

NOTICE OF STANDING COMMITTEE MEETINGS

Scheduled for
Tuesday, August 27, 2019,
beginning at 6:30 p.m. in

Council Chambers
Village Hall of Tinley Park
16250 S. Oak Park Avenue
Tinley Park, Illinois

Community Development Committee
Marketing Committee
Finance Committee

A copy of the agendas for these meetings is attached hereto.

Kristin A. Thirion
Clerk
Village of Tinley Park

NOTICE OF MEETING OF THE
FINANCE COMMITTEE

Notice is hereby given that a meeting of the Finance Committee of the Village of Tinley Park, Cook and Will Counties, Illinois, will begin at 6:30 p.m. on Tuesday, August 27, 2019, in Council Chambers at the Village Hall of Tinley Park, 16250 S. Oak Park Avenue, Tinley Park, Illinois.

The agenda is as follows:

1. OPEN THE MEETING
2. CONSIDER THE APPROVAL OF THE MINUTES OF THE SPECIAL FINANCE COMMITTEE MEETING HELD ON JULY 23, 2019.
3. REVIEW JULY FINANCE REPORT.
4. REVIEW RECOMMENDATIONS FOLLOWING THE BKD REPORT.
5. RECEIVE COMMENTS FROM THE PUBLIC.

ADJOURNMENT

KRISTIN A. THIRION
VILLAGE CLERK

MINUTES
Meeting of the Finance Committee
July 23, 2019 - 6:30 p.m.
Village Hall of Tinley Park – Council Chambers
16250 S. Oak Park Avenue
Tinley Park, IL 60477

Members Present: D. Galante, Chairman
C. Berg, Village Trustee
M. Mueller, Village Trustee

Members Absent: None

Other Board Members Present: None

Staff Present: D. Niemeyer, Village Manager
P. Carr, Assistant Village Manager
B. Bettenhausen, Village Treasurer
P. Connelly, Village Attorney
K. Clarke, Community Development Director
D. Framke, Marketing Director
L. Godette, Deputy Village Clerk
L. Carollo, Committee/Commission Secretary

Item #1 - The meeting of the Finance Committee was called to order at 7:28 p.m.

Item #2 – CONSIDER APPROVAL OF THE MINUTES OF THE SPECIAL FINANCE COMMITTEE MEETING HELD ON JUNE 24, 2019 – Motion was made by Chairman Galante, seconded by Trustee Mueller, to approve the minutes of the Special Finance Committee meeting held on June 24, 2019. Vote by voice call. Chairman Galante declared the motion carried.

Item #3 – REVIEW JUNE 2019 FINANCIAL REPORT - Brad Bettenhausen, Village Treasurer presented a revenues update for June 2019 - Fiscal Year 2020, Month 2. A summary status of revenues for Sales Tax, Home Rule Sales Tax, Use Tax, Income Tax, Property Tax, Video Gaming and Motor Fuel Taxes was the subject of the report.

In response to Chairman Galante's question, Mr. Bettenhausen stated reports reflect gross Hotel Tax revenue. Additionally, the Water and Sewer Fund is down due to water conservation throughout the community.

Item #4 – DISCUSS FINANCE TRANSPARENCY SOFTWARE - The Village continues to strive to be one of the most transparent governments in the state. Considerable information can be found in the Transparency Portal within the Village website; however, requests have been made to provide additional data in more accessible means, specifically relating to Village expenditures.

Currently, accounts payable check registers are provided via a word searchable PDF file, which are uploaded within the Transparency Portal. As a word searchable PDF file, data can be copied and pasted into other software products such as Microsoft Word or Excel. Additionally, by utilizing the fully functional Adobe Acrobat software only, the check register file can be downloaded from the Village website, opened in Adobe Acrobat and saved as a Microsoft Word or Excel file.

Staff has, however, identified a software module/application available for the Village's Enterprise Resource Planning (ERP) financial software suite, which would provide greater access to the expenditure data called Tyler Citizen Transparency. Finance and IT staff have reviewed webinar demonstrations of this application as well as other similar reporting applications. All applications reviewed must be configured to work with the individual ERP system and are also cloud-based, for which there is not a direct live link to in-house data and these applications would require periodic uploads to refresh the viewable data, which would involve additional staff time. Notably, the ability to download transactional data and reports that these applications offer is primarily for the convenience of a small segment of the citizen population, however, some of the ways the data can easily be displayed graphically through these applications may serve as an educational tool for citizens interested in governmental activities.

The Village's current ERP system has been in use since 2003, which is far longer than such applications are typically designed to be used. As the Eden software suite still meets most of the financial tracking and reporting needs, the Finance Department is aware the Eden software may be approaching the point where Tyler would discontinue ongoing support for the Eden ERP suite of software modules. Finance has identified the need to select and implement a replacement ERP system in the Village Strategic Plan and a software replacement/upgrade initiative has also been identified in the five-year Capital Plan as part of the budget process and is scheduled for next fiscal year.

Finance and IT agree the Tyler Citizen Transparency application would provide the best current in-house on premise solution with the least amount of staff time required, as it has the greatest ability to integrate with the current ERP system. Initial licensing and annual support fees for the Tyler Citizen Transparency total \$18,500.

Finance suggested since ERP software replacement will take place shortly, the Village Board may wish to defer action of selection and implementation of the new ERP system beginning next fiscal year, however, the Finance and IT Departments would be in support of purchasing the application if the Village Board chose at this juncture.

Chairman Galante stated other communities have software offering enhanced features graphically, enabling the user to easily access data, and she would like the Village to be able to provide more information to the public. Trustee Mueller asked if the ERP system was replaced and the enhanced features were available would the cost be the same. Mr. Bettenhausen stated it may be possible to offer the enhanced features and continue operating similarly without incurring the cost, however, links would be required to be placed to access data or another product entirely may be considered. Discussion continued of the Tyler Citizen Transparency application cost and what services are provided within the cost. Mr. Bettenhausen stated the current software continues to serve the Village's financial needs and the Assistant Village Treasurer has been working on providing additional reporting as well. Trustee Mueller stated in his opinion he would rather staff research a replacement than purchasing the application, and Chairman Galante agreed.

Item #5 – RECEIVE COMMENTS FROM THE PUBLIC - No comments from the public.

ADJOURNMENT

Motion was made by Chairman Galante, seconded by Trustee Berg, to adjourn this meeting of the Finance Committee. Vote by voice call. Chairman Galante declared the motion carried and adjourned the meeting at 7:50 p.m.

lc



MEMORANDUM



TO: Village Board

9 August 2019

FROM: Brad L. Bettenhausen, Treasurer

RE: Revenues update - July 2019 - Fiscal Year 2020, Month 3

Attached are the monthly “dashboard” graphs summarizing the status of the revenues and expenses as we complete the first quarter of the Fiscal Year. The summary analysis and highlights of key items are included below.

General Fund:

Sales Tax – July reporting – April sales activity

	This Month	Fiscal Year to Date
This Fiscal Year	1,144,452	3,375,774
Last Fiscal Year	1,149,750	3,473,530
Dollars change	-5,298	-97,756
Percent change	-0.5%	-2.8%

There is a three month lag between when a taxable sale is made to when the Village’s share of the sales tax rate (1%) is distributed by the Illinois Department of Revenue.

The high water mark for this month’s receipts occurred last year (2018). Five of the last twelve months have established new highs.

Eight of the past nine months have reflected lower sales taxes than the corresponding prior year. The single month that exceeded its prior year comparative period was only modestly (0.3%) higher than the prior year. With recent changes with automobile franchises, we can expect this downward trend to continue. We continue to monitor as retail sales are a leading indicator of the local economy.

Home Rule Sales Tax – July reporting – April sales activity

	This Month	Fiscal Year to Date
This Fiscal Year	456,912	1,328,576
Last Fiscal Year	458,468	1,310,708
Dollars change	-1,556	17,868
Percent change	-0.3%	1.4%

The Home Rule Sale Tax that became effective July 1, 2014 at a rate of 0.75%. The Home Rule Sales Tax does not apply to titled property (vehicles), groceries and drugs. Like the regular sales tax, there is a three month spread between a taxable sale and our tax receipt.

As part of the State's FY2018 budget adopted under Public Act 100-0023, a 2% administrative fee was authorized to be deducted from any additional sales taxes authorized by a municipality (applicable to Home Rule and Non-Home Rule sales taxes). The fee first appeared with the August 2017 tax distributions (May liability). The administrative fee was reduced to 1.5% with the approval of the State's FY 2019 budget. The reduced fee was effective with the July 2018 distribution (April liability). This fee, and its rate change, will impact the comparative sales tax analysis reflected in the table above.

The high water mark for this month's receipts occurred last year (2018). Seven of the last twelve months have established new highs.

Six of the past seven months have been lower than the preceding comparative period. We continue to monitor as retail sales are a leading indicator of the local economy.

For informational/comparative purposes, the Home Rule sales tax has represented approximately 41% of the regular sales tax and is a reasonable "rule of thumb" for determining a quick estimate of the HMR relative to the MT (the State abbreviations for the Home Rule and Municipal sales taxes). The range has been from a high of slightly more than 46% to a low of slightly less than 37%. The ratio will regularly fluctuate over time depending on the sales mix for the reporting period. Despite the imposition of the new administrative fee, the net sales tax remains approximately 41% of the regular sales tax. This means that, but for the administrative fee, the average proportion of HMR tax to MT would be slightly higher.

Use Tax - July reporting – April sales activity

	This Month	Fiscal Year to Date
This Fiscal Year	147,353	439,976
Last Fiscal Year	117,074	362,292
Dollars change	30,279	77,685
Percent change	25.9%	21.4%

Use tax is the sales tax collected on out-of-state purchases shipped to Illinois (internet sales) and merchandise used by retailers where sales tax had not previously been paid. Increases in the Use Tax continue to be partially attributable to the "Wayfair" decision that has largely made internet sales subject to sales tax.

This establishes a new high water mark for this month's receipts. All twelve of the past twelve months have established new highs.

Income Tax – July reporting (share of taxes collected in June)

	This Month	Fiscal Year to Date
This Fiscal Year	531,796	2,026,074
Last Fiscal Year	485,757	1,622,704
Dollars change	46,039	403,370
Percent change	9.5%	24.9%

The high water mark for this month’s receipts occurred in 2015. Four of the past twelve months have established new highs.

As part of the State’s FY2018 budget adopted under Public Act 100-0023, a 10% reduction in the LGDF (Local Government Distributive Fund; or Income Tax) was authorized for the State’s Fiscal Year 2018 (July 2017 through June 2018). The State’s budget for Fiscal Year 2019 continued to include a reduction to the LGDF, but at a rate of 5% and was effective with the distribution for July 2018.

Property Tax

Cook County

The Cook County first installment tax bill is due each year on March 1 and is calculated as an estimate based on 55% of the prior year’s total tax. The second installment, by Illinois Statutes, is due August 1 and represents the balance of the annual tax, after deducting the first installment estimate.

Within the Village fiscal year, the Cook County tax distributions in the months of May and June are generally late payments and “housekeeping” distributions of collections and adjustments for prior tax years, with July through September primarily distributions of current year second installment payments. The tax distributions occurring in the latter portion of February and continuing through March and April are primarily related to the next tax year’s first installment estimate.

During Fiscal Year 2020, the Cook County current tax years of interest are 2018 and 2019. The current tax collections for Cook County are approximately \$674,700 lower than the comparable period of last year.

Will County

Will County releases tax bills at the beginning of May with the two equal installments due generally June 1 and September 1. This is consistent with the methods employed throughout most of the State with the exception of Cook County.

Will County current tax year (2018) collections are approximately \$237,600 less than the comparable period last year (tax year 2017). This decrease is not unexpected and is the result of a) increase in the portion of the levy for Police Pension; and b) a change in the “look back” tax adjustment for the prior year.

Total year to date tax receipts for fiscal year 2020, including tax receipts and adjustments for all tax years are approximately \$907,200 less than the same period a year ago.

Fluctuations in property tax receipts when viewed from the Village fiscal year perspective are not uncommon and are the result of timing issues related both to when tax payments are made by property owners and when distributions are subsequently made from the respective County Treasurers. Since 2007, the Police Pension levy portion of the Village annual tax levy has been distributed directly into the pension fund accounts rather than coming into the Village General Fund first. The Village’s levy, in total, had been held essentially flat between tax years 2012 and 2017. As the Police Pension levy requirements have increased each year, the remaining levy deposited to the General Fund will decrease, and would be expected to result in decreasing receipts on a comparative basis when looking at only the General Fund. However, as noted, due to timing of tax payments and distributions, this expected trend can be masked, as has been reflected above. Additionally, the year to year comparative statistics by separate county will also be skewed as the percentage of Equalized Assessed Value (EAV) in the respective counties changes over time (e.g. if Will County becomes a larger percentage of the tax base, the Will County share of the overall levy also increases.)

Fluctuations in tax collections are to be expected from month to month, and year to year. As part of our normal revenue monitoring, we regularly review the overall collections versus the extended levy for each tax year. While the current monthly comparative deficits are unusual, they are viewed as timing differences. With regard to the current 2018 tax year and focusing on Cook County, more money has been received in the first 8 days of August for the levy year than had been received in the entire first quarter of the fiscal year. No unusual or unexpected fluctuations have been noted.

Video Gaming - July activity reporting

(Distributive share of net Video Gaming Terminal Income Tax for June)

	This Month	Fiscal Year to Date
This Fiscal Year	39,711	128,287
Last Fiscal Year	36,841	113,877
Dollars change	2,870	14,410
Percent change	7.8%	12.7%

There is a two month lag between when the gaming revenues are generated and the distribution. The first Video Gaming Terminals in Tinley Park were installed in March 2014.

Because there continues to be growth in the number of businesses offering video gaming, all of the past twelve months have established new highs for the respective months.

As of the end of the reporting period, 32 State licenses are active. The licensed establishments contain 150 gaming terminals reporting. In the comparative analysis above, the prior year represented 32 licensees and 148 machines reported.

