

FILED
7/2/2018 3:17 PM
DOROTHY BROWN
CIRCUIT CLERK
COOK COUNTY, IL
2013CH23386

EXHIBIT 13

LYONS TOWNSHIP HIGH SCHOOL

Business Office • 100 S. Brainard Ave. • LaGrange, IL 60525 • (708) 579-6300 • FAX (708) 579-6474

TO: Robert Healy

FROM: David Sellers

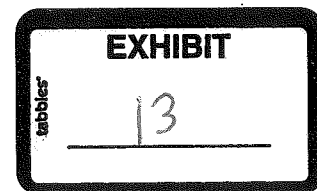
SUBJECT: Treasurer's Office Responsibilities

DATE: June 13, 2012

Following is a list of District 204 responsibilities that are a direct cost of the Township Treasurer's Office

- Payroll and Accounts Payable bank reconciliation
- Balance monthly General Ledger totals between Treasurer and LTHS
- Provide printing costs for envelopes for payroll and accounts payable checks.
- Annual salary and benefit costs for 4 employees as per attached invoice

Payment of attached invoice will be deferred and reviewed next fiscal year.



LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2011-12

	Salary 11-12	OASDI 6.2%	Medicare 1.45%	IMRF 8.32%	Medical Insurance	Life & LTD	Total	Percent Applied	Total
Database Administrator	\$ 93,978.00	\$ 5,826.64	\$ 1,362.68	\$ 7,818.97	\$ 12,235.40	\$ 306.36	\$121,528.05	75%	\$ 91,146.03
Accounts Payable Bookkeeper	\$ 45,059.04	\$ 2,793.66	\$ 653.36	\$ 3,748.91	\$ 13,399.26	\$ 32.40	\$ 65,686.63	100%	\$ 65,686.63
Accounts Payable Bookkeeper	\$ 40,757.76	\$ 2,526.98	\$ 590.99	\$ 3,391.05	\$ 12,235.40	\$ 32.40	\$ 59,534.57	100%	\$ 59,534.57
Payroll Specialist	\$ 46,290.96	\$ 2,870.04	\$ 671.22	\$ 3,851.41	\$ 12,235.40	\$ 32.40	\$ 65,951.43	100%	\$ 65,951.43
Accounting Manager	\$ 79,321.00	\$ 4,917.90	\$ 1,150.15	\$ 6,599.51	\$ 12,235.40	\$ 258.96	\$104,482.92	15%	\$ 15,672.44
	\$305,406.76	\$ 18,935.22	\$ 4,428.40	\$ 25,409.84	\$ 62,340.86	\$ 662.52	\$417,183.60		\$297,991.10

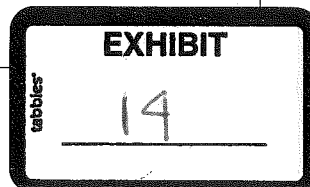
EXHIBIT 14

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

TOWNSHIP TRUSTEES OF SCHOOLS)	
TOWNSHIP 38 NORTH RANGE 12)	
EAST)	
)	
Plaintiffs,)	No. 13 CH 23386
)	
vs.)	
)	
LYONS TOWNSHIP HIGH SCHOOL)	
DISTRICT NO. 204,)	
)	
Defendants.)	

The deposition of DAVID SELLERS, taken before JO ANN LOSOYA, C.S.R., pursuant to the provisions of the Illinois Code of Civil Procedure and the Rules of the Supreme Court thereof pertaining to the taking of depositions for the purpose of discovery at 225 West Washington Street, Chicago, Illinois commencing at 1:00 p.m. on November 23, 2016.



Page 2

1 PRESENT:
2
3 MILLER CANFIELD PADDOCK & STONE, PLC
4 MR. BARRY P. KALTENBACH
5 225 West Washington Street
6 Suite 2600
7 Chicago, Illinois 60606
8 (312) 460-4200
9 Appeared on behalf of Plaintiffs.
10
11 HOFFMAN LEGAL
12 MR. JAY R. HOFFMAN
13 20 North Clark Street
14 Suite 2500
15 Chicago, Illinois 60606
16 (312) 899-0899
17 jay@hoffmanlegal.com
18 Appeared on behalf of Defendants.
19
20 REPORTED BY: JO ANN LOSOYA
21 LICENSE #: 084-002437
22
23
24

