

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

TOWNSHIP TRUSTEES OF SCHOOLS)	
TOWNSHIP 38 NORTH, RANGE 12 EAST,)	
)	No. 13 CH 23386
Plaintiff and Counter-Defendant,)	
)	
v.)	Hon. Thomas M. Mulroy
)	
LYONS TOWNSHIP H.S. DISTRICT 204,)	Calendar I
)	
Defendant and Counter-Plaintiff.)	(Transferred to Law)

LT'S TRIAL BRIEF & OPENING STATEMENT

Jay R. Hoffman
Hoffman Legal
20 N. Clark St., Suite 2500
Chicago, IL 60602
(312) 899-0899
jay@hoffmanlegal.com
Attorney No. 34710

This is the trial brief and opening statement of Defendant and Counter-Plaintiff LT, the public high school. This trial brief outlines the legal and factual issues involved in the two remaining claims of the TTO; LT's affirmative defenses; and LT's counterclaims.

**I. THE TTO'S PRO RATA EXPENSES CLAIM (TO FY2012)
& LT'S SETOFF COUNTERCLAIM (COUNT I)**

The TTO's Pro Rata Expenses Claim asserts that LT failed to pay certain pro rata invoices that it sent to LT. The FY2013 invoice involves separate issues, addressed below. The Pro Rata Expenses Claim through FY2012, and Count I for Setoff of LT's Counterclaim, concern the validity of an agreement the parties reached in 2000 and reaffirmed annually in subsequent years.

The agreement provided that the TTO would pay for the costs of LT's business and accounting functions. This agreement was based on a mutual recognition that the TTO performed these functions for all districts but LT, which performed these services for itself, and that the TTO would have to incur substantial costs if it attempted to do that additional work in-house. The parties set off these costs against the TTO's annual pro rata expenses invoice. Through this arrangement, the TTO essentially outsourced LT's accounting work to LT, just as the TTO outsourced its own accounting work to outside accountants and its investment services to outside managers. This agreement addressed the inequity of the TTO charging LT over \$200,000 a year for no services.

Also, the agreement was rooted in the TTO's desire to keep LT within what is an unnecessary organization that exists solely for political reasons. LT was and is the biggest member, by dollars and by students, of any district. LT is one of 14 districts and educational entities in the TTO, but it represented a 20-25% share of the TTO's revenues and expenses.

A. Section 8-4 of the School Code

The TTO's Pro Rata Expenses Claim is based on an alleged violation of Section 8-4 of the

School Code, which requires each district to “pay a proportionate share of the compensation of the township treasurer . . . and a proportionate share of the expenses of the township treasurer’s office.” 105 ILCS 5/8-4. In the relevant years, the TTO sent LT letter invoices with a bottom-line number and no documentation. The TTO always lagged almost a full year behind in its billings.

However, the evidence will show that, the parties’ agreement did not change or eliminate LT’s obligations under Section 8-4. Indeed, the TTO expressly recognized in writing that the agreement did not involve a change in the pro rata expenses billing. Also, the TTO’s argument that this agreement was solely with the TTO’s Treasurer Robert Healy is contrary to the evidence.

B. Negotiation of the TTO-LT Agreement

In July 1999, Healy met with the TTO Trustees about LT’s concerns over the TTO’s excessive and inequitable costs. They discussed several options, one of which was to “fund certain business functions” of LT. In August 1999, wrote LT a letter, copied the TTO Trustees, which presented five proposals. The first proposal was “Deviation from Pro-Rata Billing,” whereby the pro rata share allocations would change for all districts, and LT would pay less. Healy recommended against this option – which is what the TTO now claims the agreement was – because it would require all districts to sign an intergovernmental agreement, and this was unlikely.

The second proposal was “Funding by Township School Treasurer of Some District Functions.” This was the proposal that Healy recommended, and the basis for the eventual agreement. Healy explained, “If the responsibilities for the Accounts Payable and Payroll production were returned to the School Treasurer’s office it would mean higher operating costs for the Treasurer’s office in the form of salaries and benefits for increased staff and higher related expenses to accommodate the increase in work load.” Unlike the first proposal, Healy represented, the second proposal did not require an intergovernmental agreement, but only the approval of the

TTO Trustees – which he said was likely.

The TTO and LT moved forward with the second proposal. Healy and Beckwith negotiated the terms of a written agreement that fleshed out the details. This is the February 29, 2000 Memorandum that Beckwith sent to Healy (“the February 2000 Memo”), which detailed “a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer’s office.” This is the writing that constituted the agreement. The TTO is correct that this agreement does not contain the physical signatures of the parties.

C. Board Approvals of the Agreement

However, both parties’ Boards received the written proposal and voted to approve it. This made the agreement binding. In March 2000, the TTO Trustees held a meeting. The Trustees received the February 2000 Memo, and Healy presented LT’s proposal for approval. The Trustees voted unanimously to accept the agreement between LT and the TTO.

The TTO now claims that the Trustees’ vote was merely to “receive” LT’s proposal, and not to approve it. This position on the meaning on the word “accept” in the minutes is contrary to the testimony of the only two living persons who attended the March 2000 meeting, and defies all logic and common sense. The TTO’s odd position also ignores the 13-year-long course of dealing that followed, in which the agreement was reaffirmed in 12 succeeding years.