The Illinois Gaming Board (IGB) indicates the following license application(s) has/have been approved through the IGB meeting of 13 June 2019 but is/are not included in current activity reporting. This/these establishment(s) may not have been approved for local licensing; not paid the local licensing (if locally approved) during this reporting period; or not initiated gaming operations during the current reporting period:

- Los 3 Burritos #2; 8005 183rd St [State approved 2 Nov 2018]
- Buffalo Wild Wings; 7301 183rd St [State approved 18 Apr 2019]
- Tribes Ale House; 9501 171st St [State approved 13 Jun 2019]

The following application(s) is/are pending with the IGB:

- Burrito Jalisco #2; 7547 159th St [State application 2 Feb 2018]
- Mickey's Ribs; 17432 OPA [State application 3 Apr 2019]
- Primal Cut Steakhouse; 17344 OPA [State application 11 Oct 2018]

Other Funds:

Motor Fuel Taxes - July reporting (share of taxes collected in June)

	This Month	Fiscal Year to Date
This Fiscal Year	104,858	345,389
Last Fiscal Year	109,520	358,832
Dollars change	4,662	-13,443
Percent change	-4.3%	-3.8%

There has been significant month-to-month fluctuation in the reporting since fiscal year 2010. There have been unusual fluctuations from month to month in MFT revenues over the past nine (9) plus years (since the start of the Recession). The overall trend continues to be generally along a downward path.

Six of the past seven months have reported less motor fuel taxes than the comparable prior period.

The high water mark for this month's revenues was established in 2006. None of the past twelve months have established new high record levels. These results are in keeping with the long term trending for this revenue source as noted previously.

As you are aware, the State Motor Fuel Taxes were doubled effective 1 July 2019 representing the first change in the tax since 1990. The allocation formula is remaining unchanged. As a result, we should expect to see an increase in tax beginning next month.

Commuter Parking

The number of daily pay spaces utilized for July 2019 were up slightly more than 10% compared to the same month of the prior year. Year to date, space utilization reflected a small 1.4% increase comparative to the prior year to date.

Because of the nature of the commuter parking permits (permits are prepaid parking, which is received regardless of use), there is not much variation in revenues from year to year for permits and thus has been excluded from the above analysis.

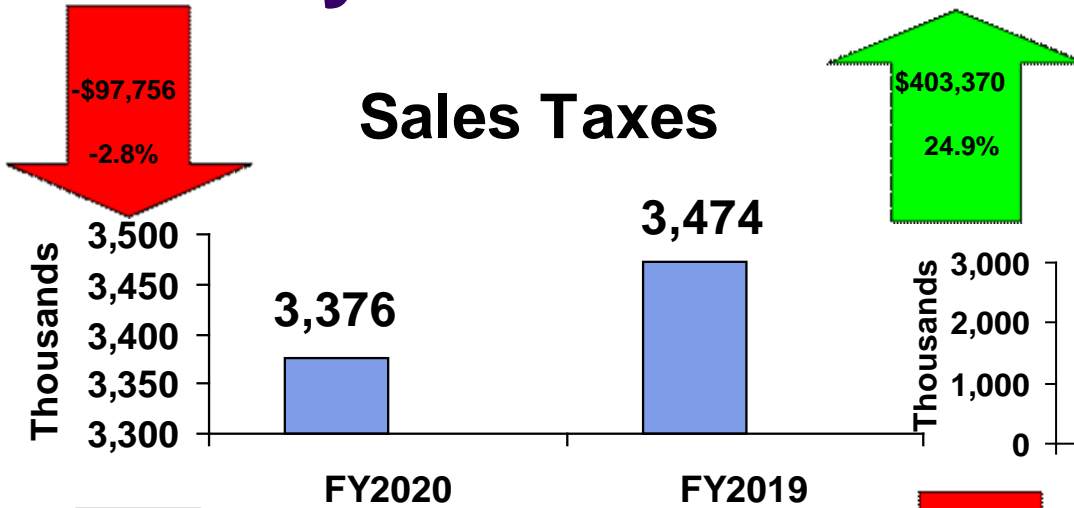
The Village Single Use Token program remains popular with commuters. An average of 13,500 tokens have been sold through the end of the month. An average of over 13,500 tokens have been used for parking during this fiscal year to date. There are approximately 33,600 unused tokens outstanding at the end of the current reporting period. This outstanding "inventory" represents approximately 2.5 months of potential future token usage.

It should be kept in mind that Commuter Parking fee revenues, at a daily rate of \$1.50, both individually and collectively are relatively minor comparatively to the other revenue items discussed in this memo.

Village of Tinley Park, Illinois July 2019 YTD Revenues Recap

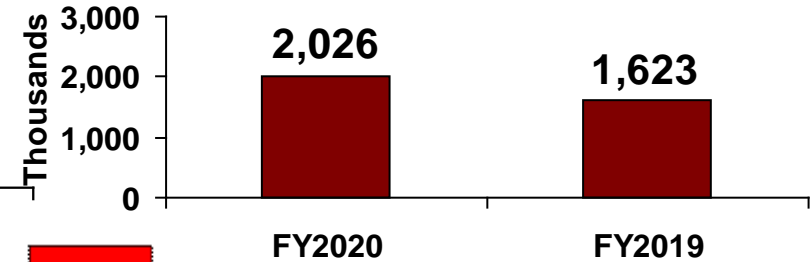


Sales Taxes



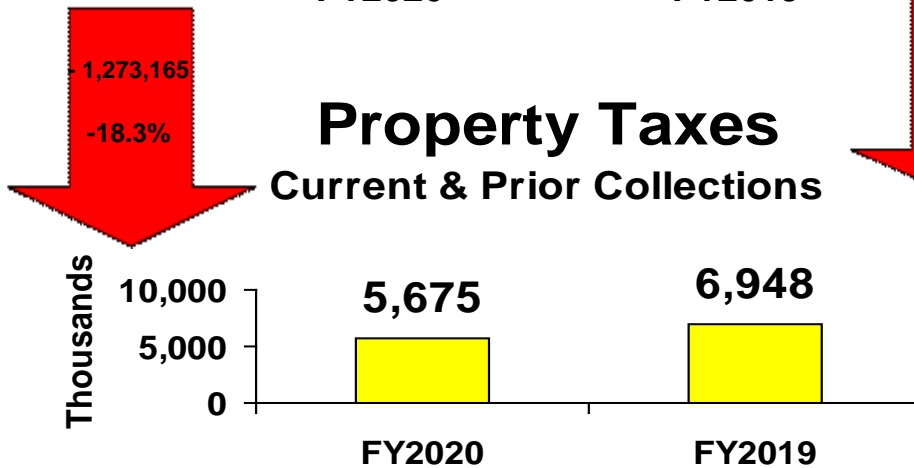
Income Taxes

(Surtax Allocation included)



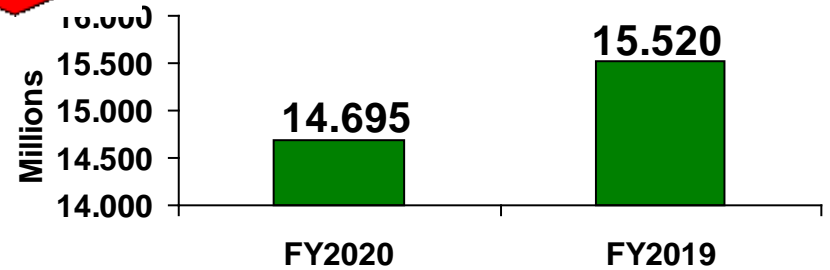
Property Taxes

Current & Prior Collections



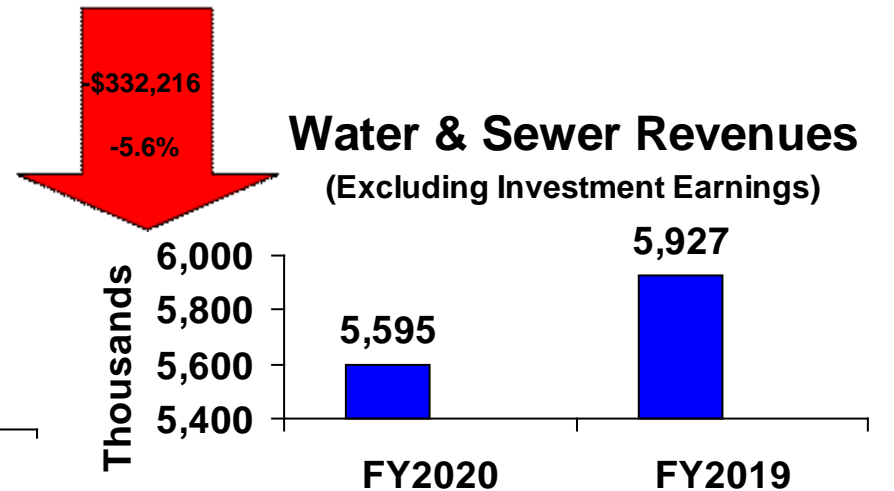
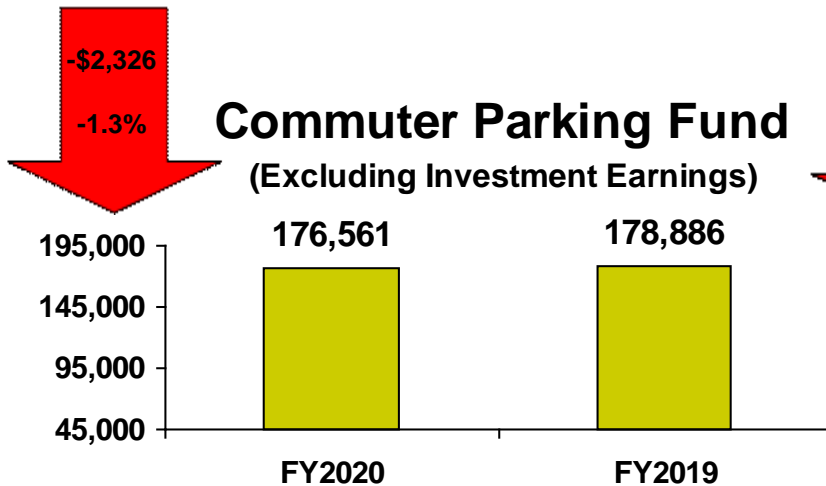
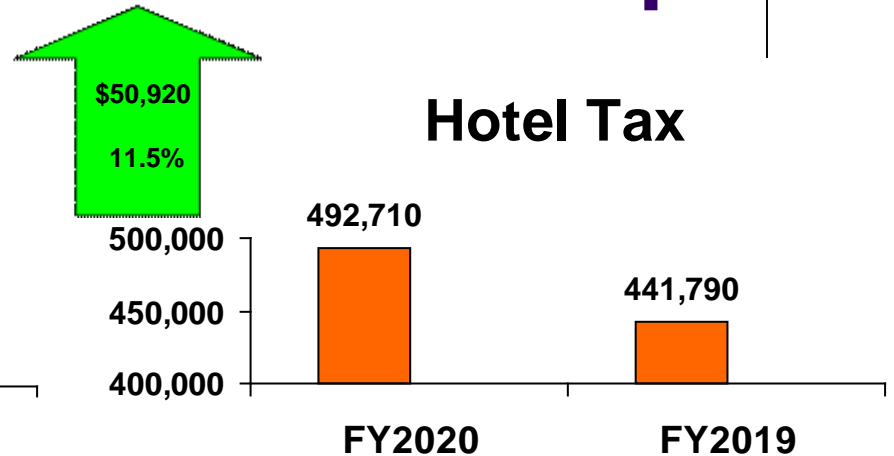
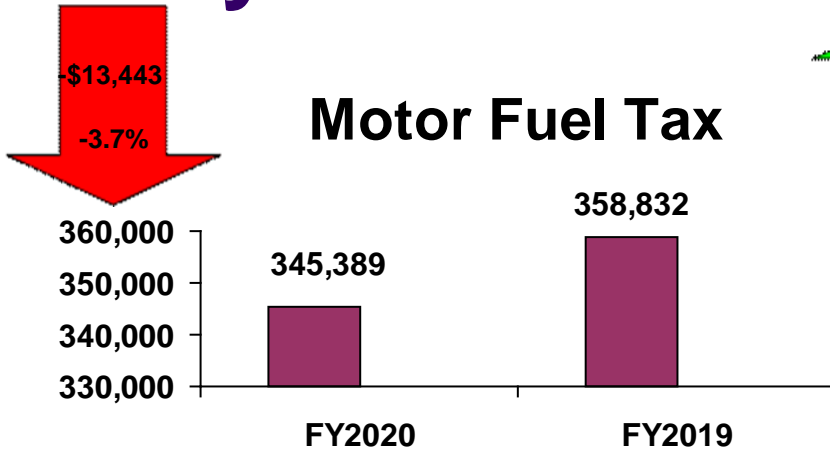
General Fund Revenues

(Excluding Investment Earnings)