Page 3

1 EXAMINATION
2 Witness Page Line
3 DAVID SELLERS
4 By Mr. KALTENBACH 4 7
5
6 *****
7 EXHIBITS
8 Deposition Exhibit Page Line
9 Exhibit No. 1..... 34 8
10 Exhibit No. 2..... 76 4
11 Exhibit No. 3..... 84 19
12 Exhibit No. 4..... 91 5
13 Exhibit No. 5..... 96 22
14 Exhibit No. 6..... 119 11
15
16 ***ORIGINAL EXHIBITS RETAINED BY COUNSEL***
17
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1 (Witness sworn at 1:15 p.m.)
2 WHEREUPON:
3 DAVID SELLERS,
4 called as a witness herein, having been first duly
5 sworn, was examined and testified as follows:
6 EXAMINATION
7 BY MR. KALTENBACH:
8 Q. Thank you. Mr. Sellers, just to avoid
9 the apparent confusion my office created on the
10 record, could you please state your name, please?
11 A. David Sellers.
12 Q. Thank you. Mr. Sellers, have you been
13 deposed before?
14 A. Yes.
15 Q. I'm not going to run through everything.
16 If at some point you need to take a break to use the
17 washroom, to get more water or coffee, please let us
18 know, we will take a short break to do that.
19 If you don't understand a question
20 that I ask you or you don't hear the question,
21 please let me know. Because if you answer it, I
22 will necessarily assume it was both intelligible to
23 you and that you heard it. Is that fair?
24 A. Yes.

Page 5

1 Q. What is your educational background, sir?
2 A. I have a master's of business
3 administration from Lewis University and a chief
4 school business official certificate or license
5 through Northern Illinois University. For my
6 bachelor's, I went to Elmhurst College.
7 Q. When did you get your bachelor's from
8 Elmhurst?
9 A. 1979.
10 Q. What was that in?
11 A. Business administration and music.
12 Q. Was that an -- I'm assuming that was a
13 dual major?
14 A. Yes.
15 Q. There is not one major -- it is not just
16 the business of music?
17 A. Yes, it is.
18 Q. Oh, really.
19 A. Yes.
20 Q. Is it actually two different degrees that
21 you received, though?
22 A. No. A bachelor of science in business
23 administration and music.
24 Q. I never heard of that one before and then

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1 else within District 204?
 2 A. Could you ask that question again?
 3 Q. Sure. So Ms. Whitlow had expressed her
 4 opinion that 204 should be paying for its own audit.
 5 Did you follow up on that communication with anyone
 6 else within District 204?
 7 A. No, I didn't feel it was my
 8 responsibility to do that.
 9 Q. Okay. Did any of the members of the
 10 board of education discuss the issue with you of
 11 whether District 204 should be paying for its own
 12 audit?
 13 A. My response would be I don't think people
 14 thought of it as an issue. You're using the word
 15 "issue." I don't think people thought of it as an
 16 issue. They considered it an arrangement.
 17 Q. I guess let me rephrase the question.
 18 Did you discuss the arrangement of District 204
 19 having its audit paid for by the treasurer's office
 20 with any member of the board of education?
 21 A. No.
 22 Q. How about any other employees within
 23 District 204?
 24 A. I don't recall a reason to have such a

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1 discussion.
 2 Q. It never really became something you gave
 3 a lot of thought about until that time in 2012 that
 4 we discussed?
 5 MR. HOFFMAN: Object to the form of the
 6 question.
 7 BY MR. KALTENBACH:
 8 Q. Is that the fair?
 9 A. The conversation I had with Bob Healy was
 10 to ask the question, Bob, you're paying for the
 11 audits of all the school districts, correct? To
 12 which he responded yes.
 13 Q. That was the end of it?
 14 A. Yeah.
 15 Q. You had gotten a satisfactory answer,
 16 correct?
 17 A. I did. It was not my -- it was not my
 18 place, my role, my responsibility to question a
 19 system that had been in place for years prior to my
 20 beginning my role as director of business services.
 21 Q. Did you discuss -- I just want to kind of
 22 eliminate this. Did you discuss that the treasurer
 23 was paying for 204's audit or the audits of other
 24 district with the members of Mr. Healy's staff?

