

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

TOWNSHIP TRUSTEES OF SCHOOLS)	
TOWNSHIP 38 NORTH, RANGE 12 EAST,)	
)	
Plaintiff and Counter-Defendant,)	No. 13 CH 23386
)	
v.)	Hon. Sophia H. Hall
)	
LYONS TOWNSHIP HIGH SCHOOL)	Calendar 14
DISTRICT 204,)	
)	
Defendant and Counter-Plaintiff.)	

EXHIBITS TO
DEFENDANT LT'S RESPONSE TO THE TTO'S SUMMARY JUDGMENT MOTION

Ex. # Description

- 1 2/18/2018 Order
- 2 2/18/2018 Transcript of ruling
- 3 Thiessen Deposition
- 4 TTO FY2013 Audit Report
- 5 Report of LT Expert Terpstra
- 6 TTO FY2003 Audit Report
- 7 TTO Am. Reply of ¶44 of Affirmative Defenses
- 8 11/7/2013 Letter from TTO to LT
- 9 TTO/Birkenmaier Deposition
- 10 Bradshaw Deposition
- 11 6/19/2018 Email West 40 to LT
- 12 Healy Deposition
- 13 4/29/1999 Letter TTO to LT
- 14 1/12/2001 Letter TTO to LT
- 15 Hartigan Deposition
- 16 Kelly Deposition
- 17 Beckwith Deposition
- 18 Sellers Deposition
- 19 10/26/2011 Invoice of Baker Tilly
- 20 TTO Current Summary of Audit Costs Claim
- 21 TTO Prior Summary of Audit Costs Claim
- 22 10/21/1999 Letter Baker Tilly to TTO
- 23 TTO Summary of Pro Rata Invoice Claim
- 24 5/28/1999 LT Finance Committee Minutes
- 25 7/27/1999 TTO Trustee Meeting Minutes

Ex. # **Description**

- 26 8/18/1999 Letter TTO to LT
- 27 9/29/1999 LT Finance Committee Minutes
- 28 LT Memos to TTO on Business Functions 2000-12
- 29 3/21/2000 LT Trustee Meeting Agenda and Packet Portion
- 30 3/21/2000 LT Trustee Meeting Minutes
- 31 3/22/2000 LT Finance Committee Minutes
- 32 6/14/2000 Memo Beckwith to LT Board
- 33 6/19/1999 LT Board Meeting Agenda
- 34 6/19/1999 LT Board Meeting Minutes
- 35 Shapiro Deposition
- 36 LT/Kilrea Deposition
- 37 Grimes Deposition
- 38 TTO Assertion of Privilege for 5/2/2000 Legal Opinion
- 39 9/7/2000 Letter TTO to LT
- 40 Huang Deposition
- 41 4/19/2013 Letter TTO to LT
- 42 10/8/2014 Letter LT to TTO
- 43 4/30/2014 Letter TTO to LT
- 44 Memos and Log for Legacy Professionals
- 45 Summary of Bradshaw Interest Allocation Analysis
- 46 TTO FY2002 Audit Report

- 47 Sellers Interest Allocation Analysis
- 48 Martin Deposition
- 49 Terpstra Deposition
- 50 Martin Interest Allocation Analysis

Respectfully submitted,

LYONS TOWNSHIP HIGH SCHOOL
DISTRICT 204

By s/Jay R. Hoffman
 Its Attorney

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

CERTIFICATE OF SERVICE

Jay R. Hoffman, an attorney, certifies that on August 17, 2018, he caused the foregoing pleading to be served by email on the following attorneys:

Gerald E. Kubasiak

kubasiak@millercanfield.com

Barry P. Kaltenbach

kaltenbach@millercanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.