Village of Tinley Park, Illinois

July 2019 YTD Revenues Recap



Village of Tinley Park, Illinois

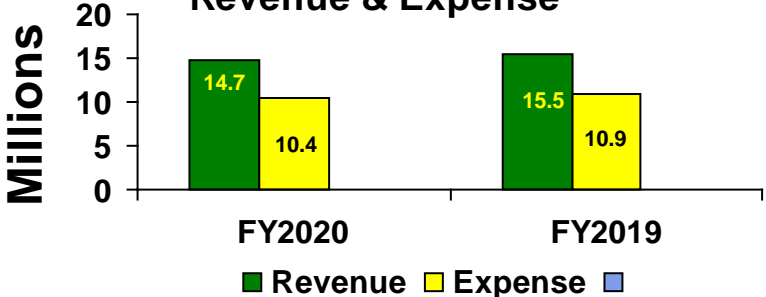
Revenue/Expense Summary

July 2019 Year to Date



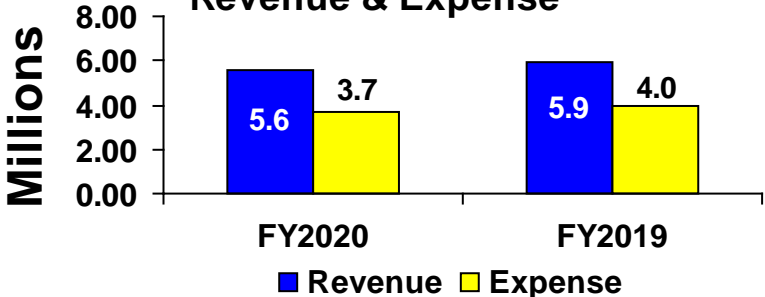
General Fund

Revenue & Expense



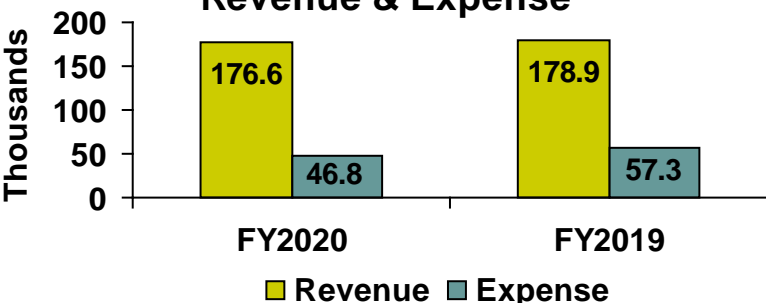
Water & Sewer Fund

Revenue & Expense



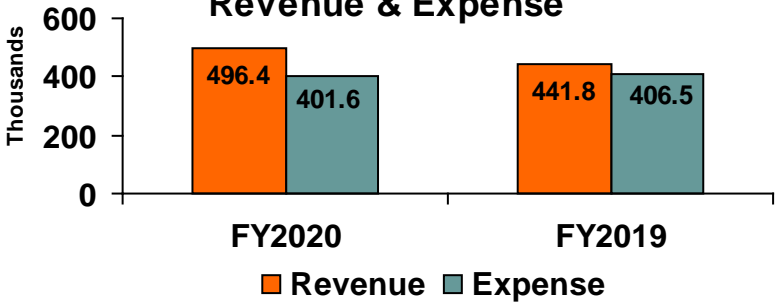
Commuter Parking Fund

Revenue & Expense

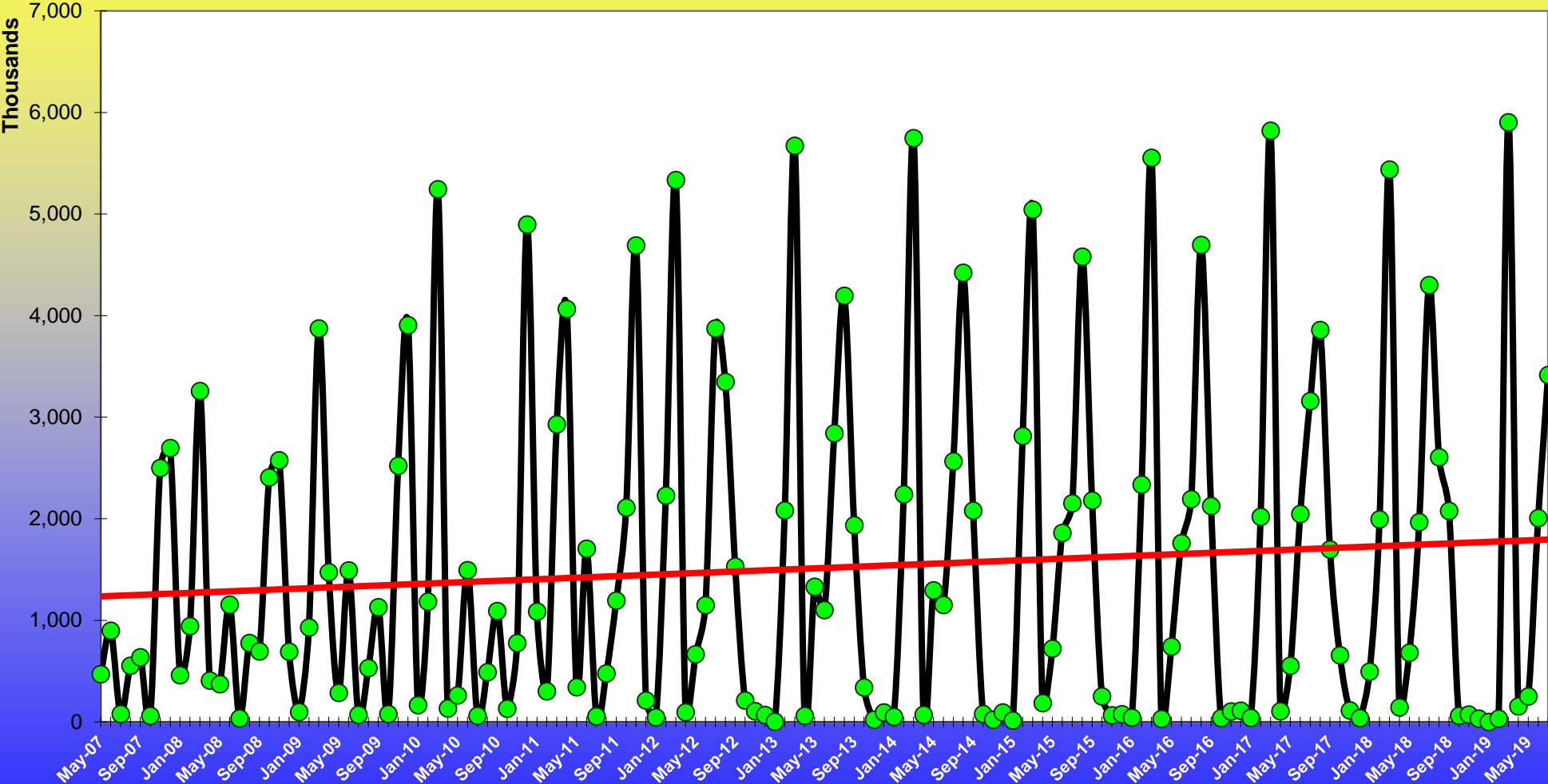


Hotel Tax Fund

Revenue & Expense



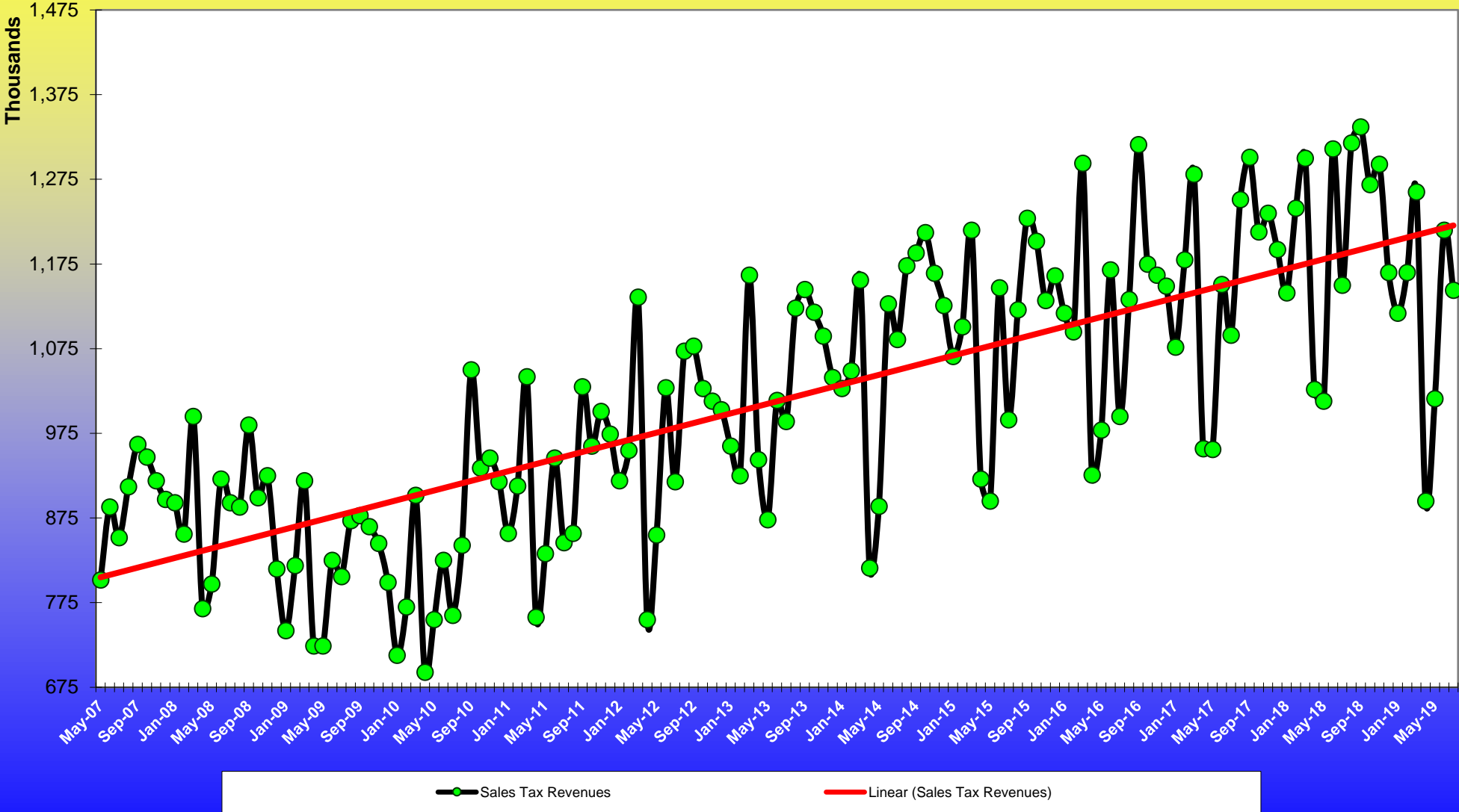
Village of Tinley Park Property Tax Revenues Monthly Fiscal Year 2008 to date



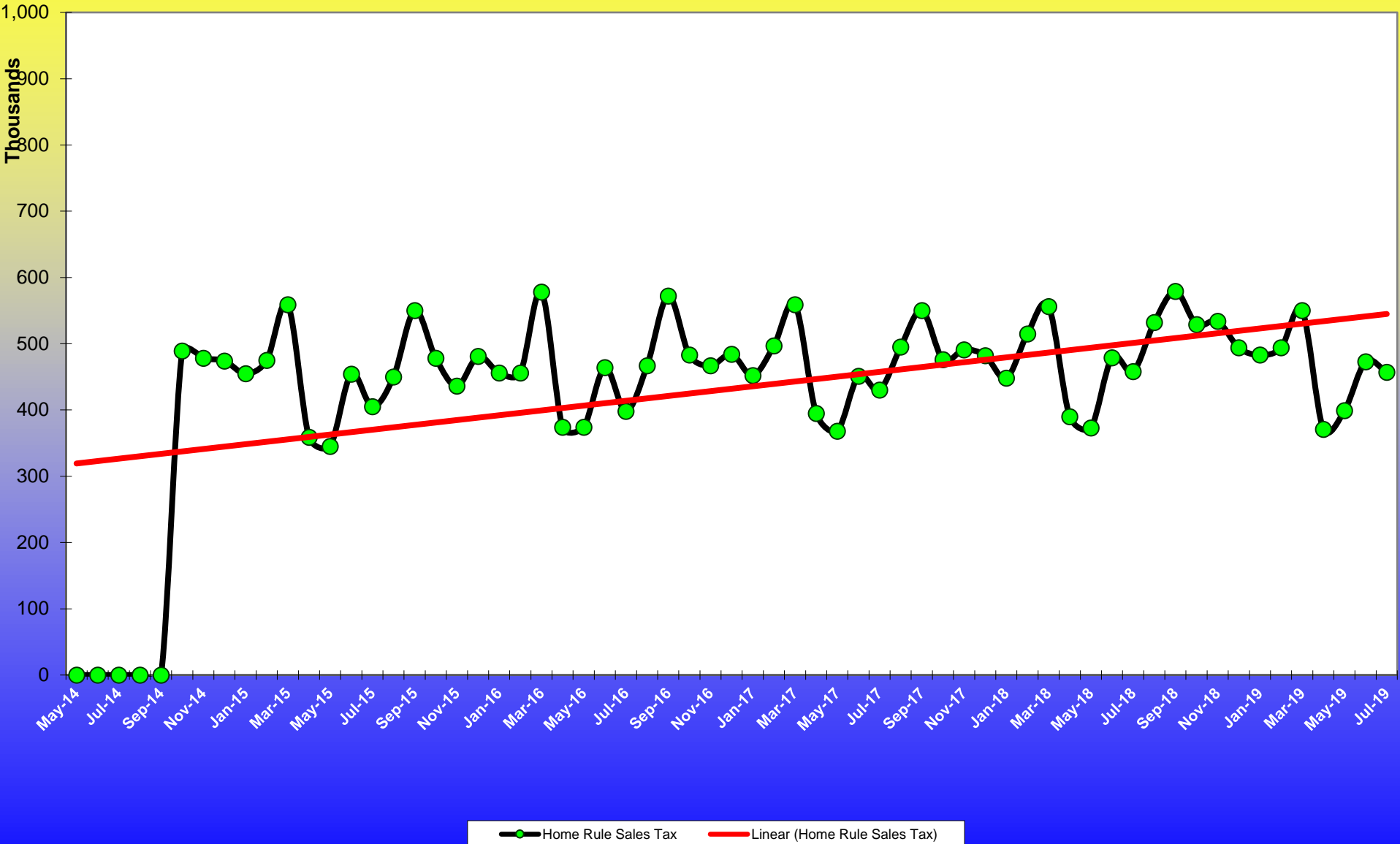
● Property Tax Revenues

— Linear (Property Tax Revenues)