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1 A. No.
 2 Q. Did you discuss it with any of the
 3 individual trustees of schools?
 4 A. No.
 5 Q. Were you satisfied with the discussion to
 6 use Baker Tilly?
 7 A. Yes.
 8 Q. During the period of time that you were
 9 director of business services, you felt they did a
 10 competent job insofar as you're aware?
 11 A. I believe they satisfied the definition
 12 of an independent audit, and the normal scope of an
 13 independent audit that school districts expect.
 14 Q. Is there another auditor Mathieson
 15 Moyski? Does that ring a bell with you?
 16 A. Yes.
 17 Q. Who is the -- that's a firm, correct?
 18 A. Correct.
 19 MR. KALTENBACH: I'll just spell it for
 20 the court reporter. M-A-T-H-I-E-S-O-N and then
 21 M-O-Y-S-K-I. We'll just call it the Moyski firm, if
 22 that's okay.
 23 THE WITNESS: Yes.
 24

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1 BY MR. KALTENBACH:
 2 Q. What did the Moyski firm do for
 3 District 204?
 4 A. They replaced Baker Tilly.
 5 Q. Do you recall -- Strike that.
 6 When did they replace Baker Tilly?
 7 A. I think they did the 2013 audit.
 8 Q. When did the District 204's fiscal year
 9 end?
 10 A. June 30.
 11 Q. So fiscal year 2013 would end the year
 12 ending on June 30, 2013, correct?
 13 A. Correct.
 14 Q. So they -- your recollection is Moyski
 15 began doing the audits for 204 beginning with the
 16 audit for fiscal year 2013?
 17 A. I wish my recollection were perfect. At
 18 this time I can say I believe that I only worked
 19 with Mathieson Moyski one year.
 20 Q. Well, you left in May of '14 so fiscal
 21 year '14 wouldn't have been finished at that point?
 22 A. Correct.
 23 Q. It would have been the fiscal year '13
 24 audit?

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1 A. I do not.
 2 Q. And then the next -- so that was the
 3 2011. That was the --
 4 MR. HOFFMAN: 2011.
 5 MR. KALTENBACH: Did I skip -- did I flip
 6 over by mistake. I'm sorry. That was 2011.
 7 BY MR. KALTENBACH:
 8 Q. The next one and I believe the final one
 9 in this exhibit is the June 13, 2012, memorandum,
 10 and that is on Page 271, correct, sir?
 11 A. Correct.
 12 Q. And this is a memorandum someone in your
 13 office created, you reviewed and approved, and then
 14 had sent onto Mr. Healy?
 15 A. Yes.
 16 Q. And it's the same five positions again,
 17 right?
 18 A. Correct.
 19 Q. And 75 percent of the database
 20 administrator and 15 percent of the accounting
 21 manager?
 22 A. Correct.
 23 Q. And, again, you are not sure why it's
 24 stated 15 percent in particular?

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1 A. Correct.
 2 Q. And then the next several pages, are
 3 those just salaries of the individuals in the memo?
 4 A. Yes.
 5 MR. HOFFMAN: Just a CDW invoice.
 6 MR. KALTENBACH: Yes, I'm sorry.
 7 BY MR. KALTENBACH:
 8 Q. And the last page we have another CDW-G
 9 which looks like it stands for CDW government
 10 invoice, correct, sir?
 11 A. Correct.
 12 Q. Now, that we have -- and we're going to
 13 review one more after we come back. Now that we
 14 have kind of gone through this entire packet year by
 15 year, has it refreshed your recollection or jogged
 16 your memory at all about any other discussions you
 17 may have had regarding the subject matter of these
 18 memos with anyone that we haven't already covered?
 19 A. It has not refreshed. This, as you can
 20 see, was a fairly automatic process.
 21 MR. KALTENBACH: Okay. Fair enough. Why
 22 don't we take a short break.
 23 (Whereupon, a break in the
 24 proceedings was taken.)

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1 MR. KALTENBACH: Let's mark this as I
 2 think it's going to Sellers No. 2.
 3 (Document marked as Deposition
 4 Exhibit No. 2.)
 5 BY MR. KALTENBACH:
 6 Q. Mr. Sellers, the last memo that we saw in
 7 this packet was in 2012, June 13 of 2012. So now
 8 Sellers 2, is this the next memo that you would have
 9 created for 2013?
 10 A. Yes.
 11 Q. So, this is a document, as with the prior
 12 ones, someone in your office created and you
 13 reviewed and approved, correct?
 14 A. Correct.
 15 Q. It has the same five positions again,
 16 correct, sir?
 17 A. Correct.
 18 Q. And it's the same percentage that we have
 19 been looking at, 75 percent and 15 percent, correct,
 20 for the two positions?
 21 A. Correct.
 22 Q. Okay. If we flip back to the prior
 23 year's memo, sir, so comparing it to Conway Exhibit
 24 Number 3, Page 271, which is the June 13, 2012,