In June 2000, the LT Board received the February 2000 Memo and approved the agreement with the TTO. It authorized the net payment due to the TTO after the setoff of LT’s business function costs against the TTO’s current invoice. Because the matter had been reviewed thoroughly in LT’s Finance Committee, the LT Board voted their approval on the consent agenda. The TTO takes issue with LT’s consent agenda vote, but that argument is baseless.

The agreement between TTO and LT was not hidden from other districts. Elise Grimes,

another district's superintendent, learned of the arrangement at superintendent meetings where the agreement was "openly discussed." The TTO even received a legal opinion in May 2000 on the agreement, even though the TTO now contends that no such agreement existed. The TTO shielded the substance of the legal opinion through a claim of attorney-client privilege.

The TTO also contends that the agreement, if it existed at all, was for only one year. This position is inconsistent with the evidence. In September 2000, Healy wrote LT, "As was done last year the Trustees will continue funding certain business functions. Funding last year totaled \$106,403.00 (which brought the district's net payment to \$59,073.00)." LT re-affirmed the parties' arrangement every year after 2000 when the LT business manager sent the TTO a memo with LT's costs to be set off, and LT's Board approved LT's budget with projected expenses and the net payment to the TTO. On the TTO side, the evidence will show that the TTO Trustees periodically reviewed and approved the accounts and expenses of the Treasurer, and they were aware of the ongoing agreement with LT. The TTO's internal records for "Pro Rata" payments of the districts show that the TTO accepted LT's pro rata expense payments after setoff and repeatedly and literally checked them in as satisfied.

In 2012, Healy resigned, and a new group took over the TTO. In April 2013, the TTO sent a letter to LT denying the existence of the agreement on LT's business function costs; accusing LT of violating Section 8-4; and demanding payment from LT of over \$2 million. LT accepted this letter as notice the agreement would not be re-affirmed for FY2013.

D. An Intergovernmental Agreement Was Not Required.

In addition to its misplaced arguments that LT violated Section 8-4, and that only Healy authorized the agreement, the TTO contends that the actions of the parties' Boards are invalid because they violated the Intergovernmental Cooperation Act ("the Act"), which the TTO claims

required a formal intergovernmental agreement.

This argument is based on a fundamental misunderstanding of the purpose and scope of the Act, as well as the nature of the long-standing joint venture relationship between the TTO and its member districts. This argument also ignores the TTO's express representations in the August 1999 letter that an intergovernmental agreement was not required for the "second proposal."

Initially, the Act does not require that every financial transaction between two government entities be memorialized in a signed agreement that conforms to the Act. An Illinois court construing the Act analyzed its purpose as follows: "Intergovernmental cooperation is the voluntary participation of units of local government in joint undertakings.... This section [of the Act] was intended to encourage rather than enforce cooperation and further remove the necessity under Dillon's Rule of obtaining statutory authorization for each cooperative venture by a unit of by a unit of local government or a school district." *Elmwood Park v. Forest Preserve Dist.*, 21 Ill.App.3d 597 (1st Dist. 1994) (emphasis added).

Thus, although joint venture "agreements are encouraged by the Intergovernmental Cooperation Act," *DOT v. Callender Constr.*, 305 Ill.App.3d 396, 404-05 (4th Dist. 1999), they are not required when the local governmental units already are part of a joint venture, and the transaction at issue is an expense already authorized by statute – as is the case here.

The limited scope of the Act is confirmed by the TTO's own practices with respect to intergovernmental agreements. There was no intergovernmental agreement between the TTO and its member districts, including LT, authorizing the TTO to borrow millions of dollars from the districts (which the TTO called "advances") to fund the TTO's operations, its legal costs, and the losses from Healy's thefts. Nor was there an intergovernmental agreement between the TTO and its member districts, including LT, authorizing the TTO to take \$2.5 million from the districts to

provide collateral for a loan to a single member entity known as West 40. Nor was there an intergovernmental agreement between the TTO and the other districts, including LT, authorizing the TTO to spend district money – which it did every year – on the outsourcing of its own business functions to various accounting firms and outside contractors.

Indeed, the only intergovernmental agreement disclosed in the record involves the creation of a new “cooperative venture”: the Intergovernmental Cooperative Agreement of the Lyons Township Elementary School Districts’ Employee Benefit Cooperative. This cooperative is a newly created government entity that fits within the intent of the Act. There is no such cooperative venture in our case.

Both LT Board Member Shapiro and LT Business Manager Beckwith, who both had vast experience in school district management, will testify that no intergovernmental agreement was necessary for this arrangement. The TTO already had the statutory authority to perform business functions for LT and the other districts, and to pay both employees and non-employees of the TTO to perform those business functions. Moreover, in 2000, the TTO and LT already had a joint governmental venture – that is, the TTO system itself. Unlike, for example, a city that wants to take over or share a roadway with an adjacent city, the TTO and its member districts’ financial functions already were tied together. Under Illinois law, the TTO by statute served as the fiscal agent for LT: “trustees of schools are the fiscal agents for the business of their townships, of which the funds of the various school districts are a part, and, as such, have the management of such funds and financial affairs.” *Lynn v. Trustees of Schools*, 271 Ill.App. 539, 547 (4th Dist. 1933).

II. THE TTO’S PRO RATA EXPENSES CLAIM (FY2013)

There are separate issues involving the FY2013 pro rata expenses invoice. This invoice does not involve a setoff for the costs of LT’s business functions. LT paid most of this invoice, but

refused to pay a substantial portion based on questions and concerns about certain claimed expenses that it communicated in writing to the TTO.