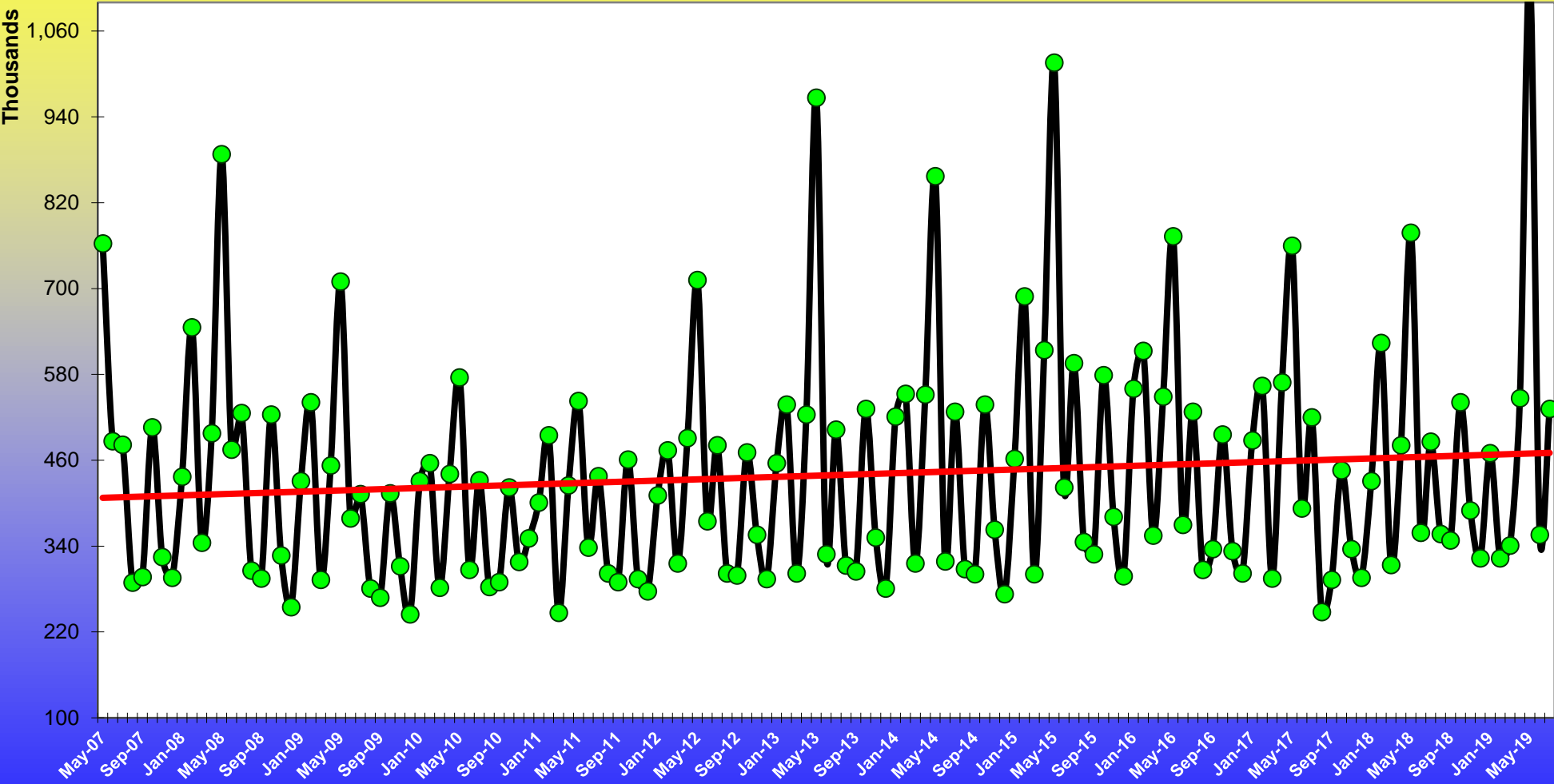
Village of Tinley Park Sales Tax Revenues
Monthly Fiscal Year 2008 to date



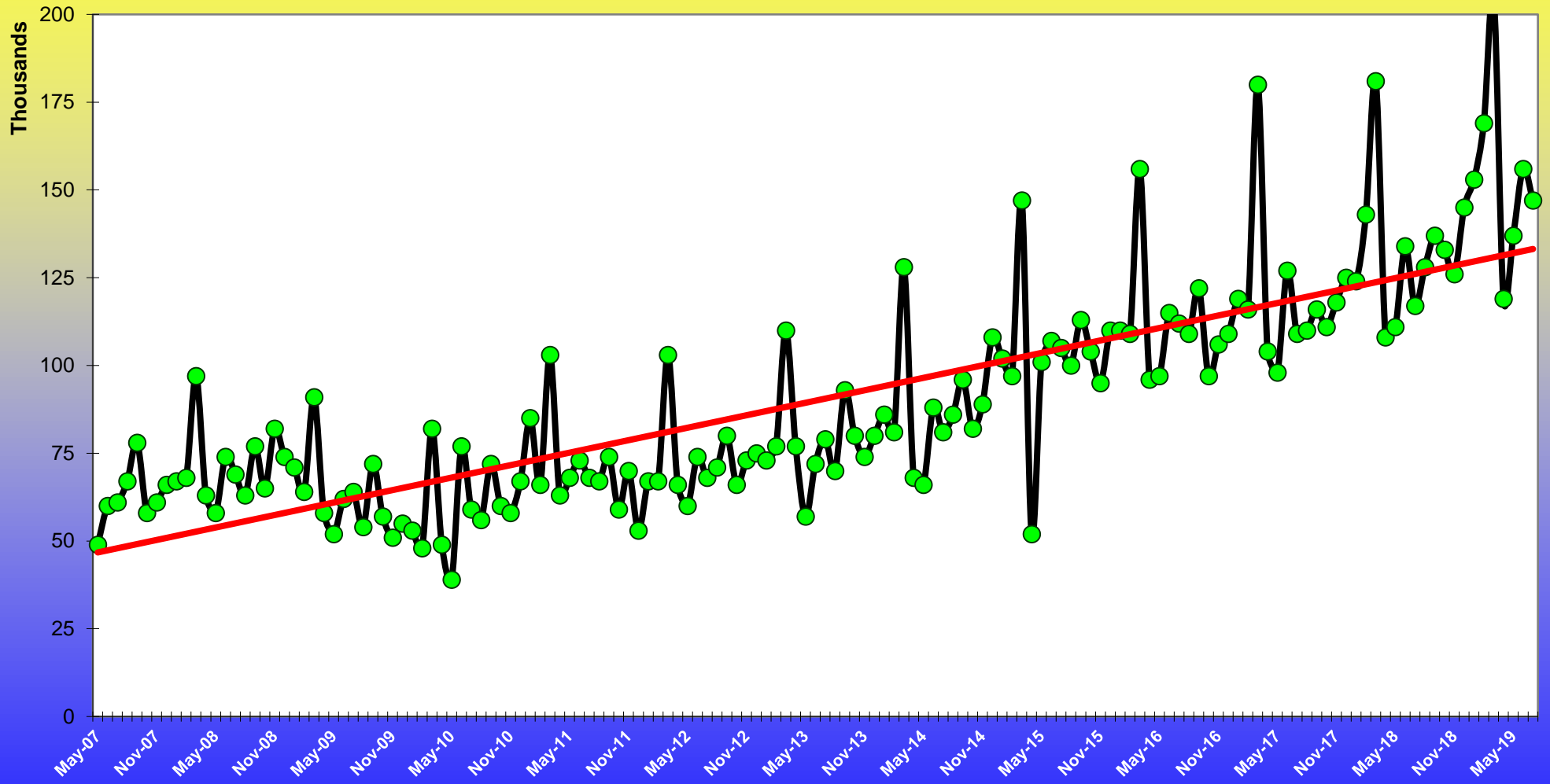
Village of Tinley Park Home Rule Sales Tax
Monthly Fiscal Year 2015 to date



Village of Tinley Park Income Tax Revenues Monthly Fiscal Year 2008 to date

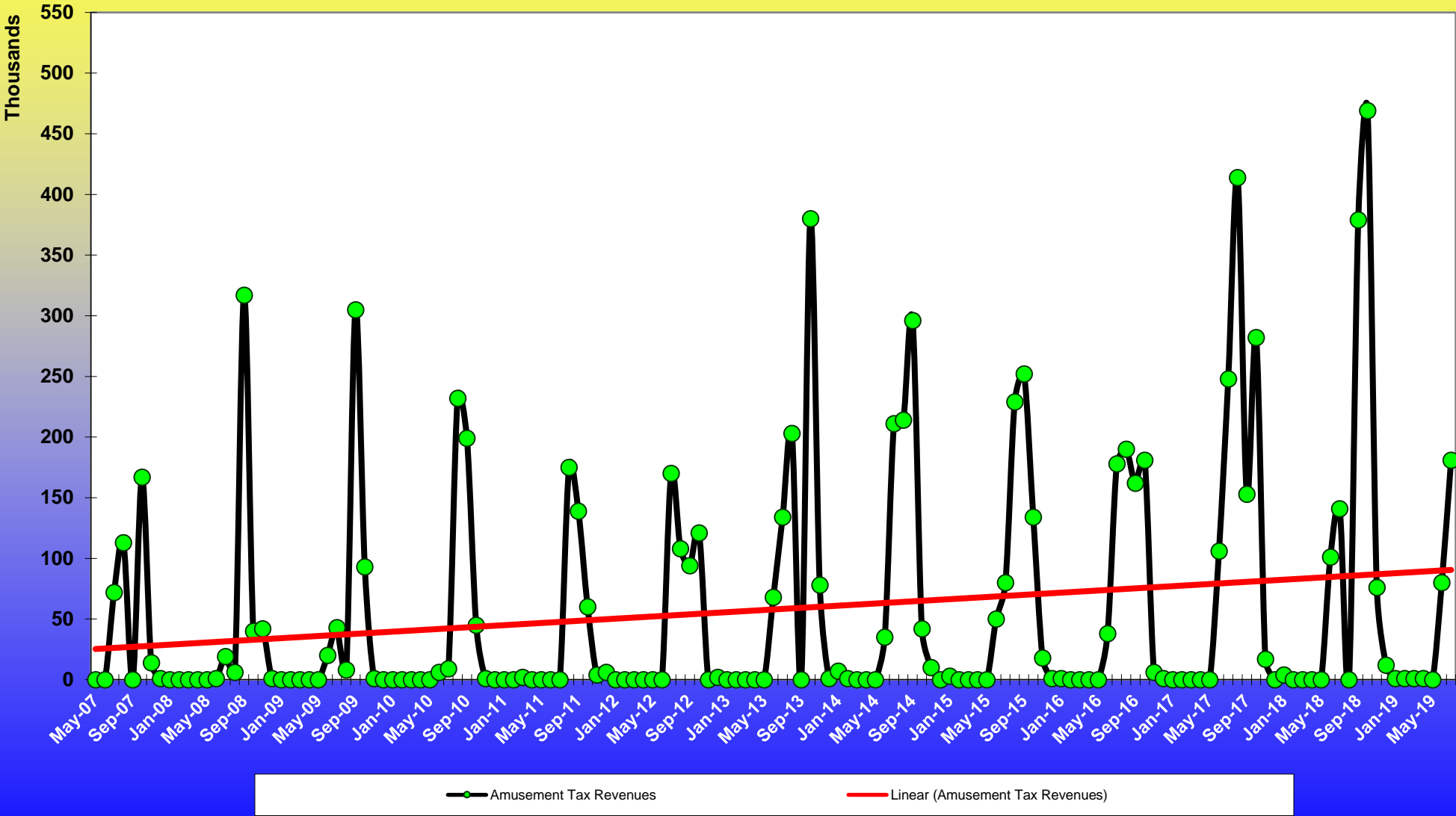


Village of Tinley Park UseTax Revenues Monthly Fiscal Year 2008 to date

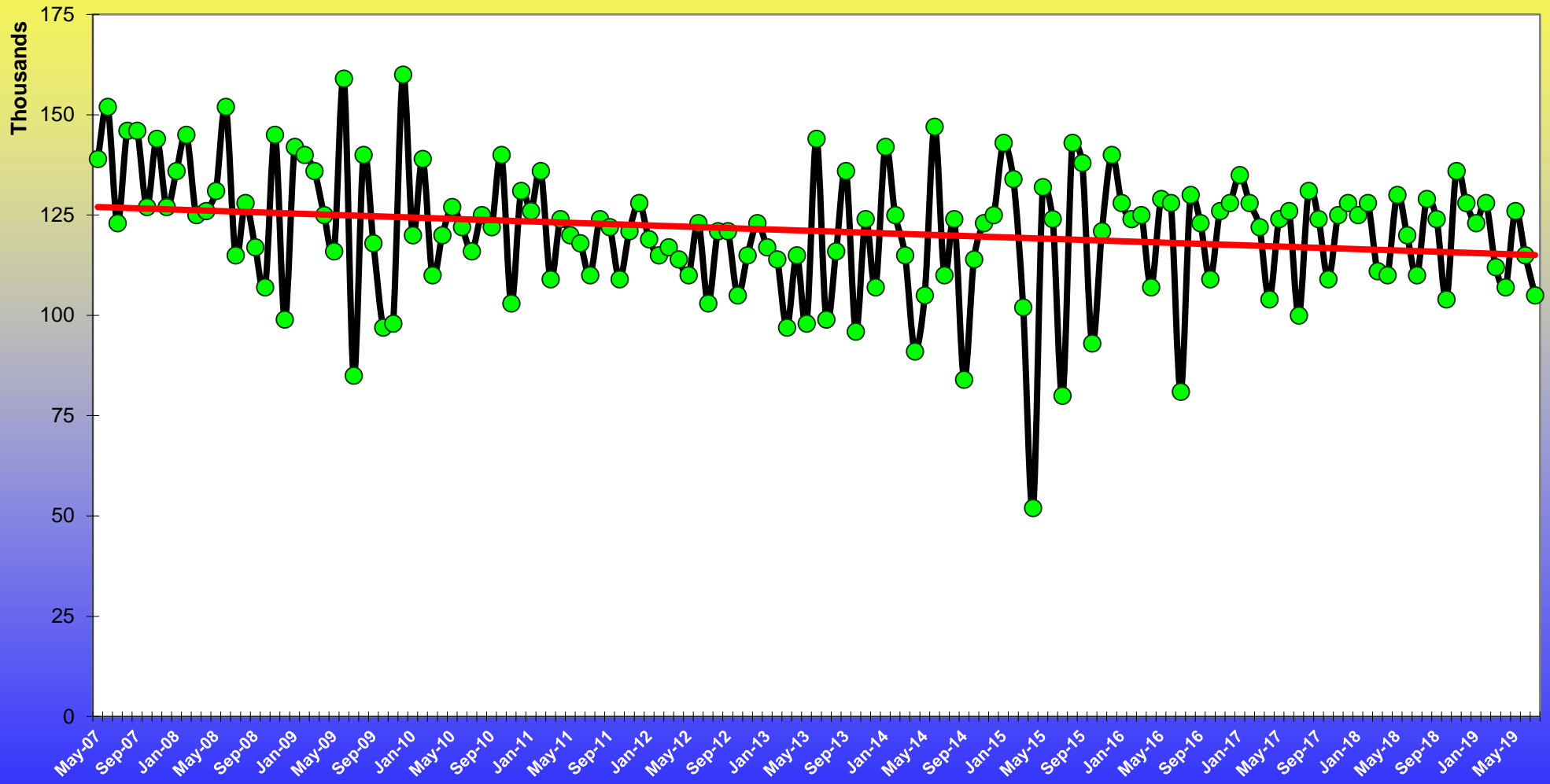


● Use Tax Revenues — Linear (Use Tax Revenues)