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1 memo, it looks like the same memo, the same cover
 2 memo just with a new date, right?
 3 A. Yes.
 4 Q. So let's now turn back to Page 265, which
 5 is the June 1st, 2011, memo, and this is the memo --
 6 do you recall, sir, this is where for some reason
 7 your title and Mr. Healy's title were added to the
 8 memo?
 9 A. Yes.
 10 Q. There's another change -- well, there's
 11 not another change in this one. But the first line
 12 of the memo states, "following as is a list of
 13 responsibilities that District 204 proposes become
 14 the direct costs of the Lyons Township treasurer's
 15 office."
 16 Do you see that, sir?
 17 A. Yes.
 18 Q. Flipping to the June 13, 2012, memo, that
 19 first line changes, does it not?
 20 A. Yes.
 21 Q. The word "proposes" is gone, right?
 22 A. Yes.
 23 Q. The June 2012 memo just says "following
 24 is a list of District 204 responsibilities that are

EXHIBIT 15

IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, CHANCERY DIVISION

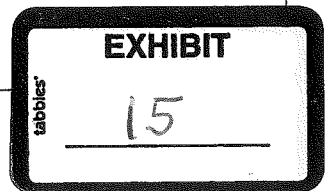
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TOWNSHIP TRUSTEES OF)
SCHOOLS TOWNSHIP 38 NORTH,)
RANGE 12 EAST,)
)
Plaintiff,) NO. 13-CH-23386
) Hon. Sophia H. Hall
vs.)
)
LYONS TOWNSHIP HIGH SCHOOL)
DISTRICT 204,)
)
Defendant.)

DISCOVERY DEPOSITION

Discovery deposition of **ROBERT HEALY**, taken
at the instance of the Defendant on
November 14, 2016, commencing at 1:37 p.m. at
Taylorville Correctional Center, 1144 Illinois Route
29, Taylorville, Illinois, before Angela C. Turner, a
Certified Shorthand Reporter, pursuant to notice and
the stipulation attached hereto.

DAVIS REPORTING SERVICE
Angela C. Turner, CSR #084-004122
Certified Shorthand Reporters
3 Hickory Hills Drive
Springfield, Illinois 62707
(217) 546-6868



FILED DATE: 7/2/2018 3:17 PM 2013CH23386

A P P E A R A N C E S

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Barry P. Kaltenbach
Gretchen M. Kubasiak
Miller, Canfield, Paddock & Stone, PLC
225 W. Washington St., Suite 2600
Chicago, Illinois 60606
Telephone: (312) 460-4200

(Appearing on behalf of the Plaintiff)

Jay R. Hoffman
Hoffman Legal
20 N. Clark St., Suite 2500
Chicago, Illinois 60602
Telephone: (312) 899-0899

(Appearing on behalf of the Defendant)

FILED DATE: 7/2/2018 3:17 PM 2013CH23386

I N D E X

ROBERT HEALY

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Healy Exhibit 7	108

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S T I P U L A T I O N

It is stipulated and agreed, by and between the parties hereto, through their attorneys, that the deposition of **ROBERT HEALY** may be taken for discovery purposes before Angela C. Turner, a Certified Shorthand Reporter, upon oral interrogatories, on November 14, 2016, A.D., at the instance of the Defendant, commencing at 1:37 p.m. at Taylorville Correctional Center, 1144 Illinois Route 29, Taylorville, Illinois;

That the oral interrogatories and the answers of the witness may be taken down in shorthand by the Reporter and afterwards transcribed;

That all requirements of the Civil Practice Act and the Rules of the Supreme Court as to dedimus, are expressly waived;

That the witness does not waive signature and shall read and sign this deposition before a notary public;

That any objections as to competency, materiality or relevancy are hereby reserved, but any objection as to the form of the question is waived unless specifically noted;

That the deposition or any parts thereof may be used for any purpose for which discovery depositions are competent, by any of the parties hereto, without foundation proof;

That any party hereto may be furnished copies of the deposition at his or her own expense.

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TRANSCRIPT OF DEPOSITION

(Whereupon the witness was sworn by the court reporter.)

ROBERT HEALY

called as a witness herein, at the instance of the Defendant, having been first duly sworn on his oath, was examined and testified as follows:

EXAMINATION

BY MR. HOFFMAN:

Q. Would you please state your full name for the record, sir?

A. Robert Healy, H-E-A-L-Y.

Q. Sir, my name is Jay Hoffman. I am the attorney for Lyons Township High School District 204. I issued a subpoena to you in connection with a civil lawsuit in which the Township Trustee of Schools sued Lyons Township High School for various amounts of money on various issues.