LT's position is that the disputed charges, and other expenses that the TTO refused to explain, are not "expenses of the township treasurer's office" within the meaning of Section 8-4 of the School Code, 105 ILCS 5/8-4. This is based on the nature of the expenses, and the failure of the TTO to justify and document the contested expenses.

Many disputed charges are related to the TTO's efforts to sue LT and charge LT for those costs. The School Code nowhere authorizes the TTO to recover its attorneys' fees in a suit against LT. Illinois law does not allow for shifting of attorneys' fees without express statutory authority: "Generally, Illinois courts follow the 'American Rule,' which provides that each party must bear its own attorney fees and costs, absent statutory authority or a contractual agreement.... [A] statute or contract must allow for attorney fees by specific language, such that the provision at issue must specifically state that 'attorney fees' are recoverable." *Bank of Am. v. WS Mgmt.*, 2015 IL App (1st) 132551, ¶119-20.

Although Illinois law allows the TTO to hire private attorneys to pursue legal claims against third parties, *Lynn*, 271 Ill.App. at 547, no statute allows the TTO to bill LT for the costs of being sued by its own fiscal agent.

LT notes that the TTO has taken pains in the two pending cases, apparently for insurance-related reasons, to distinguish the TTO Trustees from the TTO Treasurer. That is why the TTO now calls itself the generic term "Plaintiff." The Amended Complaint claims that the Trustees brought this case on behalf of the Treasurer. By the TTO's own admission, the litigation costs of the Trustees' three law firms and many lawsuit-related contractors (like the Legacy accountants, Kelly Bradshaw, and the Jascula PR firm) are not expenses of the Treasurer, nor are they "office

expenses” within the meaning of Section 8-4. It would be grossly inequitable for LT to prevail mostly or entirely in this case, only to be required to pay 25% of the TTO’s attorneys’ fees and costs. The TTO already spent over \$2 million in fees and expenses on this ill-conceived case, and its maximum recovery is much less. LT’s partial payment for FY2013 was appropriate.

III. THE TTO’S AUDIT PAYMENTS CLAIM

The TTO’s Audit Payments Claim seeks recovery from LT of payment that the TTO made to an audit firm for LT’s annual audits. The TTO made these payments knowingly and deliberately, but the new regime at the TTO claims they were illegal and wants LT to repay these amounts.

The evidence will show that the TTO hired an accounting firm now known as Baker Tilly, and formerly known as William F. Gurie and Virchow Krause (“Baker Tilly”), to perform one big audit for the TTO and all the member school districts. The TTO paid for LT’s annual audits since at least the early 1990s. This arrangement ended after the new TTO leadership took over. LT disputes the TTO’s legal right to seek recovery of these payments; disputes certain of the factual bases for the TTO’s claim; disputes the TTO’s unusual view on the application of the statute of limitations to this claim; and disputes the TTO’s calculation of damages.

A. The Legal Basis for the Audit Payments Claim: Section 3-7

Throughout this case, in the Complaint (¶ 48) and summary judgment proceedings, the TTO’s legal justification for the Audit Payments Claim was Section 3-7 of the Illinois School Code, 105 ILCS 5/3-7. Section 3-7 states, “Each school district shall, as of June 30 of each year, cause an audit of its accounts to be made....” This provision empowers the regional superintendent, in a district does not submit an audit, to pay for one and charge the cost back to the district. *Id.*

Illinois law prohibits courts from construing statutes to add conditions not expressly stated. “We cannot rewrite a statute under the guise of statutory construction or depart from the plain

language of a statute by reading into it exceptions, limitations, or conditions not expressed by the legislature.” *People v. Michelle J.*, 209 Ill.2d 428, 437 (2004).

Section 3-7 provides no support for the TTO’s Audit Payments Claim. Nothing in Section 3-7 required LT to pay for its own annual audit. Nothing in Section 3-7 prohibited the TTO from paying for LT’s audit. TTO’s representative witness will admit these truths at trial.

The TTO’s contends that because Section 3-7 authorizes the regional superintendent, when a district does not submit an audit, to order an audit and charge the district for it, that authorization implies that a district always must pay for its own audit. This argument violates the principles of statutory construction in *Michelle J.* Also, this argument ignores the fact that the office of the regional superintendent was abolished in 2010. Whatever grant of rights Section 3-7 might contain, it does not provide any statutory authority to the TTO.

The TTO also argues that because LT “engaged” Baker Tilly, it must pay for its costs. The evidence will show that the TTO selected Baker Tilly to perform the audits. The fact that LT signed engagement letters does not mean that those engagement letters conferred any rights on the TTO.

B. The New Legal Argument: Section 8-4

Perhaps realizing that Section 3-7 does not support its claim, the TTO’s Statement of the Case offers a new argument: that the payments to Baker Tilly were not an expense of the Treasurer’s office under Section 8-4 because they were an expense of LT. The record will show that the TTO’s Treasurer at the time treated the Baker Tilly payments as expenses of the treasurer’s office; that the Trustees reviewed and approved those expenses on a regular basis; and that the TTO billed out these charges in its pro rata expenses invoices. LT cannot be accused of violating Section 8-4, given that the TTO’s claim accuses itself violating Section 8-4. The TTO does not and cannot claim any fraud, duress, or mistake in making these payments.