Village of Tinley Park Amusement Tax Revenues Monthly Fiscal Year 2008 to date

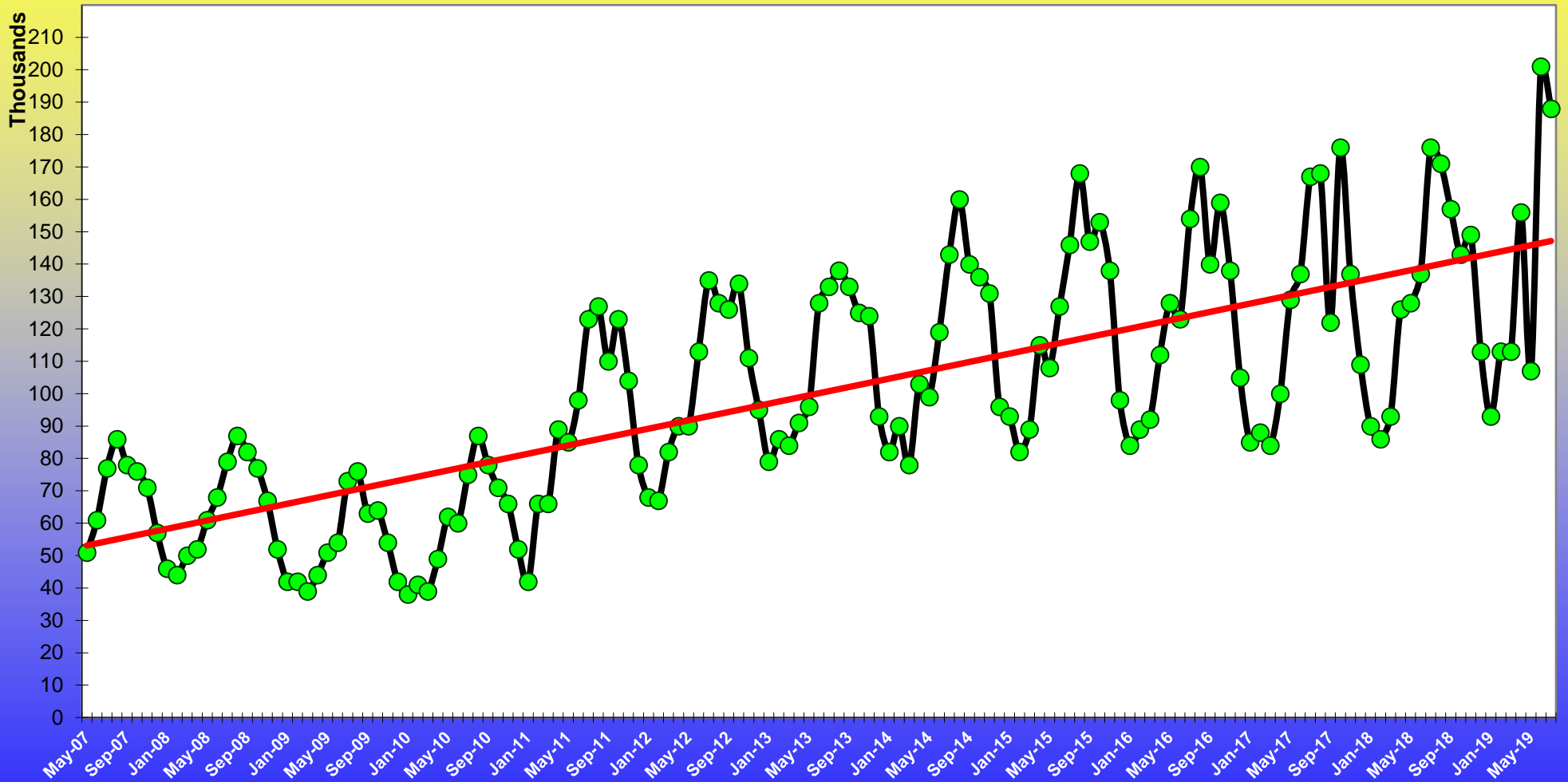


Village of Tinley Park Motor Fuel Tax Revenues Monthly Fiscal Year 2008 to date



● Motor Fuel Tax Revenues — Linear (Motor Fuel Tax Revenues)

Village of Tinley Park Hotel Tax Revenues Monthly Fiscal Year 2008 to date



● Hotel Tax Revenues

— Linear (Hotel Tax Revenues)

Village of Tinley Park, Illinois
 General Fund
 Monthly Comparative Revenue Report
 July 2019

SOURCE	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	YEAR TO DATE	YEAR TO DATE	YEAR TO DATE
	ACTUAL	BUDGET	PRIOR YEAR CURRENT MONTH	CURRENT YEAR CURRENT MONTH	PRIOR YEAR YEAR TO DATE	CURRENT YEAR YEAR TO DATE	PERCENT OF BUDGET	DOLLARS INCR/DECR	PERCENT INCR/DECR
Beginning Balance, May 1					\$18,827,252	30,336,361			
RECEIPTS									
Current R/E Tax Levies	17,369,100	17,960,000	3,656,959	3,032,883	5,911,597	4,999,423	27.8%	(912,174)	-15.4%
Prior Yrs R/E Tax Levies	(220,142)	0	(60,123)	(32,504)	(60,040)	(55,090)	#N/A	4,951	-8.3%
R/E Tax Levies Road/Brdg	563,674	577,000	69,463	63,417	237,165	223,814	38.8%	(13,350)	-5.6%
Police Pension Tax Receipts	3,071,761	2,880,000	703,714	414,548	1,096,868	730,927	25.4%	(365,941)	-33.4%
Sales Tax - General	14,300,536	14,800,300	1,149,782	1,144,473	3,473,603	3,375,825	22.8%	(97,778)	-2.8%
Sales Tax - Home Rule	5,874,263	5,900,000	458,468	456,912	1,310,708	1,328,576	22.5%	17,868	1.4%
Sales Tax - Incentive Agreements	0	0	0	0	0	0	#N/A	0	#N/A
Sales Tax-Out of State	1,676,541	1,800,000	117,074	147,353	362,292	439,976	24.4%	77,685	21.4%
Sales Tax-Photofinishing	0	0	0	0	0	0	#N/A	0	#N/A
State Income Tax	3,821,735	3,935,000	337,212	369,173	1,126,482	1,406,501	35.7%	280,019	24.9%
Income Tax Surcharge (1 & 2)	1,683,501	1,730,000	148,544	162,623	496,223	619,574	35.8%	123,350	24.9%
Vehicle License	0	0	0	0	0	0	#N/A	0	#N/A
Building Permits	411,809	503,000	46,897	69,363	123,525	138,523	27.5%	14,998	12.1%
Plan Review Fees	22,137	18,000	1,590	3,475	7,068	7,105	39.5%	37	0.5%
Business License	324,368	316,000	7,128	9,255	69,377	67,790	21.5%	(1,587)	-2.3%
Video Gaming License	188,967	180,000	0	0	4,000	0	0.0%	(4,000)	-100.0%
Contractor's License	47,610	42,000	3,900	5,100	12,950	14,200	33.8%	1,250	9.7%
Fines/Fees	281,983	272,000	22,598	25,981	78,316	72,651	26.7%	(5,665)	-7.2%
Rebillables	80,003	50,000	6,500	3,250	11,819	6,476	13.0%	(5,344)	-45.2%
Amusement tax	1,181,103	1,000,000	140,958	180,922	242,327	261,194	26.1%	18,867	7.8%
Garage/Parking tax	0	0	0	0	0	0	#N/A	0	#N/A
Land Lease/Rental Income	161,065	162,000	10,123	13,688	24,292	31,583	19.5%	7,291	30.0%
Customs Seizures/FBI Reimb.	0	0	0	0	0	0	#N/A	0	#N/A
State Reimb	32,387	12,000	0	0	0	1,129	9.4%	1,129	#N/A
Replacement Tax	70,154	69,300	11,892	1,004	25,762	20,124	29.0%	(5,638)	-21.9%
OTB Handle Tax	0	0	0	0	0	0	#N/A	0	#N/A
Video Gaming Tax	434,230	525,000	39,437	42,756	119,730	136,709	26.0%	16,980	14.2%
State Reimb - Emergency Mgmt.	74,412	25,000	0	0	0	0	0.0%	0	#N/A
Ambulance Collections Overage	0	0	0	0	0	0	#N/A	0	#N/A
Fire Protection Services TPMHC	0	0	0	0	0	0	#N/A	0	#N/A
Salary Reserve	0	0	0	0	0	0	#N/A	0	#N/A
Insurance Reimb	60,481	25,000	293	3,795	7,021	4,069	16.3%	(2,952)	-42.1%
Investment Interest	260,893	313,000	22,840	1,349	64,230	3,377	1.1%	(60,854)	-94.7%
Investment Market Value Adj.	0	0	0	0	0	0	#N/A	0	#N/A
Transfer from Hotel/Motel Fund	706,620	850,000	61,480	83,779	194,503	202,495	23.8%	7,993	4.1%
Transfer from SSA#3 Fund	0	0	0	0	0	0	#N/A	0	#N/A
Transfer from Legacy TIF Fund	0	0	0	0	0	0	#N/A	0	#N/A
Transfer from OPA TIF Fund	500,000	0	0	0	0	0	#N/A	0	#N/A
Transfer from MSN TIF Fund	0	0	0	0	0	0	#N/A	0	#N/A
Transfer from MSS TIF Fund	350,000	0	0	0	0	0	#N/A	0	#N/A
Transfer from State Campus TIF	24,295	0	0	0	0	0	#N/A	0	#N/A
Miscellaneous	382,604	346,648	44,706	43,322	146,382	114,968	33.2%	(31,414)	-21.5%
Police Grants	6,566	6,000	1,485	1,830	2,413	1,830	30.5%	(583)	-24.2%
Miscellaneous Grants	32,584	0	0	0	0	20,000	#N/A	20,000	#N/A
Bus Services	20,685	20,650	1,706	2,171	4,242	5,838	28.3%	1,596	37.6%
Telecom Tax & IMF Tax	263,859	260,000	19,534	19,830	67,986	64,013	24.6%	(3,974)	-5.9%
Cable Franchise	1,020,022	1,004,000	67,442	61,625	255,971	253,798	25.3%	(2,173)	-0.8%
Natural Gas Franchise Fee	49,379	48,000	0	0	0	0	0.0%	0	#N/A
Police Security Reimb	418,323	366,340	93,360	117,387	167,417	201,122	54.9%	33,705	20.1%
Total Receipts	55,547,511	55,996,238	7,184,965	6,448,763	15,584,229	14,698,520	26.2%	(885,708)	-5.7%

YTD budget
\$13,999,060 Total funds available

\$34,411,481 45,034,881

Percent of year
completed
25.0%

Village of Tinley Park, Illinois
 General Fund
 Monthly Comparative Expense Report
 July 2019