As I told you earlier, when we first spoke, you are not a party to this lawsuit nor is there any reason to believe that you would ever be a party to this lawsuit. But because you were there at the time and authored or received a lot of the documents that are important to our case, I want to ask you

1 MR. HOFFMAN: Well, right now I'm okay,
2 because I haven't been drinking any water. We can
3 certainly arrange a washroom break.

4 THE DEPONENT: What about you guys? Am I
5 the only one?

6 MR. HOFFMAN: You're the star of the show.

7 MR. KALTENBACH: I would use one if you took
8 one.

9 MR. HOFFMAN: We will take a bio break.

10 (Break taken.)

11 Q. (By Mr. Hoffman) So Mr. Healy, I would like
12 to switch over to the issue of quarterly distribution
13 of interest earned on the investments.

14 For the record, we have just taken a
15 ten-minute break. So we will include that in our
16 time calculations.

17 Sir, can you tell me about the investments
18 that you and your office made on behalf of IT and the
19 other school districts of their school funds?

20 A. It's the treasurer's job to invest the
21 money. So basically, the money is pooled. So each
22 school district has a separate -- we're going to talk
23 total fund balances and not break it down, but
24 individual. So let's talk about 14 fund balances

1 combined. And then you understand what a proportion
2 is? It's pretty basic.

3 Q. Yes, sir.

4 A. You would own a certain percentage of that
5 combined assets. Investment pool.

6 Q. So tell me how --

7 A. Each quarter. Keep track of the interest
8 paid for that quarter. And actually, I often
9 estimated the value, estimated the income, because
10 the actual numbers weren't readily available.

11 Q. Why was that?

12 A. To distribute income.

13 Q. I'm sorry.

14 A. Paid interest four times a year.

15 Q. Why were the numbers not readily available?

16 A. The sheets -- it's a lot of money. And we
17 didn't have -- I could pretty much judge what was
18 made in my head. And then I would make a
19 conservative estimate for the first three periods of
20 the fiscal year; and then at the end, the fourth was
21 usually a large payment.

22 Q. Is the fourth payment --

23 A. Where I would get as close to actual as
24 possible.

1 Q. That was at the end of the fiscal year,
2 around June?

3 A. Ending June 30th.

4 Q. And did anyone help you with those estimates
5 or help you to determine --

6 A. No.

7 Q. Okay. Who is Cheryl?

8 A. Cheryl Sudd?

9 Q. Yes. She was the outside accountant, right?

10 A. She was our bookkeeper that went back and
11 reconciled and checked all the investment
12 transactions to make sure that all income and few
13 losses were properly recorded. She kept books. She
14 kept a set of books on the stuff.

15 Q. So you were the person, as the treasurer,
16 who made the decision as to how much each quarter
17 would be paid out to the districts?

18 A. Yes.

19 Q. And then how did you determine the
20 proportionate amounts?

21 A. Well, it's just a simple mathematical
22 formula. You get a total. We had them in the last
23 set of documents.

24 Q. Sure. No, I understand.

1 But where does that percentage number come
2 from?

3 A. Oh, their fund balance -- recap of their
4 fund balances for each month, at the end of the
5 month.

6 Q. And so is that -- is the percentage you
7 would pay to each district on a quarterly basis, is
8 that percentage based on an average of the three
9 months in the quarter?

10 A. No. They were the actual fund balance
11 amounts at the end.

12 Q. At the end of each quarter?

13 A. At the end of each month. And then we get
14 an average for the quarter. So January, February,
15 March, we were getting average of those, the ending
16 month balance. So it would be an average of their
17 fund balances for the month. That would be used to
18 get a percentage to break that interest down, the
19 interest distribution down.

20 Q. Okay. I understand.

21 So are you familiar with -- tell me what the
22 general ledger was at the trustees.

23 A. Cheryl was responsible for, actually, the
24 bulk of the general ledger. And her books. It was

1 more or less between Cheryl and the auditors.

2 Q. That's Baker Tilly?

3 A. Yeah.

4 Q. And they were the ones who compiled the
5 information and --

6 A. Final draft of all our official numbers.

7 Q. And that was kept on a computer. Am I
8 correct?

9 A. I assume.

10 Q. Okay.

11 A. We had to have a computer. Even Cheryl had
12 a computer. She sent all her stuff over to us, which
13 we put somewhere.