C. The TTO's "Rogue Treasurer" Argument

While not a legal argument, the TTO contends that it can recover the disputed payments because the arrangement with LT was the work of a 'rogue treasurer.' The evidence at trial will show that the TTO's payment of audit costs was not done solely on Treasurer Healy's authority, and the Trustees were aware of and approved these payments. The Trustees' examination and approval of these costs were mandated by statute: "At each regular meeting ... the trustees of schools shall examine all books, notes, mortgages, securities, papers, moneys and effects of the corporation, and the accounts and vouchers of the township treasurer" 105 ILCS 5/5-20.

D. The TTO's Representations Concerning Payments for All Districts' Audits

The evidence at trial will show that the TTO repeatedly told LT – in letters and in oral conversations – that the TTO paid for the audits of all the districts. These representations are consistent with the understandings that both the TTO's Trustees and its Treasurer at the time. Whether the TTO regularly paid for the audits of the districts other than LT is an open question. There certainly is evidence to suggest that some or most of the other districts paid for their annual audit costs.

Yet this fact is irrelevant to whether the TTO may sue LT for violating the School Code. Where the TTO's representations come into play are in LT's affirmative defenses.

E. The TTO's Claimed Damages

Should the TTO be entitled to any relief, the evidence at trial will show that the TTO's claimed damages are overstated by about 25%. The TTO included the disputed Baker Tilly payments in its expenses, which it billed out to the member districts. Because the TTO billed LT for about 25 percent of the pro rata expenses during this time period, the TTO already billed LT for 25% of the disputed Baker Tilly payments.

Also, the TTO's damages figure in the Statement of the Case is plainly wrong. The TTO's figure of \$249,008.21 ignores the application of the 5-year statute of limitations. The disputed payments that the TTO made in the 5-year period before the filing of this case (on or before 10-17-2008) totaled \$165,435.35. The TTO reaches the higher figure by improperly including payments it made during FY2008, even those payments it made from 7-16-2007 through 10-15-2008. (Ex. A, attached.) LT will address this issue in the context of LT's Motions in Limine.

IV. LT'S AFFIRMATIVE DEFENSES

Several of LT's affirmative defenses are critical to a just resolution of this case. LT's Second Affirmative Defense: Statute of Limitations already prevailed, and its impact will be further refined through resolution of LT's Motions in Limine. Even if the TTO is able to prove one or both of its claims, LT's other affirmative defenses should bar all relief.

A. First Affirmative Defense: Laches

Under Illinois law, "laches are applied when a party's failure to timely assert a right has caused prejudice to the adverse party. The two fundamental elements of laches are lack of due diligence by the party asserting the claim and prejudice to the opposing party. *Van Milligan v. Board of Fire & Police Comm'rs*, 158 Ill.2d 85, 89 (1994). "The applicability of *laches* to a given case lies within the discretion of the circuit court." *Richter v. Prairie Farms Dairy, Inc.*, 2016 IL 119518, ¶51. The evidence supporting a laches defense against a public entity must present "unusual or extraordinary circumstances," *Van Milligan*, 158 Ill.2d at 90. "[T]he existence of prejudice is so critical that in some instances, a court may impose *laches* on a claim brought before the statute of limitations has expired." *Renth v. Krausz*, 219 Ill. App. 3d 120, 122 (5th Dist. 1991).

This case does present unusual and extraordinary circumstances. LT's laches defense asserts that the TTO lacked diligence in pursuing its claims, given that the TTO – including its

Treasurer and Trustees – knew the operative facts but chose not to file suit for over a decade.

On the Pro Rata Expenses Claim, but for the TTO's lack of diligence in filing suit, LT could have chosen to shift its business functions over to the TTO, as unpalatable as that might have been. Also, absent the setoff arrangement, LT could have sought legislative action to remove LT from the TTO's operation (which it did as soon as this arrangement ended).

On the Audit Payments Claim, the evidence will show that LT used Baker Tilly as its auditor only because the TTO selected that firm and paid for its audit work. Had the TTO filed suit earlier, LT could have competitively bid its audit work to save money. Also, the TTO's long delay in filing suit prevented LT from conducting its defense before critical witnesses like TTO Trustee Joseph Nekola and LT Business Manager Leon Eich died.

B. Third Affirmative Defense: Promissory Estoppel

“Promissory estoppel is an equitable device invoked to prevent a person from being injured by a change in position made in reasonable reliance on another's conduct.” *Gold v. Dubish*, 193 Ill.App.3d 339, 345 (5th Dist. 1989). “The application of promissory estoppel requires that there be a promise unambiguous in terms; that there be reliance on such promise by the party to whom it is made; that this reliance be expected and foreseeable by the party making the promise; and that the one to whom the promise is made in fact relies upon it to his injury.” *Gerson Electric Construction Co. v. Honeywell, Inc.*, 117 Ill.App.3d 309, 312 (1st Dist. 1983).

In this case, extraordinary circumstances justify its application of this defense to a public body. The evidence will show that the TTO repeatedly promised LT through its words and actions over the course of many years that it would pay for the costs of LT's annual audit (provided that LT used the TTO's chosen auditor), and that it would pay for LT's business costs and set those costs off against the pro rata expenses invoices.

C. Fourth Affirmative Defense: Equitable Estoppel

Equitable estoppel applies “where a person has said or done something, and another party has reasonably and detrimentally relied upon that statement or conduct, the person cannot deny it.... [E]quitable estoppel may apply against municipalities, in extraordinary and compelling circumstances.” *Patrick Eng’g, Inc. v. City of Naperville*, 2012 IL 113148, ¶ 35.