DEPT.	EXPENDITURES	2018/2019	2019/2020	2018/2019	2019/2020	2019/2020	PERCENT OF BUDGET EXPENDED	YEAR TO DATE EXPENDITURES INCR/DECR	PERCENT INCR/DECR	2018/2019
		PRIOR YEAR CURRENT MONTH	CURRENT YEAR CURRENT MONTH	PRIOR YEAR YEAR TO DATE	CURRENT YEAR YEAR TO DATE					BUDGET
11	Mayor & Trustees	16,893	22,052	52,226	62,955	279,663	22.5%	10,729	20.5%	30,135
12	Village Manager	61,158	62,030	200,585	225,487	962,702	23.4%	24,902	12.4%	65,644
13	Village Clerk	54,317	34,971	167,829	142,129	711,841	20.0%	(25,701)	-15.3%	46,906
14	General Overhead	344,482	96,289	508,853	213,357	2,569,300	8.3%	(295,497)	-58.1%	152,638
15	Finance	68,308	104,541	246,763	330,368	1,423,910	23.2%	83,605	33.9%	81,315
16	Information Technology	55,489	55,331	201,057	242,971	1,263,216	19.2%	41,914	20.9%	70,511
17	Police	1,161,960	1,242,746	4,025,222	4,207,037	17,229,323	24.4%	181,815	4.5%	1,103,799
19	Fire Department	317,082	330,354	1,033,284	1,115,318	5,072,131	22.0%	82,034	7.9%	479,627
20	Fire Prevention	71,848	74,032	245,566	245,883	1,054,820	23.3%	317	0.1%	83,039
21	Emergency Management	155,370	215,426	619,147	668,109	3,325,050	20.1%	48,961	7.9%	273,832
23	Road & Bridge	454,165	392,214	1,109,459	1,111,404	6,417,690	17.3%	1,946	0.2%	446,245
24	Electrical	67,941	73,606	234,951	220,444	1,092,731	20.2%	(14,507)	-6.2%	94,074
25	Municipal Buildings	82,171	84,686	276,387	238,608	1,649,674	14.5%	(37,779)	-13.7%	133,315
33-000	Community Dev.-Administration	14,536	28,788	32,463	65,912	168,038	39.2%	33,449	Over 100% +/-	26,630
33-300	Community Dev.-Bldg Dept (Ins	91,971	101,093	299,966	312,390	1,480,715	21.1%	12,424	4.1%	110,660
33-310	Community Dev.-Planning Dept	28,774	17,050	91,855	68,819	565,791	12.2%	(23,036)	-25.1%	34,294
33-320	Community Dev.-Economic Dev	18,810	32,685	71,352	99,851	310,091	32.2%	28,499	39.9%	19,812
35	Marketing/Communications	68,980	96,604	227,613	237,355	1,201,835	19.8%	9,741	4.3%	68,067
41-040	Civil Service Commission	3,788	4,699	11,216	11,323	57,740	19.6%	107	1.0%	10,217
41-044	Environmental Commission	277	172	801	602	7,450	8.1%	(199)	-24.9%	187
41-045	Economic/Commerical Commis:	203	488	3,749	804	14,700	5.5%	(2,945)	-78.6%	126
41-046	Community Resources	528	238	6,058	3,287	51,160	6.4%	(2,771)	-45.7%	8,448
41-047	Zoning Board of Appeals (ZBA)	56	144	372	355	2,915	12.2%	(17)	-4.6%	0
41-048	Long Range Planning (LRPC)	239	177	628	516	10,010	5.2%	(112)	-17.9%	124
41-050	Veterans Commission	104	0	976	345	24,830	1.4%	(631)	-64.7%	255
41-054	Historic Preservation (HPC)	0	0	0	0	10,165	0.0%	0	#N/A	0
41-056	Senior Services Commission	2,387	3,381	8,244	10,999	51,450	21.4%	2,756	33.4%	6,540
41-057	Sister City Commission	27	1,054	64	1,150	2,100	54.8%	1,086	Over 100% +/-	79
42	Village Bus Services	2,448	3,092	8,803	10,350	56,750	18.2%	1,547	17.6%	5,395
53	Pace Bus Services	6,400	13,154	22,794	29,833	100,860	29.6%	7,038	30.9%	8,536
58	Main Street Commission	0	0	0	0	0	#DIV/0!	0	#N/A	0
96	Transfer to Local Roads	0	0	0	0	0	#DIV/0!	0	#N/A	0
96	Transfer to Capital Improvemen	0	0	0	0	787,750	0.0%	0	#N/A	0
96	Transfer to Bond Stabilization	0	0	0	0	0	#DIV/0!	0	#N/A	0
96	Transfer to Capital Improv.-Surt:	0	0	0	0	1,730,000	0.0%	0	#N/A	0
96	Transfer to Debt Service	0	0	25,464	8,756	350,000	2.5%	(16,707)	-65.6%	0
96	Transfer to W/S Construction	0	0	0	0	0	#DIV/0!	0	#N/A	0
96	Transfer to Train Station O & M	0	0	20,000	0	0	#DIV/0!	(20,000)	-100.0%	0
96	Transfer to Police Pension	703,714	156,445	1,096,868	472,824	2,880,000	16.4%	(624,045)	-56.9%	23,420
96	Transfer to Mainstreet Developr	0	0	0	0	0	#DIV/0!	0	#N/A	0
96	Transfer to Escrow	0	0	0	0	0	#DIV/0!	0	#N/A	0
97	Economic Incentives	0	0	0	0	1,677,750	0.0%	0	#N/A	0
98	Contingency	0	0	4,654	5,400	250,000	2.2%	746	16.0%	528
Total		3,854,430	3,247,542	10,855,271	10,364,940	54,844,151	18.9%	(490,331)	-4.5%	3,384,402

Village of Tinley Park, Illinois
 Water & Sewer Revenue
 Monthly Comparative Revenue Report
 July 2019

SOURCE	2018/2019 ACTUAL	2019/2020 BUDGET	2018/2019 PRIOR YEAR CURRENT MONTH	2019/2020 CURRENT YEAR CURRENT MONTH	2018/2019 PRIOR YEAR YEAR TO DATE	2019/2020 CURRENT YEAR YEAR TO DATE	YEAR TO DATE PERCENT OF BUDGET	YEAR TO DATE DOLLARS INCR/DECR	YEAR TO DATE PERCENT INCR/DECR
Beginning balance, May 1					\$9,363,439	\$11,188,688			
RECEIPTS									
Route Consumption	12,856,193	14,353,500	1,138,671	1,093,522	2,921,468	2,901,961	20.2%	(19,507)	-0.7%
Sewer Transmission	2,066,685	2,220,780	194,038	187,460	509,188	505,504	22.8%	(3,684)	-0.7%
Sewer Treatment - MWRD	822,489	825,000	119	1,230	206,304	205,583	24.9%	(720)	-0.3%
Sewer Treatment - Frankfort	403,145	460,000	296	395	87,660	117,226	25.5%	29,566	33.7%
Sewer Treatment - Amer.Wtr.	714,234	710,000	664	71,520	177,381	251,499	35.4%	74,117	41.8%
Misc. Consumption	4,777	9,000	45	0	3,813	972	10.8%	(2,841)	-74.5%
Sewer Tap	1,550	1,500	0	250	400	400	26.7%	0	0.0%
Water Tap	6,000	5,000	75	750	1,350	2,400	48.0%	1,050	77.8%
Water Meters	31,934	27,500	544	3,163	7,783	7,392	26.9%	(392)	-5.0%
Construction Water	3,952	3,500	124	618	1,112	988	28.2%	(124)	-11.1%
Turn On Fees	7,325	6,300	250	350	1,575	1,750	27.8%	175	11.1%
Investment Interest	126,437	115,000	10,190	0	28,786	0	0.0%	(28,786)	-100.0%
Investment Market Value Adj.	0	0	0	0	0	0	#N/A	0	#N/A
Insurance Reimbursement	5,781	0	0	0	0	0	#N/A	0	#N/A
Miscellaneous	20,132	1,000	75	275	500	850	85.0%	350	70.0%
Water Resales - New Lenox	6,687,538	6,700,000	769,089	556,716	1,807,485	1,471,710	22.0%	(335,775)	-18.6%
Water Resales - Amer.Wtr.	798,752	805,000	72,542	0	201,335	126,903	15.8%	(74,431)	-37.0%
Bond Refinancing						0			
Total Receipts	24,556,924	26,243,080	2,186,722	1,916,249	5,956,139	5,595,137	21.3%	(361,002)	-6.1%
		YTD budget \$6,560,770	Total Funds Available		\$15,319,578	\$16,783,825			Percent of year completed 25.0%

Village of Tinley Park, Illinois
 Commuter Parking Lots
 Monthly Comparative Revenue Report
 July 2019

SOURCE	2018/2019 ACTUAL	2019/2020 BUDGET	2018/2019 PRIOR YEAR CURRENT MONTH	2019/2020 CURRENT YEAR CURRENT MONTH	2018/2019 PRIOR YEAR YEAR TO DATE	2019/2020 CURRENT YEAR YEAR TO DATE	YEAR TO DATE PERCENT OF BUDGET	YEAR TO DATE DOLLARS INCR/DECR	YEAR TO DATE PERCENT INCR/DECR
Beginning balance, May 1					\$1,187,925	\$1,480,249			
RECEIPTS									
Coins - 80th Avenue North	114,716	118,000	9,811	9,404	29,566	28,193	23.9%	(1,374)	-4.7%
Coins - 80th Avenue South	180,399	180,000	14,441	14,605	45,324	43,969	24.4%	(1,355)	-3.0%
Coins - Hickory	23,351	24,000	1,984	1,775	6,034	5,275	22.0%	(759)	-12.6%
Coins - Timber Drive	0	0	0	0	0	0	#N/A	0	#N/A
Tokens - Commuter Daily Lot	232,200	220,000	17,640	19,635	55,950	60,900	27.7%	4,950	8.9%
Permits - Oak Park Ave	11,220	10,500	360	450	2,970	2,340	22.3%	(630)	-21.2%
Permits - Beatty Lot	92,178	90,000	9,366	10,524	20,541	21,020	23.4%	479	2.3%
Permits - South Street	36,992	36,000	2,790	3,240	8,370	7,650	21.3%	(720)	-8.6%
Permits - Hickory	0	0	0	155	0	155	#N/A	155	#N/A
Permits - Municipal	0	0	0	0	0	0	#N/A	0	#N/A
Permits - Church Lot	1,980	1,800	90	0	450	360	20.0%	(90)	-20.0%
Fines - Oak Park Ave	2,350	2,000	450	225	850	575	28.8%	(275)	-32.4%
Fines - Beatty Lot	2,300	1,200	325	25	575	250	20.8%	(325)	-56.5%
Fines - South Street	625	500	125	50	300	50	10.0%	(250)	-83.3%
Fines - Hickory	1,875	1,000	150	50	450	275	27.5%	(175)	-38.9%
Fines - Municipal	0	0	0	25	0	25	#N/A	25	#N/A
Fines - Church Lot	75	50	0	0	0	0	0.0%	0	#N/A
Fines - 80th Avenue North	11,875	7,000	1,325	1,050	3,100	2,575	36.8%	(525)	-16.9%
Fines - 80th Avenue South	14,307	8,000	1,500	1,050	4,406	2,950	36.9%	(1,456)	-33.0%
Lease Income	0	0	0	0	0	0	#N/A	0	#N/A
Investment Interest	13,785	12,000	1,357	0	3,799	0	0.0%	(3,799)	-100.0%
Investment Market Value Adj.	0	0	0	0	0	0	#N/A	0	#N/A
Miscellaneous	0	0	0	0	0	0	#N/A	0	#N/A
Total Receipts	740,227	712,050	61,713	62,263	182,685	176,561	24.8%	(6,124)	-3.4%
		YTD budget \$178,013	Total Funds Available		\$1,370,610	\$1,656,809			Percent of year completed 25.0%

Village of Tinley Park, Illinois
 Monthly Selected Revenue Summary
 July-19

CONFIDENTIAL

					FY 2020 Year to Date Current to Prior Year Comparison				FY 2020 Actual versus Budget Comparison (Note 1)			
	FY 2020 Jul-19	FY 2019 Jul-18	Dollars Difference	Percent Change	Through Jul-19	Through Jul-18	Dollars Difference	Percent Change	Year to Date Actual	Year to Date Budget	Dollars Difference	Percent Change
Sales Taxes	\$1,144,000	\$1,150,000	(\$6,000)	-0.5%	\$3,376,000	\$3,474,000	(98,000)	-2.8%	\$3,376,000	\$3,700,000	(\$324,000)	-8.8%
Home Rule Sales Tax	\$457,000	\$458,000	(\$1,000)	-0.2%	\$1,329,000	\$1,311,000	18,000	1.4%	\$1,329,000	\$1,475,000	(\$146,000)	-9.9%
Income Taxes	532,000	486,000	46,000	9.5%	2,026,000	1,623,000	403,000	24.8%	2,026,000	1,354,000	672,000	49.6%
Property Taxes	3,415,000	4,309,000	(894,000)	-20.7%	5,675,000	6,948,000	(1,273,000)	-18.3%	5,675,000	5,210,000	465,000	8.9%
Motor Fuel Tax	105,000	110,000	(5,000)	-4.5%	345,000	359,000	(14,000)	-3.9%	345,000	361,000	(16,000)	-4.4%
Hotel Tax	188,000	176,000	12,000	6.8%	493,000	442,000	51,000	11.5%	493,000	431,000	62,000	14.4%
Commuter Parking Fund	62,000	60,000	2,000	3.3%	177,000	179,000	(2,000)	-1.1%	177,000	175,000	2,000	1.1%
Water & Sewer Revenues	1,916,000	2,177,000	(261,000)	-12.0%	5,595,000	5,927,000	(332,000)	-5.6%	5,595,000	3,600,000	1,995,000	55.4%
General Fund Revenues	6,447,000	7,162,000	(715,000)	-10.0%	14,695,000	15,520,000	(825,000)	-5.3%	14,695,000	13,921,000	774,000	5.6%

Note 1 - Budgeted amounts are straight line amortization of annual budget (divided by 12, times number of months)

Note 2 - FY2020 Budget Assumptions as Change over FY2019 Budget

Sales Taxes	4.3% higher	Hotel Tax	3.3% higher
Home Rule	1.4% higher	Parking Fund	3.0% lower
Income Taxes	9.7% lower	Water & Sewer Rev.	2.7% higher
Prop. Taxes	0.5% lower	General Fund Rev.	1.8% higher
Motor Fuel Tax	No change		

Note 3 - FY2020 Capita Projections

	Tinley	IML Dec-17	IML Feb-18	IML May-18	IML Sep-18	IML Apr-18	IML Sep-19
Income Taxes	86.22	95.80	89.00	95.22	94.87	90.70	94.87
Motor Fuel Taxes	25.22	25.75	25.55	25.25	25.25	25.43	25.25
Use Tax	26.54	26.30	26.75	27.50	27.50	25.94	27.50

For Internal Use Only

Village of Tinley Park, Illinois
Summary of Building Impact Fees Collected
on behalf of Other Governmental Bodies
As of May 31, 2019

IMPACT - Print date 8/5/2019

	Current Year to Date	Cummulative Total
Park Districts		
Tinley Park Park District	\$2,550.00	\$1,777,314.95
Frankfort Square Park District	0.00	43,750.00
Mokena Community Park District	0.00	31,775.00
Fire Protection		
Tinley Park Fire Department	1,100.00	1,297,862.03
Fire Station	0.00	755,954.29
Tinley Park Public Library	3,860.00	1,180,005.00
Tinley Park ESDA	285.00	202,208.00
Village of Frankfort Transportation	5,589.40	86,198.81
Elementary School Districts		
Kirby (140)	0.00	1,011,250.00
Kirby - accelerated	13,600.00	7,303,761.89
Arbor Park (145)	0.00	5,810.00
Community Consolidated (146)	800.00	382,970.00
Rich Township (159)	0.00	576,600.00
Summit Hill (161)	20,078.92	5,394,210.66
High School Districts		
LincolnWay (210)	3,196.04	908,195.06
Rich Township (227)	0.00	288,400.00
Bremen (228)	400.00	111,350.00
Consolidated (230)	600.00	416,425.00
Totals	\$52,059.36	\$21,774,040.69

When First Impact Fees Collected:

Oct 1971	District 140	Feb 1991 - "Accelerated" Fees
Sep 1977	District 145	
Nov 1971	District 146	
Nov 1991	District 159	
Nov 1995	District 161	
Nov 1995	District 210	
Nov 1991	District 227	
Jul 1988	District 228	
Jul 1988	District 230	
Apr 1975	Fire Protection	Nov 1991 - Fire Station
Apr 1975	Library	
Jun 1975	Park District	
May 1979	ESDA	
July 1997	Mokena Com.Park District	
July 1997	Frkft. Sq. Park District	
March 2008	Frankfort Transportation Impact Fee	



MEMORANDUM



TO: David Niemeyer

FROM: Brad Bettenhausen

RE: BKD Report on Process Analysis and Assessment final version 5 Oct 2018

DATE: 12 December 2018; updated 16 August 2019

Review and comments on the BKD Report on Process Analysis and Assessment dated 5 October 2018.