14 Q. Let's start with --

15 A. In the basement. I don't remember.

16 Q. We have got two folders with your files. I
17 am going to start with a document -- I'm sorry. Let
18 me start over.

19 I have got a file folder that we previously
20 marked as Bradshaw Exhibit Number 6. And it's
21 entitled Healy Quarterly Interest Sheets, Number 2.
22 And it's for the years 2000 to 2012.

23 And so these are copies of what we were told
24 were your handwritten records of quarterly interest

1 distributions. And somebody else went and wrote in
2 pen in the upper right-hand corner the period to
3 which they apply.

4 A. Yes.

5 Q. So take a look at these sets of records and
6 tell me if you recognize them and if they are what I
7 was told they were.

8 A. It looks like my stuff. Yes, looks like
9 mine. Specifically what it is, I'm not sure.

10 Q. Let me direct your attention to a couple of
11 these pages.

12 A. That would be -- looks like when I was
13 trying to figure out our ending distribution interest
14 for a certain period.

15 Q. And would this be June 2000 based on what it
16 says at the bottom, June '00?

17 A. Yeah, I would assume.

18 MR. KALTENBACH: That's the first stapled
19 packet?

20 MR. HOFFMAN: Right. They're not bated
21 stamped, so we will have to do our best.

22 THE DEPONENT: That's fine.

23 Q. (By Mr. Hoffman) The next page lists Dean
24 Witter, American something.

1 A. American Funds, Franklin, Kemper, Lord
2 Abnett ==

3 Q. And are those some of the places where --

4 A. Some of the places we had funds. These
5 would have been interest income numbers at the end of
6 the year distribution.

7 Q. Why were the numbers that you used always
8 round numbers?

9 A. Well, again, this would have been an
10 estimate. I -- we did the interest distribution, I
11 would say I think it was in July. The end of the
12 year was our fourth and final distribution of
13 interest. So I kind of estimated the first three.
14 Get a good ball park.

15 Q. Okay.

16 A. And I held certain ones until the end of the
17 year to realize income from them. Realized income,
18 meaning I waited to the end of the year to see what
19 they were worth. This is a game, by the way.

20 Q. By the end of the year, was it your practice
21 to pay out every dollar and penny of the amount that
22 was earned?

23 A. No. As you can see, they were rounded
24 numbers.

1 Q. Why was that so?

2 A. Well, because then Cheryl would go back and
3 do an exact penny as to the amounts earned. I would
4 say I would just use a round number. I didn't care
5 so much about the pennies.

6 Q. Even for the fourth quarter, in June?

7 A. Yeah.

8 This is a conservative number. The money on
9 these books were left in there was much more than
10 this.

11 Q. So how did Cheryl's work at year-end for
12 investments differ from your estimates at year-end?

13 A. Hers would carry it forward to the exact
14 pennies. Exact pennies, I mean, you know, not
15 568,000; it would be \$569,329.16.

16 Q. What documents did you or --

17 A. This is more expeditious to do this. I'm
18 the bigger ball picture. She would go and dot the
19 I's and cross the T's.

20 Q. The actual check that was cut to each of the
21 districts, would the amounts be stated --

22 A. It wasn't an actual check.

23 Q. Or credit.

24 A. Interest distribution on their financial

1 statements.

2 Q. You didn't send them the actual money?

3 A. I didn't send them a check.

4 Q. Their money was kept with you anyway to pay
5 their bills, right?

6 A. Right.

7 Q. So the actual -- what should we call that --
8 the actual posting of interest paid to them, were the
9 accurate numbers stated in the general ledger that
10 Cheryl maintained or the actual numbers and accurate
11 numbers stated in your files?

12 A. The actual numbers would have been in
13 Cheryl's. My distribution numbers were as a
14 reasonable estimate by me of what was available to be
15 distributed.

16 Q. That applies to this whole set of documents
17 that we're talking about right in front of you, yes,
18 correct?

19 A. My numbers concerned -- I would have said --
20 I would have left -- I would have picked up this
21 number here, 400,000. I would have left the 41,000
22 in the bank even at the end of the month.

23 Q. So if anybody wanted to find the actual --
24 if anybody wanted to figure out how much actually

1 should have been paid or credited to each district,
2 they would look at the general ledger and not at your
3 files, correct?

4 A. Can you repeat that?

5 MR. HOFFMAN: Can you read that back?

6 (The requested portion of the
7 record was read by the Court
8 Reporter.)