In this case, the TTO’s Trustees publicly voted in 2000 to accept LT’s proposal on the TTO’s payment of LT’s business costs. In each subsequent year, the Trustees reviewed and approved the reports and expenses of the Treasurer, which necessarily included the setoffs against the pro rata expenses and the payments to Baker Tilly for LT’s audits. To allow the new set of Trustees in 2013 to deny these actions of its predecessors would be unjust.

D. Ninth Affirmative Defense: Voluntary Payment Doctrine

“Under the voluntary payment doctrine, money voluntarily paid under a claim of right to the payment, and with knowledge of the facts by the person making the payment, cannot be recovered by the payor solely because the claim was illegal. Absent fraud, misrepresentation, or mistake of fact, money voluntarily paid under a claim of right to the payment, with full knowledge of the facts by the person making the payment, cannot be recovered unless the payment was made under circumstances amounting to compulsion.” *Jenkins v. Concorde Acceptance Corp.*, 345 Ill.App.3d 669, 674-75 (1st Dist. 2003).

With respect to the Pro Rata Expenses Claim, the record shows that LT annually submitted to the TTO a claim for reimbursement for the costs of LT’s business functions. Those annual claims included a detailed description of the employees who performed the business functions, their salaries and benefits, and any ancillary expenses. With full knowledge of the relevant facts, the TTO each year during that period made payment on LT’s claims by agreeing to offset the costs

of LT's business functions against LT's annual pro rata expense invoices.

With respect to the Audit Payments Claim, LT plainly expected the TTO to pay for LT's audit expenses, and so did Baker Tilly, as shown by the submission of invoices to the TTO for payment. Those invoices described the work that Baker Tilly did for LT. With full knowledge of the facts, the TTO made payment.

The TTO did not make these payments or setoffs due to any fraud, coercion, or mistake of fact.

E. LT's Other Affirmative Defenses

Based on the developments in this case during summary judgment proceedings, and in order to simplify the proceedings in this case, LT waives (a) Fifth Affirmative Defense: Waiver, (b) Sixth Affirmative Defense: Unclean Hands, (c) Seventh Affirmative Defense: Unjust Enrichment, and (d) Eighth Affirmative Defense: *Quantum Meruit*.

V. LT'S INSURANCE PROCEEDS COUNTERCLAIM (COUNT II)

Count II for Breach of Fiduciary Duty alleges that the TTO's former Treasurer stole over \$1 million from the districts' funds; that the TTO recovered \$1,040,000 in insurance proceeds from two fidelity bonds; and that the TTO failed to distribute these recoveries to the districts. LT asks the Court to order the TTO to pay LT its share of the recoveries in the amount of \$225,341.

"To state a claim for breach of fiduciary duty, a plaintiff must allege the existence of a fiduciary duty, the breach of that duty, and damages proximately caused therefrom." *Duffy v. Orlan Brook Condominium Owners' Ass'n*, 2012 IL App (1st) 113577, ¶17. In this case, the TTO is charged with acting as the fiscal agent of LT. The TTO holds and manages over \$40 million of LT's funds in agency accounts. In addition, the TTO incurs expenses as LT's fiscal agent that it

charges to LT and the other districts in annual billings. The relationship between the TTO and LT therefore is fiduciary in nature, and the TTO has admitted this relationship in writing.

There is no dispute that in August 2013 and June 2014, the TTO received insurance proceeds of \$1,040,000. These were settlements of claims that the TTO made on fidelity bonds. The fidelity bonds covered Healy's thefts of the school districts' money. Nevertheless, the TTO failed to distribute even \$1 of these proceeds to the school districts.

The TTO has given conflicting explanations of how it supposedly spent/accounted for the \$1,040,000, all of which are unconvincing as factual matters and inconsistent with the TTO's fiduciary duty to LT. While the TTO contends that the districts each own a fractional share of all of the TTO's funds and transactions, the reality is that LT has a separate agency account that can and should hold LT's money. LT's supposed right to a "share" of the TTO's shady dealings and unexplained line items in its murky financial statements is not a substitute for money placed directly into LT's agency account.

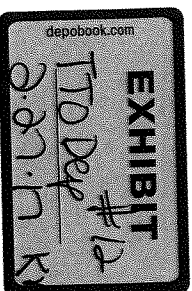
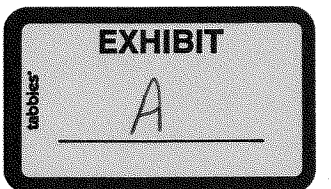
In June 2014, LT's proportionate share of revenues for FY2014 was 21.6674%. TTO Trial Ex. 70. Accordingly, LT was and is entitled to have its agency account credited with 21.6674% of the \$1,040,000 recovery, which is \$225,341, for the TTO's breach of fiduciary duty.