The BKD report provided approximately 30 key recommendations. Of the recommendations:

No action - 2	Updated 1
Addressed/Completed - 9	Updated 23
In process - 15	Updated 5
Future consideration - 4	Updated 2

Purchasing Process

Recommendation:

Consider creating a Village-wide, centralized purchasing department.

Action:

No action at this time. Under consideration for the future.

Recommendation:

Ensure copies of policies are available to all employees.

Action:

Consider putting Fiscal Policies Manual and Purchasing Policy on the Village's main SharePoint Intranet under Reference Library.

Update - Purchasing Policy has been added to the Village's SharePoint Intranet available to all employees. The SharePoint is the initial home page in all Village authorized browsers (Internet Explorer or Google Chrome)

Recommendation:

Review purchasing matrix for efficiency and effectiveness.

Action:

The purchasing authorities (matrix) was considered in the adoption of new Purchasing Policy document in March 2017. As Purchasing Policy is part of Fiscal Policy Manual, it

is subject to review every two years. This interval is deemed appropriate for a periodic review of the purchase authorization thresholds.

Update - The Purchasing Policy was reviewed and the purchasing authorities table (matrix) was updated in June 2019 under ordinance 2019-O-033.

Board Approval of Expenditures

Recommendation:

Consider removal of printed signatures from all checks and require manual signature.

Action:

None.

Affixing the signatures on a check by electronic or mechanical means is not uncommon in business entities, regardless of governmental or non-governmental. Removing the computer generated signatures sends a message of lack of trust in staff, particularly given the numerous steps, approvals, and controls within the current procedures and protocols related to processing an expenditure transaction BEFORE a check is actually produced. Additionally, we believe that forcing a manual signature for each individual check is inefficient and a poor utilization of the time and skills of both elected officials and upper level management staff. It would also potentially delay the processing and release of payments. By long established practice, the authorized signers are the Clerk and Treasurer (as the statutory custodians of Village assets). The Clerk is a part-time elected position and is otherwise employed outside the Village. Accordingly, the Clerk's time and availability is restricted.

The Village is a multi-million dollar a year operation, not unlike a large private sector corporation. The Treasurer/Finance Director has many duties and responsibilities and manually affixing his signature on each check is an inefficient use of that valuable human resource. In the last year, there has been an average of over 100 Accounts Payable checks on each weekly register which would take considerable time to two people to sign manually. The number of payroll related checks produced on a bi-weekly basis more than doubles this count. As noted, there are a number of control based approvals required before a check can actually be produced to compensate for the suggested manual review and signature of the final check.

Manual signatures adds no value to external check processing. Conversations with bankers (both Village used institutions and others) has confirmed that current bank processing of checks is not designed to validate signatures, including a dual signature requirement.

The Village uses a specialty blank paper check stock whereby the physical check is created at the appropriate point in the approval and processing cycle. A special check

printer is used with magnetic toner so that the required MICR (Magnetic Ink Character Recognition) encoding on the bottom of each check is readable by bank scanners. The paper stock is also designed to provide a self sealed envelope (when run through the companion folder/sealer machine), similar to what is used by many on-line banking services, to facilitate the eventual mailing of the payment.

The incidence of check fraud has been minimal in the past 35 years. The few incidents (of memory - two), were perpetrated external to the organization (alterations to an issued check). The incidents that have occurred, fortunately, were successfully resolved without losses to the Village.

The Village has implemented **POSITIVE PAY** where a file is transmitted to our financial institution following each check run (Accounts Payable and Payroll) which includes the payee information, check number, date, and amount.

It would be very challenging under this scenario to produce a useable check from the blank stock that would ALSO clear "bank validation" under Positive Pay. Positive Pay is in place for the primary disbursement accounts.

ACH blocks have been placed on the other Village accounts where we do not normally expect to find Automated Clearing House transactions occurring. Likewise, we have **ACH POSITIVE PAY** in place on certain accounts to address the payments (primarily Payroll related) that are transmitted via ACH.

Vendor Management

Recommendation:

Consider flagging Vendor records in the Village's Enterprise Resource Planning (ERP) software (Eden) as inactive after they have not been used for an established period of time.

Consider removing inactive Vendors from the system after an established period of time.

Changes to the vendor records should be reviewed by management.

Consider splitting roles of Vendor Maintenance and Payment Processing to segregate duties.

Action:

Vendors are routinely marked as inactive as a part of the Accounts Payable management process.

It should also be noted, that as part of the internal controls built into the Accounts Payable process and procedures, an INACTIVE vendor CANNOT be used for a new/current transaction.

Some of the transactions in the testing files selected and requested by BKD, and that have been referenced in the Report on Process Analysis and Assessment, occurred PRIOR to the vendor account being flagged as INACTIVE. The vendor identified with the \$72,000 of transactions was an active vendor at the time the transactions occurred. The vendor apparently went through an ownership change or reorganization that resulted in both a new name and tax ID. The old vendor record was flagged inactive and the new name and tax ID were used to create a new vendor record. So at the time of testing, the vendor record is reflected as inactive, but had been an active vendor when the original transactions occurred, creating the appearance of an anomaly that in actuality did not exist.

We will note that there are a number of instances where there are more than one vendor record for the same vendor within the vendor database. In most cases, this has been the result of name or address changes which in the past had (improperly) been treated as a new vendor rather than a change/update of the existing vendor information.

An established Accounts Payable policy requiring receipt of an IRS W-9 form, or equivalent, for ALL vendors (absolutely required for ALL new vendor payments exclusive of our utility billing customer refunds, as well as where such information may still be missing from the vendor record) has been established by the Treasurer/Finance Director and in place for many years. The tax ID is necessary for the Village to comply with mandated IRS reporting requirements as well as assists in validating a vendor. This policy has been strictly enforced since 2011, following a routine IRS audit that resulted in the Village being assessed penalties for failure to provide the necessary annual "1099" reporting mandated by the IRS rules. Enforcement of this policy/requirement is helping to establish a practice of "one Taxpayer ID - one Vendor" within the vendor database going forward.

We recognize that we still need to "scrub" the existing database to potentially consolidate duplicate vendors, and flag old vendor records as inactive, as appropriate. A recent software upgrade has added the capability to run a procedure to identify and deactivate vendors that have not been used within a given period of time. We intend to investigate this option further.

Because the Eden ERP uses a relational database structure, vendors cannot simply be deleted without impacting the presentation of transactional history. Some inactive vendors could also be considered for deletion if the historical data associated with the vendor were also to be purged/removed from the transactional database histories

simultaneously. Maintenance of the vendor database records continues sporadically as staffing and available "extra" time allows.

The Finance Department will be undergoing some changes in the upcoming months with a recent retirement and departure of a long term intern; and new hiring to fill vacancies. Task assignments are likely to be reallocated, to maintain or enhance overall internal controls and segregation of duties. Considerations will be given to possibly changing the manner in which new vendors are added, or approved, within the ERP system.

Update - In June 2019, following a recommendation from the 2017 staffing study, the Collection/Cashiering functions and staffing were moved under the Finance Department. Additionally, new staffing has been added within Finance to address long standing staffing vacancies and shortfalls, including in anticipation of upcoming retirements. With these and other staffing changes anticipated in the future, task assignments are being adjusted with an eye toward enhancing separation of certain financial duties and functions and overall strengthening internal controls.

Super Users

Recommendation:

Consider separating the duties associated with the setup of new users and changing user access rights.

Consider standardizing the process for documentation, notification, and action related to provisioning access to the Eden ERP system.

Consider establishing periodic review of user access rights.

Action:

In any system, there will always be a select few individuals who have more extensive user rights than others within any software application. This does not mean that there are not other "checks and balances" to monitor that such rights and privileges are not being misused or abused. The Eden software also has a feature that allows an "audit" review the history of changes made with regard to nearly all major components of the financial suite. This allows to tracking of the "who, what, when" of any change, if necessary. We feel that this is a beneficial internal control built into the software. All three named individuals are trusted employees, and there has been no indication that these rights have been abused or misused.

We have identified shortcomings with the prior procedures, particularly with "on-boarding" and "off-boarding" personnel, not only in the Eden ERP financial suite, but overall network administration as well. With some recent changes with our Human Resources personnel, Finance and HR have begun looking at creating a number of new

forms to initiate and further document certain processes and approvals. The intent is that these forms would be designed to include change authorizations to establish or modify user access rights within the Eden financial suite. We are hopeful that these changes will help to close some unintended gaps, and further document the process and that certain activities have been completed.

It should also be noted that provisioning staff within most of the individual software applications used within the Village are handled on a departmental basis and not by IT. IT does not have the working knowledge of every single software application, nor are they in a position to automatically know what rights should be provisioned for an employee within each application. This provisioning is best handled within the department that has primary responsibility or use of the application and with the best understanding of that applications modules and features. Effectively, each software application could have "super users." However, in all cases, there should be checks and balances to control and monitor how those rights are used.

Segregation of Duties

Recommendation:

Bank reconciliations should not be performed by the same individual that can record general ledger entries and has access to funds.

Action:

It is recognized that there potentially are some weaknesses that can unavoidably exist with limited personnel. Accordingly, it is always a goal to establish additional "checks and balances" to help to compensate for these weaknesses. The Finance Department has long had procedures in place to compensate for identified limitations on segregation of duties resulting from minimal staffing. As additional staffing becomes available, duty assignments and procedures are periodically reviewed and revised to further improve segregation and strengthen internal controls.

There are legitimate circumstances where overlaps cannot be easily avoided. In such cases, you build other internal control procedures and processes to compensate. We believe that we have such compensatory controls in place. As noted above, we are reviewing duties and procedures as new staffing is being added to the Finance Department.

Update - the duties of general ledger adjustment and bank reconciliation have been separated.

Bank Reconciliations

Recommendation:

Consider adding identification of the individual performing the bank reconciliations and when they were completed.

Action:

The Village bank reconciliations are complex. Staff has been training new personnel how to do the reconciliations which is geared to address the earlier cited segregation of duties concern. As part of this process, we are also adding more documentation for the steps required to tie out the various items such as the outstanding checks or the actual deposits from each bank account which aid in providing guidance to someone new to performing the reconciliations in the process of locating and identifying any differences.

Update - The reconciliations now identify who performed the procedures and when they were completed. Additionally, they are reviewed by a third party of the Finance staff, generally the Assistant Treasurer/Assistant Finance Director.

Individuals With Significant Control**Recommendation:**

Consider reviewing, and modifying as appropriate, checks and balances for individuals with significant control.

Consider having credit card statements reviewed by someone outside of the Finance Department.

Action:

As the old saying goes, "Trust, but Verify." We believe that BKD has overstated the Treasurer/Finance Director's "unfettered" control other than at a superficial "quick glance" level. The Treasurer/Finance Director is a licensed CPA and well aware of the responsibilities that weigh upon his shoulders and continually takes actions to avoid the appearance of impropriety. He has seen, and is aware of, incidents of governmental (and non-governmental) malfeasance that have occurred within Illinois, throughout the United States, and globally. He has actively strived to assure that the Village of Tinley Park avoids such negative publicity within the financial arena.

He is a highly regarded authority on municipal finance matters throughout the State. He is a long time member and leader within the Illinois Municipal Treasurers Association and Illinois Government Finance Officers Association. He has served in nearly all the elective positions of IMTA from Secretary, Director, to President over the years.

Over his career with the Village, he has regularly addressed weaknesses in the Village's internal controls, including adding controls over his own activities. There are a number of checks and balances in place that would quickly highlight any irregularities in his actions. In fact, most of his Finance staff (which, by design, are largely CPAs as well), generally operate from the philosophical position of "trust no one," and would likely be the first in line to call out a discrepancy if/when encountered.

Credit Card -

The Village frequently has requested businesses to extend the courtesy of sending an invoice for payment for purchases. Sometimes, a simple Purchase Order will suffice. For many years, this was a fairly standard practice throughout the country. However, with increasing frequency, firms were/are requesting the Village to establish a credit line to do so, entailing completing multiple lengthy and repetitive credit applications, even if the purchases were only expected to be a one-time occurrence. The expanded ability to find and identify sources of materials, equipment, and services via the internet, and the expansion of available on-line purchase options has only compounded this issue. After years of resistance (both former managers and the Treasurer/Finance Director were not in favor of Village issued credit cards in general distribution amongst the employees due to all-to-frequent stories of improper use in other jurisdictions), it was determined that at least one credit card was necessary to aid in conducting Village business. Wishing to minimize the aforementioned risks of abuse of multiple distributed cards, a single card was procured by the Treasurer/Finance Director.