9 THE DEPONENT: If you wanted an exact
10 number.

11 Q. (By Mr. Hoffman) Right. Let's assume that
12 we do want an exact number.

13 A. You would have to use Cheryl's exact
14 numbers.

15 I think that my numbers were a reasonable
16 estimate of what was made.

17 Q. And that's a reasonable estimate --

18 A. Reasonable, if not conservative number, as
19 to the rate of return on investment.

20 Q. And that's for all four of the quarters that
21 were involved, correct?

22 A. Yes.

23 Q. Now, let me ask you --

24 A. Are you also -- if I didn't pick this, let's

1 say, this 41,000 here, the remainder, that would have
2 been picked up the following year. It wasn't like I
3 kept it. It was just, you know, it would go into
4 next year's pool of interest.

5 Q. Where were the records kept that actually
6 showed the source documents for Dean Witter and other
7 accounts?

8 A. They were all kept by -- they were filed by
9 banking institutions. Dean Witter was all together
10 when I left. American Funds was all together.
11 Franklin. We sent Cheryl monthly copies of these to
12 keep her up to date. And after Cheryl left, it went
13 to that Bradshaw lady, who was Cheryl's friend.

14 Q. That's Kelly Bradshaw?

15 A. Yeah, I think so. She was part-time right
16 about the time I left.

17 Q. Do you have any thoughts -- how was she?
18 You worked with her for --

19 A. Bitch.

20 Q. Say that again.

21 A. She was a little bit difficult to work with.

22 Q. How was the quality of her work, putting
23 aside her demeanor and temperament?

24 A. If you get past her temperament, she was

1 fine. Cheryl was a lot easier to work with.

2 Q. Okay.

3 A. Cheryl was actually one of our auditors.
4 When she left, she came back to work for us part-time
5 doing the reconciliation of books. And also --

6 Q. She had been with Gurrie?

7 A. Yeah.

8 Q. And then came to work part-time?

9 A. She left Gurrie and she went somewhere else
10 and worked for us part-time. Gurrie -- it's just
11 coming back to me. I haven't thought of it in
12 20 years. Gurrie wanted this, because I couldn't
13 adequately keep track of all this, all this stuff.

14 Q. Why was that?

15 A. It was too big. You know, when I left, it
16 was -- I don't know. You guys probably know better
17 than I do -- 400 million a year.

18 Q. And why did you have difficulty keeping
19 track of that?

20 A. Because there was multiple accounts. There
21 was a lot of volume. Lot of transactions.

22 Q. And --

23 A. And also, if I may interpret you before we
24 go too far.

1 Gurrie, our auditors, suggested it would be
2 a good idea to have somebody else do the books, aside
3 from me, as a double check on my numbers. So if I
4 picked up something, maybe they would -- Cheryl would
5 go in and reconcile it to the exact cash number in
6 the banks. We dealt with numerous banks.

7 Q. Why wasn't there -- I haven't seen a
8 document for the 1995 to 2012 period that was just a
9 comprehensive listing of all of the investments, the
10 rates of return.

11 Were there such things?

12 A. Sure. In fact, ask LT. I used to send them
13 a monthly report, investment report, if I'm not
14 mistaken.

15 Q. What did that investment report that you
16 sent out to LT have on it?

17 A. It was more toward the end of my time there.
18 It was -- oh, my God.

19 Q. Was that when David Sellers was asking
20 for --

21 A. Yeah, Sellers.

22 Q. Sellers was asking for more information on
23 investments?

24 A. We gave it to him monthly.

1 Q. Okay.

2 A. It was a breakdown of everything we had.

3 Q. Did you ever --

4 A. It was off the list of the actual
5 instruments, not only by institution, but by item.
6 It led to. They wanted more and we gave them more.
7 Kind of a pain.

8 Q. Was there ever a time where you paid either
9 LT or any other district more than they were entitled
10 to get of their investment income?

11 A. I do not think -- I do not recall doing
12 that.

13 Q. Was there ever a time where there was an
14 accidental overpayment to all of the districts,
15 possibly in 2007?

16 A. Might have been. If I had my income
17 estimate was wrong, it would have happened. But I
18 would have to have made up for it in the future.

19 Q. And when you say "made up for it," you mean
20 by reducing the interest payment in subsequent years?

21 A. Right. In other words, they got money
22 early. That's how you look at it.

23 Q. In that type of instance, would that be an
24 overpayment that would have been made across the

1 board to all of the districts?