LYONS TOWNSHIP HIGH SCHOOL
DISTRICT 204

By s/Jay R. Hoffman
Its Attorney

VENDOR DETAIL
 WILLIAM F. GURRIE
 VIRCHOW KRAUSE
 BAKER TILLY VIRCHOW KRAUSE
 FISCAL 1994-2012

ACCOUNT NUMBER	CHECK DATE	DESCRIPTION	TYPE	CHECK NO	AMOUNT	INV DATE	INV NUMBER	204 BILL	INV COPY
1-2520-317-0-0	7/1/1993	BUSINESS SER ANNUAL AUDI	E	73619	1,475.00	5/31/1993	DIST. 204	204 GL	
1-2520-317-0-0	7/1/1993	BUSINESS SER ANNUAL AUDI	E	73619	1,205.00	3/31/1993	DIST. 204	204 GL	
1-2520-317-0-0	11/15/1993	BUSINESS SER ANNUAL AUDI	E	82813	2,970.00	10/31/1993	DIST. 204	204 GL	
1-2520-317-0-0	12/15/1993	BUSINESS SER ANNUAL AUDI	E	91175	1,250.00	11/30/1993	DIST. 204	204 GL	
1-2520-317-0-0	2/7/1994	PROF SERVICES # 204	C	86028	1,540.00			204 GL	
1-2520-317-0-0	4/15/1994	DIST 204	E	90298	4,285.00	3/31/1994		204 GL	
1-2520-317-0-0	5/13/1994	DIST 204 BALANCING	E	94599	2,343.00	4/30/1994	DIST 204	204 GL	
1-2520-317-0-0	6/15/1994	BUSINESS SER ANNUAL AUDI	E	96496	989.00	5/31/1994	DIST. 204	204 GL	
1-2520-318-0-0	6/30/1994	BUSINESS SER LEGAL SERV	E	97924	73.00	4/30/1994	DIST #204	204 GL	
1-0000-000-0-0	6/30/1994	REIMB AUDIT EXP	M		15,715.00	6/27/1994		204 YES	
1-2520-318-0-0	8/31/1994	BUSINESS SER LEGAL SERV	E	101494	441.00	6/30/1994	DIST 204	204 GL	
1-2520-317-0-0	9/30/1994	BUSINESS SER ANNUAL AUDI	E	104232	8,700.00	8/31/1994	DIST. 204	204 GL	
1-2520-318-0-0	1/31/1995	BUSINESS SER LEGAL SERV	E	113456	290.00	12/31/1994	SOC SEC #204	204 GL	
1-2520-317-0-0	4/12/1995	FLEX & SCHLRSHIP	E	119940	75.00	3/28/1995	204	204 GL	
1-2520-317-0-0	8/11/1995	FORM 5500-CR	E	127635	350.00	7/21/1995	DIST 204	204 GL	
1-2520-317-0-0	8/11/1995	SCHOOL LEVY/TAX CAP	E	127635	160.00	6/30/1995	DIST 204	204 GL	
1-2520-317-0-0	9/15/1995	BUSINESS SERANNUAL AUDI	E	129585	7,500.00	8/31/1995	DIST 204	204 GL	
1-2520-317-0-0	11/30/1995	BUSINESS SERANNUAL AUDI	E	136511	2,500.00	10/31/1995	DIST 204	204 GL	
1-2520-318-0-0	11/30/1995	BUSINESS SERANNUAL AUDI	E	136511	1,500.00	9/30/1995	DIST 204	204 GL	
1-2520-317-0-0	12/11/1995	BUSINESS SERLEGAL SERV	E	136567	430.00	10/31/1995	DIST 204	204 GL	
1-2520-317-0-0	6/28/1996	BUSINESS SERANNUAL AUDI	E	151793	4,800.00	5/31/1996	DIST 204	204 GL	
1-2520-317-0-0	7/15/1996	BUSINESS SERANNUAL AUDI	E	152370	7,200.00	6/30/1996	DIST 204	204 GL	
1-2520-317-0-0	10/11/1996	BUSINESS SERANNUAL AUDI	E	158295	1,600.00	9/30/1996	DIST 204	204 GL	
1-2520-317-0-0	10/31/1996	BUSINESS SERANNUAL AUDI	E	160108	7,000.00	8/31/1996	DIST. 204	204 GL	
1-2520-317-0-0	11/14/1997	BUSINESS SERANNUAL AUDI	E	188826	6,150.00	10/31/1997		204 YES	
1-2520-317-0-0	1/7/1998	BUSINESS SERANNUAL AUDI	E	193313	3,150.00	12/31/1997		204 YES	
1-2520-317-0-0	7/22/1998	BUSINESS SERLEGAL AUDI	E	13405	5,200.00	7/10/1998	DIST 204	204 YES	
1-2520-318-0-0	11/30/1998	BUSINESS SERLEGAL SERV	E	24092	4,000.00	10/31/1998	DIST 204	204 YES	
1-2520-318-0-0	12/11/1998	BUSINESS SERLEGAL SERV	E	24913	4,000.00	11/30/1998	Jun-98	204 YES	
1-2520-318-0-0	1/15/1999	AUDITS DIST 204	E	26891	1,200.00	12/31/1998	EOV JUNE 98	204 YES	