Suite 2600

225 W. Washington St.

Chicago, IL 60606

s/Jay R. Hoffman

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

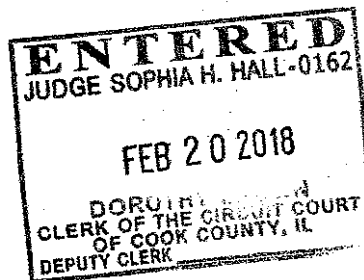
TOWNSHIP TRUSTEES OF SCHOOLS)
TOWNSHIP 38 NORTH, RANGE 12 EAST,)
)
Plaintiff and Counter-Defendant,) No. 13 CH 23386
)
v.) Hon. Sophia H. Hall
)
LYONS TOWNSHIP HIGH SCHOOL)
DISTRICT 204,) Calendar 14
)
Defendant and Counter-Plaintiff.)

ORDER

This matter coming to be heard on Defendant Lyons Township High School's ("LT's") Motion for Partial Summary Judgment on the Statute of Limitations Issue, the matter being fully briefed and fully argued by both sides before the Court, IT IS ORDERED:

1. Defendant LT's Motion for Partial Summary Judgment, for the reasons that the Court stated in its oral ruling issued today in open Court, is denied. *without prejudice to proofs to be presented at trial.*
2. This case is continued for a status hearing on March 20, 2018, at 9:30 a.m.
3. The ruling date set for March 16, 2018, at 11:00 a.m. is stricken.

By:



Prepared By:
Jay R. Hoffman (Atty. No. 34710)
Hoffman Legal
20 North Clark St., Ste. 2500
Chicago, IL 60602
(312) 899-0899
jay@hoffmanlegal.com



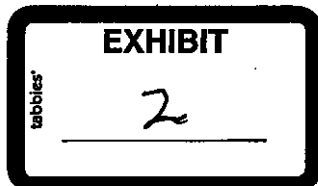
1 STATE OF ILLINOIS)
 2) SS:
 3 COUNTY OF C O O K)
 4 IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
 5 COUNTY DEPARTMENT - CHANCERY DIVISION
 6 TOWNSHIP TRUSTEES OF SCHOOLS)
 7 TOWNSHIP NORTH, RANGE 12 EAST,)
 8)
 9 Plaintiff/Counter-Defendant,)
 10)
 11 vs.) No. 13 CH 23386
 12)
 13 LYONS TOWNSHIP HIGH SCHOOL)
 14 DIST. 204,)
 15)
 16 Defendant/Counter-Plaintiff.)
 17 _____)
 18 REPORT OF PROCEEDINGS at the motion of
 19 the above-entitled cause before the Honorable
 20 SOPHIA H. HALL, Judge of said Court, at the
 21 Richard J. Daley Center, Room 2301, on the 20th
 22 day of February, 2018, at the hour of 11:00 a.m.
 23 Reported By: Gina M. Callahan, CSR
 24 License No.: 084-003623

1

1 THE COURT: Okay TTO versus Lyons.
 2 MR. HOFFMAN: Here, Judge. Jay Hoffman
 3 for the defendant LTSD.
 4 MR. KALTENBACH: Good morning. Barry
 5 Kaltenbach for plaintiff TTO and Gerald Kubasiak
 6 is also with me.
 7 THE COURT: Oh. He gave your name?
 8 MR. KUBASIKA: Yes.
 9 THE COURT: All right. The reason I
 10 called you in earlier is that I don't have a
 11 written opinion for you, but I do need to tell
 12 you what's going on with it, just so you have
 13 some idea where I think this is with respect to
 14 the Statute of Limitations.
 15 I'm going to deny the motion for
 16 Statute of Limitations without prejudice because
 17 I think there is some factual matters that may
 18 have a bearing on whether or not a Statute of
 19 Limitations will apply. And it may be that I
 20 just don't have that information and it is
 21 available somewhere else or not.
 22 So this was a motion for partial
 23 summary judgment of the Statute of Limitations
 24 issue. Usually that comes up in a Motion to

3

1 APPEARANCES:
 2 MILLER, CANFIELD, PADDOCK AND STONE, P.C.
 3 BY: MR. BARRY P. KALTENBACH and
 4 MR. GERALD E. KUBASIKA
 5 Chicago, Illinois 60606
 6 (312) 460-4231
 7 kaltenbach@millercanfield.com
 8 kubasiak@millercanfield.com
 9 On behalf of the Township Trustees;
 10
 11 LAW OFFICES OF JAY R. HOFFMAN, by
 12 MR. JAY R. HOFFMAN
 13 20 North Clark Street, Suite 2500
 14 Chicago, Illinois 60602
 15 (312) 899-0899
 16 jay@hoffmanlegal.com
 17 On behalf of LTSD.