2 A. Yes, I would assume so. Because we paid out
3 according to that distribution.

4 Q. Right.

5 Because if the income number was incorrect,
6 that was a collective or pooled income for all the
7 districts, right?

8 A. Yeah.

9 Q. Now, so let me take a look at this very
10 first -- this document, which is labeled QDI or
11 Quarterly Distribution of Income, October 2000, for
12 the months July, August, September 2000.PDF. And
13 it's got a series of districts down in the left-hand
14 column.

15 A. Yeah, I know what it is.

16 Q. And it's got a quarterly average of the fund
17 balance. And then it's got an interest amount.

18 A. Right.

19 Q. And so am I correct that, for this quarter,
20 there was an amount of \$1 million paid out in
21 interest to all the districts?

22 A. Yes.

23 Q. And it was divided up by proportionate
24 amount to the various districts?

1 A. Right.

2 Q. So under District 204, which is LT, it has a
3 figure of \$215,254, correct?

4 A. Right.

5 Q. Is that -- would that be the amount that was
6 actually paid to them or would the amount that was
7 actually paid to them during this quarter be a
8 slightly different amount based on Cheryl's work?

9 A. This would be the amount paid to them.

10 Q. And why do you know that this was -- this
11 was the amount that was -- when we say "paid to
12 them," obviously we're talking about credit to their
13 account, right?

14 A. Yeah.

15 Q. So why do you feel confident that the amount
16 of interest earned by District 204 for this
17 particular quarter was 215,254?

18 A. Well, I'm assuming normal procedures, the
19 way we did it.

20 Q. Now, can you cross reference this and show
21 me how you would do that by the documents which are
22 Bradshaw Exhibit Number 7, which are called C-5-1510
23 G/L reports or general ledger reports?

24 Are you familiar with the reports that are

1 A. I shouldn't use this word, but I am not the
2 bullshit artist that a lot of these school people
3 are. No offense here. That's what my father would
4 say.

5 Q. Mr. Healy, we were looking -- I'm not going
6 to pull them back out again -- but you recall there
7 were two of these folders that had a bunch of your
8 handwritten notes and calculations.

9 A. Yeah.

10 Q. Were those, to the best of your knowledge,
11 were those accurate when you prepared them?

12 A. Yes.

13 Q. Did you prepare those in the ordinary course
14 of your business?

15 A. Yes.

16 Q. And was it in the ordinary course of your
17 office to keep records such as that?

18 A. They're out there somewhere. I never threw
19 them away.

20 Q. Because we have them here.

21 A. Yeah.

22 Q. That is to say it was office policy that you
23 create records like that, correct?

24 A. Oh, yeah. I kept them filed quarterly.

1 Each quarter, separate file.

2 Q. At the time that you created those records,
3 was the information that you are writing down, is
4 that fresh in your mind or were you looking at
5 something when you did it?

6 A. To the best of my knowledge, yes.

7 Q. And you --

8 A. I mean, I tried to do the best job I could.
9 I didn't just make stuff up. I'm just telling you.

10 Q. I am not accusing you of doing that.
11 There's some specific legal questions that I am
12 trying to figure out.

13 A. All right.

14 Q. When you were making these records -- you
15 had, at that time, you had personal knowledge of the
16 numbers you were writing down, correct?

17 A. Yes, sir.

18 Q. And the general ledger printouts that we
19 looked at, it was the treasurer's office, they have a
20 general ledger system, it was their policy to keep
21 that general ledger in the ordinary course of the
22 treasurer's business, correct?

23 A. Yes.

24 Q. In fact, the general ledger was kept in the

1 ordinary course of the treasurer's business, correct?

2 A. Yes.

3 Q. When entries are made into the general
4 ledger, are they made by people that have knowledge
5 of what those entries are?

6 A. Sure.

7 Q. Are they made by those people at or about
8 the time -- do they make the entries at or about the
9 time that they're receiving the data that's being
10 entered?

11 A. Yes. A day or so.

12 Q. Okay. Fair enough.

13 MR. KALTENBACH: I think I can cut through a
14 lot of these as you covered a lot of them.

15 MR. HOFFMAN: Good.

16 THE DEPONENT: I hate you guys driving home
17 so late.

18 MR. HOFFMAN: That's all right.

19 MR. KALTENBACH: I had to do the same thing
20 in Muskegon, Michigan.

21 (Whereupon said document was duly
22 marked for purposes of
23 identification as Healy Exhibit 4,
24 as of this date.)