ACCOUNT NUMBER	CHECK DATE	DESCRIPTION	TYPE	CHECK NO	AMOUNT	INV DATE	INV NUMBER	204 BILL	INV COPY
1-2520-317-0-0	7/15/1999	BUSINESS SERANNUAL AUDI	E	41029	2,475.00	6/30/1999	DIST 204	204 YES	
1-2520-317-0-0	7/30/1999	BUSINESS SERANNUAL AUDI	E	42139	4,450.00	7/20/1999	DIST 204	204 YES	
1-2520-317-0-0	9/15/1999	BUSINESS SERANNUAL AUDI	E	44411	6,000.00	9/3/1999	AUDIT 6/99	204 YES	
1-2520-317-0-0	10/29/1999	BUSINESS SERANNUAL AUDI	E	49743	4,105.00	10/12/1999	204 JUNE 99	204 YES	
1-2520-317-0-0	11/10/1999	BUSINESS SERANNUAL AUDI	E	49927	1,431.00	10/29/1999	YR END D204	204 YES	
1-2520-317-0-0	4/28/2000	AUDIT DIST 204	E	63508	172.70	4/11/2000	550	204 YES	
1-2520-317-0-0	4/28/2000	AUDIT DIST 204	E	63508	936.25	1/31/2000	47	204 YES	
1-2520-317-0-0	5/15/2000	DIST 204	E	63940	5,762.00	5/4/2000	702	204 YES	
1-2520-317-0-0	8/30/2000	AUDIT DIST 204	E	71994	3,880.00	8/15/2000	1116	204 YES	
1-2520-317-0-0	10/13/2000	AUDIT DIST 204	E	75155	3,500.00	10/3/2000	1303	204 YES	
1-2520-317-0-0	11/15/2000	AUDIT DIST 204	E	78213	4,000.00	11/2/2000	1411	204 YES	
1-2520-317-0-0	4/30/2001	AUDIT DIST 204	E	15652	3,000.00	4/11/2001	12386	204 YES	
1-2520-317-0-0	7/16/2001	AUDIT DIST 204	E	21778	5,000.00	7/5/2001	2853	204 YES	
1-2520-317-0-0	9/28/2001	AUDIT FOR DISTRICT #204	E	27284	4,400.00	9/19/2001	3180	204 YES	
1-2520-317-0-0	9/28/2001	CONVERSION OF GASB 34 REPORTING MODEL	E	27284	2,500.00	7/18/2001	12906	204 YES	
1-2520-317-0-0	9/28/2001	CASH BASIS MODIFIED ACCRUAL #204	E	27284	4,900.00	7/18/2001	12906	204 YES	
1-2520-317-0-0	7/15/2002	SD #204 ACCRUAL BASIS ACCT 6/30/02	E	1991	1,750.00	7/15/2002	5024	204 YES	
1-2520-317-0-0	7/15/2005	LTHS YR ENDING 6/30/05	E	92513	6,500.00	6/30/2005	11215	204 YES	
1-2520-317-0-0	10/15/2002	AUDIT YEAR ENDED 6/30/02 #12040	E	8059	11,600.00	10/3/2002	5489	204 YES	
1-2520-317-0-0	10/31/2002	YEAR END 6/30/02 CLIENT 12040	E	10900	4,200.00	10/18/2002	5547	204 YES	
1-2520-317-0-0	1/15/2003	CONVERSION OF GASB 34 REPORTING MODEL	E	16591	593.75	12/20/2002	5855	204 YES	
1-2520-317-0-0	9/30/2005	SD #204 YR ENDING 6/30/05	E	98006	8,000.00	6/16/2005	11615	204 YES	
1-2520-317-0-0	10/31/2005	SD #204 YR ENDING 6/30/05	E	100678	12,300.00	10/17/2005	11714	204 YES	
1-2520-317-0-0	11/30/2005	SD #204 YR ENDING 6/30/05	E	103089	6,500.00	11/15/2005	11898	204 YES	
1-2520-317-0-0	1/13/2006	SD #204 YR ENDING 6/30/05	E	106478	3,448.69	12/23/2005	12155	204 YES	
1-2520-317-0-0	2/15/2006	YR ENDING 6/30/04 FOR SD #204	E	109087	1,017.50	1/31/2006	12422	204 YES	
1-2520-317-0-0	6/15/2006	AUDIT FOR SD #204 6/30/06	E	118129	7,500.00	5/31/2006	13152	204 YES	
1-2520-317-0-0	7/14/2006	SD #204 AUDIT 6/30/06	E	120731	4,120.00	6/23/2006	VK187966	204 YES	
1-2520-317-0-0	8/30/2006	SERVICES FOR 6/30/06 AUDIT	E	123698	17,855.00	8/21/2006	VK194698	204 YES	
1-2520-317-0-0	9/29/2006	SERVICES FOR 6/30/06 AUDIT	E	123698	11,695.00	8/24/2006	VK195240	204 YES	
1-2520-317-0-0	3/15/2007	AUDIT 6/30/06 FOR DIST. 204	E	126472	4,255.00	9/20/2006	VK198739	204 YES	
1-2520-317-0-0	4/16/2007	SD #204 YR END 6/30/06	E	12967	3,510.00	2/23/2007	VK223390	204 YES	
1-2520-317-0-0	5/15/2007	AUDIT FOR 6/30/06	E	14979	2,295.00	3/28/2007	VK231123	204 YES	
1-2520-317-0-0	5/15/2007	SD #204 6/30/07 AUDIT	E	17295	317.50	4/27/2007	VK245219	204 YES	
1-2520-317-0-0	7/16/2007	LTHS 204 AUDIT FOR 6/30/07	E	22211	10,950.00	6/29/2007	VK261182	204 YES	
1-2520-317-0-0	9/13/2007	AUDIT FOR 6/30/07	E	25736	1,250.00	8/29/2007	VK268304	204 YES	
1-2520-317-0-0	10/30/2007	AUDIT FOR SD #204 6/30/07	E	30328	19,990.00	10/30/2007	VK274450	204 YES	