2

1 Dismiss, but I understand why it didn't happen.
 2 So again repeating, the Court denies
 3 the motion without prejudice.
 4 So the factual issues arise around how
 5 the tax collections are handled. You kind of
 6 leapt into the middle of this, so there is a lot
 7 about just how the money is handled piece by
 8 piece by piece.
 9 So the township, I gather, collects the
 10 taxes. I gather that. Not a great deal of
 11 conversation. I did look at the statute and
 12 maybe I missed it, but the township collects the
 13 taxes. And then the township trustees, the
 14 school trustees, they have a treasurer who is
 15 designated to do all the money handling. And
 16 pursuant to statute, there are various
 17 provisions about how the money that's collected
 18 is to be managed and how the items are
 19 distributed, more in a conclusory fashion
 20 they're supposed to do this. So here's where
 21 the questions come up.
 22 So dealing with the investment income,
 23 the investment income apparently is -- and I'm
 24 going to use this as an analogy because it

4



<p>1 helped me. If the analogy doesn't fit what is 2 happening actually, then let me know. But I 3 think of the treasurer, and I'm going to talk 4 about the trustees as like a bank. They are -- 5 and they have custody like a bank has of monies 6 in their depositor's accounts. 7 So using that as the analogy, the bank, 8 as custodian of the money, has no trusteeship 9 duties as custodian and the depositors like -- 10 this is my understanding of it. And the 11 depositors, like each of the districts, have 12 their own bank account. 13 So any money which is to be distributed 14 from the district's bank account is distributed 15 pursuant to the order of the accountholder, the 16 district's. And the fact that the treasurer -- 17 let's just use the treasurer for the trustees is 18 a second signer on the account, it is just that 19 because, I guess, there is a real bank that has 20 the monies on deposit. Okay. So -- but the 21 relationship between the treasurer and the 22 districts is over accounts that are depositing 23 into with the collections. 24 So then I'm asking myself how is the</p>	<p>1 trust account happening. 2 All right. So now we get to what 3 remains is whether there is a public interest 4 exemption. Yes. And it would seem to me that 5 there is a public interest exemption because, 6 from what I can tell from how the monies are 7 moving, because the district's -- and this case 8 is kind of backwards in a way. But the monies 9 in the district accounts or however they're 10 being moved, the people have an interest in 11 them. So it would seem that whatever is going 12 to happen here, there is a public interest 13 exemption. So it would seem that that doesn't 14 apply based upon what I can see. The investment 15 income is of interest, and that's a different 16 kind of account. I don't know. More 17 information has to be had about that. 18 Then the operating expenses. How are 19 the operating expenses paid? It would seem that 20 the distribution of the operating expenses are 21 connected to the whether or not the audit 22 payments to -- let me back up. 23 Moving to the audit expenses, the audit 24 expenses seem -- of Lyons Township seem to come</p>
5	7
<p>1 money moved around? So apparently, the statute 2 allows for the treasurer to take the agency 3 accounts and put them into one big account to 4 invest the monies, and then the treasurer will, 5 as the income comes in on the combined 6 investment account which contains the district's 7 money that has already been distributed to the 8 districts, then those monies are distributed. I 9 don't know if there is any trusting around that. 10 It doesn't -- and if it is a trust account, then 11 it would have to be very specific that there is 12 a trust. 13 Let me cut to the chase in a moment. I 14 don't see anything that indicates that the 15 treasurer is holding -- at this point holding 16 any money in trust subject to the treasurer's 17 discretion as to how they might spend things. 18 It just seems to me the treasurer is moving the 19 district's monies according to the statutory 20 requirements. So I'm not seeing that. 21 So that means the issue of the Statute 22 of Limitations, in my view, at this point is not 23 going to be resolved by saying the Statute of 24 Limitations doesn't apply because there is some</p>	<p>1 out of the operating income. And so if the 2 audit expenses were properly paid or not paid, 3 it would affect the percentages that were being 4 distributed from the operating income. Though 5 these two pots of money are treated separately, 6 they are connected, because I think that the 7 only question here is because the audit expenses 8 for Lyons Township is being paid out of -- is 9 being paid as a part of the operating expenses 10 of the treasurer's office, as such, then that 11 affects the portion that everybody is paying to 12 reimburse for the operating expenses. 13 I know this sounds a little confusing 14 as I'm expressing this, but that's because it is 15 not totally clear how the monies are traveling. 16 And in any event, with respect to the elements 17 of the public interest exception as is set up, 18 those elements seem to be based on -- and they 19 look like they are separate ones -- the effect 20 of the interest on the public, the handling of 21 that money does have an interest in the public 22 in terms of the monies available to address the 23 operation of the schools. Clearly, a connection 24 there, unlike the so-called insurance premium</p>
6	8



