records we were able to decipher:
 - There were multiple credit cards in use in Thornton Township, in the names of Township employees such as Tony Sherman, Keith Freeman, Shellie Miles, Robert Hunt, Marcia Walker-Brown, Tannika Hughes, William Moore and others.
 - In 2024, based on six months of records, monthly charges ranged from approximately \$88,000 to over \$100,000.
 - There were a significant number of food purchases and other expenditures that warrant further investigation as to whether there was a legitimate government purpose for the expense.

Other Items Which Impacted the Village

- Overlapping Issues with Thornton Township - Hiring and Firing of Township Personnel
 - A number of witnesses interviewed indicated that within months of Tiffany Henyard becoming Supervisor on March 3, 2022, there were a number of longstanding employees who lost their jobs.
 - We heard many allegations about political retaliation, cronyism and that people were let go because they questioned the seeming elimination of hiring and purchasing norms. Efforts to verify these allegations via FOIA requests did not bear fruit as the Township often claimed no responsive documents or failed to address specific FOIAs.
 - Henyard hired her boyfriend, Kamal Woods to run a Township youth program. His personnel file, contained little to justify this hire.
 - Temika Henyard, also became an employee of the Township.
 - Henyard installed her former administrative Assistant, Carmen Carlisle, to fill a vacancy left by the death of a longstanding Township Trustee.

Other Items Which Impacted the Village

- Overlapping Issues with Thornton Township - Allegations of Political Retaliation
 - Henyard's treatment of Township Assessor Cassandra Elston, including locking Elston out of Township offices and then later accusing Elston of abandoning her job – all of which is well documented.
 - Long-time Thornton Township employee Dwayne Thrash has alleged in a lawsuit that he was fired from his job not because of any competence or insubordination issues, but because he refused efforts by Henyard and Freeman to agree to a plan to effectively let Henyard take control of a local suburban school district on which Thrash was one of three members.
 - The alleged plan included creating a paid employee role for Henyard, firing other employees and terminating the relationship with an existing law firm and instead hiring Henyard's chosen law firm.
 - Thrash alleges that he would not agree to the plan and subsequently lost his Thornton Township employment in retaliation.

Recommendations

Recommendations

- The majority of Trustees who sought this independent review, have already implemented some of the recommendations that we have made along the way as we discovered issues regarding the financial and other operations of the Village.
- What follows are some additional recommendations that obviously need to be implemented to get the Village finances back on track, and to make its government more efficient and transparent.

Recommendations – Finance

- While the Trustees have significantly restricted access to employee credit card use, there should be a comprehensive, written Credit Card Use policy which follows the Purchasing Policy.
- We see no basis for individual employees to have access to credit cards. The Purchasing Policy anticipates centralized purchasing through a Purchasing Agent and the use of purchase orders. That policy should be implemented immediately and a purchasing agent with the appropriate background and experience should be hired and empowered to perform oversight over purchasing and procurement.
- Trustees must have access to monthly financial reporting so that they know the true state of the Village's financial condition as they are called upon to approve expenses. The Trustees need to know revenue and expense trends as well as whether the Village is on or off track consistent with its budget for the fiscal year.
- Additionally, some version the monthly reports should be made available to the public.
- The Village needs to adopt a travel policy that applies to all personnel including the Mayor, all Trustees, and other Village employees.
- All expenditures should be reflected on a monthly warrant list submitted to the Board. Currently, credit card payments are not reported to the Board.

Recommendations – Personnel

- The Village currently has no formal process for vetting or conducting background checks on key personnel. This needs to change immediately.
- A mandatory requirement for all new hires to undergo background checks, including, but not limited to Mayoral appointees, should be implemented as soon as possible.
- The background checks should, at a minimum, include verification of any education or training, prior employment, criminal history, and any prior litigation or bankruptcies.
- As part of the hiring process, all employees should be required to certify that they will abide by all state and local laws during the entirety of their employment.
- All personnel should be required to cooperate with any internal investigation.

Recommendations – FOIA Compliance

- As documented in this report, the Village's FOIA process is fundamentally broken. This problem leads to needless litigation, conflicts with the IL Attorney General and a general feeling on the part of the public that the Village is not transparent in its government operations.
- This FOIA problem has led to a significant lack of confidence in the operations of the Village government.
- Fixes are obvious and there are many model examples that the Village can draw from:
 - Hire and train a responsible FOIA officer.
 - Obtain and use a reliable tracking system to document FOIA requests.
 - Require all city departments to designate a FOIA liaison officer who is responsible for handling department specific FOIA requests to insure timely responses. Put those liaisons through FOIA training on an annual basis.
 - Make all FOIA requests public.

Recommendations – Other Reforms

- Codify the Municipal Code and make the codified Code available to the public.
- Form a relationship with an Inspector General, possibly the Cook County Inspector General or some other body to perform oversight of Village government and to address allegations of misconduct.
- There is an existing MOU with the Cook County Service, but that does not seem to have been utilized.