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ACCOUNT NUMBER	CHECK DATE	DESCRIPTION	TYPE	CHECK NO	AMOUNT	INV DATE	INV NUMBER	204 BILL	INV COPY
1-2520-317-0-0	10/30/2007	SD #204 AUDIT SERVICES	E	30328	10,445.00	10/25/2007	VK275728	204	YES
1-2520-317-0-0	11/30/2007	AUDIT FOR 6/30/07	E	32980	3,910.00	11/15/2007	VK280894	204	YES
1-2520-317-0-0	12/28/2007	AUDIT FOR 6/30/07	E	37263	5,985.00	12/21/2007	VK284839	204	YES
1-2520-317-0-0	2/14/2008	FINAL BILL FOR AUDIT 6/30/07	E	13061	485.00	1/31/2008	VK291691	204	YES
1-2520-317-0-0	5/9/2008	TIME & EXPENSE FOR #204 MEETING	E	19524	855.10	4/29/2008	VK317005	204	YES
1-2520-317-0-0	6/13/2008	SD #204 AUDITED ENDING 5/31/08	E	22713	1,930.00	5/28/2006	VK325962	204	YES
1-2520-317-0-0	7/15/2008	2ND BILL FOR 2008 AUDIT	E	25092	9,000.00	6/30/2008	VK331461	204	YES
1-2520-317-0-0	8/15/2008	2008 AUDITED FINANCIAL STMTS	E	26623	7,900.00	7/31/2008	VK335759	204	YES
1-2520-317-0-0	10/15/2008	AD #204 AUDIT FOR 6/30/08	E	31249	11,872.76	9/30/2008	VK343587	204	YES
1-2520-317-0-0	11/14/2008	SERVICES ENDING 10/31/08	E	34305	8,942.44	10/29/2008	VK347810	204	YES
1-2520-317-0-0	12/15/2008	SD #204 AUDIT 11/30/08	E	36609	5,654.80	11/25/2008	VK353915	204	YES
1-2520-317-0-0	1/6/2009	AUDIT FOR 12/31/08	E	37974	5,267.55	12/22/2008	VK356942	204	YES
1-2520-317-0-0	3/13/2009	AUDIT ENDING 2/28/09	E	43064	1,050.00	2/26/2009	VK368671	204	YES
1-2520-317-0-0	8/17/2009	AUDIT FOR 6/30/09 ENDING 7/31/09	E	54389	8,500.00	7/28/2009	BT406802	204	YES
1-2520-317-0-0	9/15/2009	SD #204 PERIOD ENDING 8/31/09	E	56338	6,500.00	9/1/2009	BT412949	204	YES
1-2520-317-0-0	10/14/2009	AUDIT ENDING 9/30/09 FOR JUNE	E	58632	22,000.00	9/28/2009	BT414879	204	YES
1-2520-317-0-0	11/13/2009	AUDIT FOR 10/31/09	E	61513	10,000.00	10/28/2009	BT420286	204	YES
1-2520-317-0-0	12/15/2009	AUDIT FOR PERIOD ENDING 11/30/09	E	64026	4,000.00	12/15/2009	BT424391	204	YES
1-2520-317-0-0	1/5/2010	AUDIT ENDING 12/	E	65070	1,500.00	12/29/2009	BT428814	204	YES
1-2520-317-0-0	5/28/2010	AUDIT SD #204 ENDING 4/30/10	E	75778	7,000.00	4/27/2010	BT455209	204	YES
1-2520-317-204-0	10/15/2010	AUDIT ENDING 9/30/10 FOR 6/30/10	E	85599	23,500.00	9/29/2010	BT482616	204	YES
1-2520-317-204-0	11/16/2010	SD #204 AUDIT ENDING 10/31/10	E	88601	2,000.00	10/29/2010	BT489027	204	YES
1-2520-317-204-0	12/14/2010	SD #204 AUDIT ENDING 11/30/10	E	126632	5,000.00	11/29/2010	BT492203	204	YES
1-2520-317-204-0	1/4/2011	AUDIT ENDING 12/18/10 SD #204	E	127733	3,625.00	12/22/2010	BT495134	204	YES
1-2520-317-204-0	2/15/2011	AUDIT ENDING 1/31/11 FOR 6/30/10	E	130609	750.00	1/28/2011	BT500082	204	YES
1-2520-317-204-0	3/15/2011	AUDIT FOR SD #204 ENDING 2/28/11	E	132615	395.56	2/25/2011	BT505086	204	YES
1-2520-317-204-0	7/15/2011	SD #204 AUDIT ENDING FOR 6/30/11	E	141908	6,700.00	7/15/2011	BT535498	204	YES
1-2520-317-0-0	11/15/2011	PROFESSIONAL SERV 10-31 THRU 6-30-	E	150247	29,800.00	10/28/2011	BT551560	204	YES
1-2520-317-0-0	1/13/2012	BUSINESS SERAUDIT WORK TTO	E	3635	2,500.00	12/22/2011	BT560281	204	YES
1-2520-317-0-0	6/12/2012	AUDIT WORK TTO	E	13933	9,750.00	5/22/2012	BT596768	204	YES

511,068.60

\$ 164,435.35 (LTD)

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CERTIFICATE OF SERVICE

Jay R. Hoffman, an attorney, certifies that on September 3, 2019, he caused the foregoing pleading to be served by email on the following attorneys:

Barry P. Kaltenbach
kaltenbach@millercafield.com

Gerald E. Kubasiak
gekubasiak@quinlanfirm.com

s/Jay R. Hoffman