Recently, the Treasurer/Finance Director has discovered that the credit line on this card is actually based on the Treasurer/Finance Director's personal credit rating, and not that of the Village as had been thought when the card was initially procured. This is particularly troubling to the Treasurer/Finance Director and will be separately addressed.

The Treasurer/Finance Director maintains custody of the card. However, he has also established written guidance for its use by individuals throughout the Village administration when needed. The card is "checked out" as required which we believe places a significant control over its use. Upon completion of their purchase transaction(s) users are required to print out the supporting purchase documentation, provide the necessary explanations and budgetary account allocations, obtain the necessary post-purchase (as well as pre-purchase) approvals, and submit the transaction to Accounts Payable for subsequent processing.

When the credit card statement is received, it goes directly to the Accounts Payable Technician for reconciliation of transactions and ultimate payment processing. **THE TREASURER/FINANCE DIRECTOR, BY HIS DIRECTION, DOES NOT RECEIVE THE CREDIT CARD STATEMENT.** If it is inadvertently sorted into the Treasurer's mailbox, it is transferred, unopened, to Accounts Payable. It is ALWAYS reviewed and reconciled by someone else other than the Treasurer/Finance Director.

The primary problem that has been encountered, from time to time, is where individuals have not followed the established protocols and failed to submit the necessary documentation to Accounts Payable in a timely manner, and thus creating an "unreconciled" transaction that must be resolved before the credit card statement payment can be processed.

The Treasurer/Finance Director has also been adamant about the proper handling of the related credit card "cash back" rewards to assure they are periodically deposited to the Village coffers.

Update - the Treasurer/Finance Director has been discussing a replacement card with a local financial institution.

Application Access Process

Recommendation:

Consider creating forms to authorize/document provisioning user access rights to the to the Village's computer systems and software, as well as for termination of such provisioning with an employee's departure.

Action:

The role of IT in relation to new employees is to establish their network access, related rights, and email. Their role is the opposite for terminated employees. IT generally does not handle the "provisioning" of access to the various software applications utilized in individual departments, or throughout the Village (such as the Eden financial software).

HR, IT, and Finance have been collaborating on enhancing the procedures and documentation for "on-boarding" and "off-boarding" personnel, and related computer and software access and rights.

Update - Improvements have been implemented in the process of on-boarding and off-boarding personnel. Efforts continue to improve the process, procedures, and documentation.

Payroll

Recommendation:

Consider pursuing/developing an electronic timekeeping process.

Action:

The Village Finance Department is currently in the process of implementing an electronic timekeeping module that integrates with the Eden financial software suite. HR is participating in the process, but has not been an active participant or provided a leadership role.

Update - electronic timekeeping has been installed and is operating. Additional departments are in process to be added to the system.

Expense Reimbursements

Recommendation:

Consider adopting a standardized form for expense reimbursement request reporting.

Action:

Expense reimbursements are a relatively small component of the Village's overall budgets and expenses. Expense reimbursements have not proven to be a significant area of problem, and if a potential irregularity has been encountered, it has been quickly addressed. However, we agree that a standardized format for reporting could be beneficial.

The Assistant Treasurer/Finance Director has created and distributed the new forms.

Backup Process

Recommendation:

IT Department should periodically test the electronic backup and recovery of data.

Consider disposal of documents that have been converted to electronic formats.

Action:

We believe that BKD's statement that the backup and recovery process has not been tested is inaccurate. A full restoration had not been tested in some time, but partial restorations had (and have) occurred from time to time as needed to restore files inadvertently deleted by employees.

IT is working on implementing a redundant system configuration to enhance the backup functions and to provide for a reduced system down time and recovery should a disaster impact the Village and its primary systems.

We agree that under the records retention guidance provided by the Local Records Commission that we do not need to retain many types of "hard copy" paper documents for the extended periods as we currently do particularly when they have been converted to an approved electronic format. However, retaining the documents for a period of time has been deemed still desirable. There are times where accessing the paper records is more expedient than the electronic retrieval process. We have also encountered instances where the electronic scan image is flawed requiring referencing back to the original source (e.g. image unclear; pages skipped/omitted from the scan). These types of issues represent a training/quality control issue that must be impressed upon staff when they are originally creating the digital document. We do not currently see eliminating such document storage as providing "new" space that could be used for a new alternate use other than storage. We agree that reducing this document storage requirement could relieve some storage utilization to address other storage needs currently not being met.

We also find that some departments have not been good stewards of their electronic records, and many items become easily lost in a relatively short period of time if not incorporated into an established software database system (Eden ERP, OnBase records management, etc.). Improvements are required Village-wide.

Police Department Ticketing/Collection Process

Recommendation:

Implement Tyler Cashiering

Consider outsourcing of vehicle sticker processing through third-party software or processing.

Action:

Tyler Cashiering has been implemented. This has eliminated the cash handling dual entry requirement at the Police Department that had existed with the Tyler Court and Core Cashiering software programs. This issue has been eliminated.

We note that such dual entry requirements may not be avoidable depending the compatibility of divergent software applications in use (or contemplated) throughout the Village network with the Eden financial suite. Where such dual entry is required, additional care must be executed by users to assure parity in the transactions entered into the two systems.

The Clerk's Office and Finance Department are investigating options with regard to vehicle stickers with the intention to outsource the process.

Accessible Keys

Recommendation:

Review security over blank check stock and signed checks.

Consider establishing periodic surprise audits of petty cash boxes.

Review security and control over access to keys for locking cabinets containing checks or petty cash.

Action:

BKD's assessments in this area are inaccurate.

Blank check stock - as previously noted, the check stock used is a blank specialty paper whereby the physical check is created at the appropriate point in the approval and processing cycle. The stock is also designed to provide a self sealed envelope (when run through the companion folder/sealer device), similar to what is used by many on-line banking services, to facilitate the eventual mailing of the payment. We have

NOT maintained any conventional (pre-formatted) check stock for many years which also prevents the unauthorized creation of a check outside of the normal procedures. This blank check stock is maintained in a locked drawer. Considerable efforts would be required to produce a useable check from the check stock alone.

Signed checks - The processed and signed checks awaiting release are held in a locked drawer in a file cabinet that is additionally secured within the Village's vault. This is a physically and geographically separate location from the blank paper stock. Access to the both this file cabinet and vault is limited to only a few individuals during non-business hours of the Village Hall administrative center.

Furthermore, as referenced earlier, the Village has implemented POSITIVE PAY where a file is transmitted to our financial institution following each check run (Accounts Payable and Payroll) which includes the payee information, check number, date, and amount. It would be very challenging under this scenario to produce a useable check from the blank stock that would ALSO clear "bank security" under Positive Pay. Positive Pay is in place for the primary disbursement accounts. ACH blocks have been established on the other Village accounts where we do not normally expect to find Automated Clearing House transactions occurring. Likewise, we have ACH Positive Pay in place on certain accounts to address the payments (primarily Payroll related) that are transmitted via ACH.

Petty Cash - We feel that this a very minor point from a materiality perspective. By its very name and nature, a petty cash fund should be a nominal amount. A petty cash fund is intended to pay only small expenses where it is not sensible or practical to write a check.

Only a nominal amount of funds are maintained in any of the Village Petty Cash boxes authorized across all the Village operational locations. Each Petty Cash Custodian is responsible for both the security and periodic reconciliation of the box under their peer view to assure that the receipts and remaining cash total to the established imprest balance. Likewise, they are responsible to periodically submit those receipts and budgetary allocations to Accounts Payable to replenish the cash "inventory."

We concur that surprise audits are considered a reasonable practice with regard to Petty Cash funds. However, with the limited funds maintained in these boxes, there is a very limited exposure of loss to the Village. Materiality is a consideration in the allocation of resources. The Finance Department has operated with very lean staffing for years which also limited the time available for recurring surprise counts to be undertaken. The BKD analysis also does not recognize that a number of individuals are involved in reviewing the Accounts Payable activity on a weekly basis, and that if there were to be a change in the frequency or the dollar amount of Petty Cash reimbursement requests

occurring for any location, it would undoubtedly "raise a red flag" for further investigation.

Following receipt of an earlier draft of the report, surprise audits were conducted in April 2018 of both cash drawers at remote locations (outside Village Hall) and petty cash funds. Results identified that the physical Petty Cash imprest balance at the Police Department was slightly greater than the general ledger reflected, but reconciled to the penny to the "revised" physical balance. Similarly, the Petty Cash at the Fire Department was greater than reflected on the general ledger, but reconciled to the penny. The Clerk's Office Petty Cash was 15 cents short, and deemed immaterial. The Petty Cash at the Senior Center was short by roughly 25% of its nominal imprest balance (\$100). This discrepancy was not surprising considering the various individuals who have served as its custodian or accessed this fund. Training with the Senior Center administrator will be addressed separately.

Finance Staff will be reviewing and updating security and access to keys for locked cabinets separately.

House Accounts

Recommendation:

Review house accounts and the identification that must be provided in order to make a purchase.

Action:

As noted, the Village has established several "house accounts" with local businesses. However, each business location has their own requirements to control how these accounts can be accessed and used. In most cases, a list of authorized individuals is provided by the Village and such lists are periodically updated as personnel changes warrant. In some cases, at the request of the business, the authorized individual must provide an additional card and/or security code as validation of their authority to make a credit purchase on the house account.

The billings regularly received from these "house account" businesses are reviewed by various departments and individuals in a process not unlike described earlier for the credit card statement. If there were to be unauthorized activity, we believe it would be detected fairly quickly and corrective actions promptly taken.

For quite some time, the Treasurer has discouraged and limited the creation of new "house accounts" unless the requesting department can provide valid justification where such an arrangement is needed and warranted due the regularity and volume of activity expected.

Capital Project Testing

Recommendation:

Recommend Finance implement a final review process prior to payment of a final invoice/pay request for capital projects.

Post a bid summary the bid positions for a project following the bid opening.

Action:

Bid results are generally discussed at a Board Committee meeting prior to being placed on a Board agenda for ratification. A memo summarizing the bidding process, bidders, and recommended awardee is included as part of the agenda packet for the committee meeting.

A summary of the bidders and recommended awardee appear on the detailed agenda for the Board meeting where the related contract is expected to be considered and awarded. The bid results are additionally recorded into the Village Board minutes for the meeting in which the contract was awarded. Both the agenda (including supporting documents) and the approved minutes are posted on the Village's website Transparency Portal. Likewise, the winning contract document is also posted on the Village's Transparency Portal. We believe we greatly exceed the benchmarks for adequate disclosure.

We have considered the possibly adding the bidding results in addition to the awarded contract document on the Transparency Portal on a go-forward basis. (Clerk's Office)

Update - Finance staff perform additional reviews on contract payout requests to assure that lien waivers, Certified Payrolls, and other required documentation has been provided in addition to assuring that departmental approvals have occurred as required.

RFQ/RFP Process

Recommendation:

Consider performing periodic data analytics (matching elected officials and employees with vendor information) to help identify non-disclosed relationships.

Recommend that elected officials be reminded prior to discussions of RFP/RFQ that failure to recuse themselves from deliberations can violate their fiduciary duties.

Action:

The irregularity referenced in the BKD report is generally considered an isolated incident at this time. Further, the described incident is really not an issue of "fraud" per se, but more an issue of ethics.

While there does not appear to have been any "personal gain" resulting from this particular incident, such actions tend to taint the established evaluation and selection process for RFQ/RFPs. In the public's eye, it can create the appearance of "cronyism" and political patronage and perpetuate distrust in a government's actions, or government in general.

The controversies that arose surrounding this incident have proven to provide a good forum for discussing and training regarding ethics and appropriate conduct with regard to Village business.

Village Staff has noted that the City of Chicago requires an Economic Disclosure Statement from each entity prior to responding to requests for bid/proposal. Staff is investigating the possibility of creating a similar disclosure requirement structure for Tinley Park.

Update - There has been a change in the composition of the Village Board with the 2019 elections.

Human Resources is planning staff training regarding ethics in the near future. Additional ethics training is also being planned for the elected officials.

No Hotline in Place

Recommendation:

Consider implementing a fraud hotline.

Action:

Currently being implemented.

Update - Hotline has been implemented and operational. We are also pleased to report that there has been no utilization of the hotline to date.

Village of Tinley Park, Illinois
 Fraud Assessment Report
 Report on Process Analysis and Assessment
 Summary of Recommendations and Actions

	No Action	Completed	In Process	Future
Purchasing				
Centralized purchasing department				future
Purchasing policies available to employees		SharePoint amended		
Review purchasing matrix				
Approval of Expenditures				
Removal of printed signatures	no action			
Vendor management				
Flagging inactive vendors		ongoing		
Consider removing inactive vendor from system				future
Changes to vendors reviewed by management		done		
Splitting vendor maintenance and payment roles		done		
Super Users monitoring				
Separate setup of users from change of access rights			in process	
Standardize docs re provisioning of software			in process	
Periodic review of user access rights		ongoing		
Segregation of Duties				
Bank reconciliations - separate individual tasks		done		
Bank reconciliations - identify preparer & date		done		
Significant Control				
Checks and balances		ongoing		
Credit card statement reviewed by others		ongoing		
Computer Applications Access Authorization				
Create forms for authorization			in process	
Payroll				
Electronic timekeeping			in process	
Expense reimbursement				
Standardized forms		done		
Computer Backup				
Periodic testing of backup/recovery		ongoing		
Disposal of documents converted to electronic		ongoing		

Village of Tinley Park, Illinois
 Fraud Assessment Report
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	No Action	Completed	In Process	Future
Police Department - ticketing/collection Implement Tyler Cashiering Outsourcing vehicle stickers		done	in review	
Accessibility - financial related Review security of check stock and signed checks Surprise audits of petty cash and cash drawers Review security of keys related to cash and checks		ongoing ongoing ongoing		
House accounts Review protocols for established house accounts		ongoing		
Capital projects Review process for final payouts on projects Post bid summaries		ongoing ongoing		
RFQ/RFP Perform periodic data analytics Elected official recuse/disclose relationships		ongoing ongoing		
Hotline		established		
	1	23	5	2

PUBLIC COMMENT

ADJOURNMENT