1 issue in the other case that was cited which was
 2 the King case, the Champaign County Forest
 3 Preserve District versus King. This is a
 4 different situation. And the King facts don't
 5 fit this one.
 6 There is an obligation of the
 7 governmental unit to act on behalf of the
 8 public, it appears, and the extent to which the
 9 expenditure -- my understanding of that language
 10 is how much money is involved here. And that
 11 extent of expenditure is there is a lot of money
 12 involved here. So I think that the Statute of
 13 Limitations does not prevent the trustees from
 14 pursuing this.
 15 Now, there are a lot of other questions
 16 in the cause of action that I think we still end
 17 up having to get to, but this was intended to
 18 narrow what's at stake. And based upon what's
 19 been presented here, I do not see a basis for it
 20 narrowing it.
 21 MR. KUBASIAK: Thank you, your Honor.
 22 You probably don't have too many cases that go
 23 back to the 1800s that we have to reply upon.
 24 THE COURT: And it was fascinating

1 application of the Statute of Limitations
 2 without prejudice.
 3 MR. HOFFMAN: Without prejudice based
 4 upon -- well --
 5 MR. KALTENBACH: The reasoning of the
 6 Court.
 7 MR. HOFFMAN: Subject to proof being
 8 presented at trial.
 9 MR. KALTENBACH: Well, without
 10 prejudice.
 11 MR. HOFFMAN: Without prejudice.
 12 THE COURT: So that takes care of that.
 13 (Whereupon, these were all the
 14 proceedings had at this time.)
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1 looking at. And I looked at the -- spent a lot
 2 of time looking at the District 5, District 1
 3 case.
 4 MR. KUBASIAK: Yes, yes.
 5 THE COURT: And District 5 District 1 is
 6 really kind of different. It doesn't help in a
 7 sense, because it was a fight between District 5
 8 who already -- where the money had already
 9 been -- it was district --
 10 MR. KALTENBACH: It was District 5's
 11 money but given to District 1.
 12 THE COURT: It was District 5's money
 13 given to District 1. And I bet that even the
 14 judges who were deciding that one were having
 15 difficulty because the language was not totally
 16 clear, even in the way they wrote it.
 17 MR. KALTENBACH: It is archaic.
 18 THE COURT: Inartfully written is the
 19 word for it.
 20 MR. HOFFMAN: So before the order, your
 21 Honor.
 22 THE COURT: I'm going to deny it.
 23 MR. HOFFMAN: Without prejudice.
 24 THE COURT: Summary judgment for

1 STATE OF ILLINOIS)
 2) SS:
 3 COUNTY OF C O O K)
 4
 5 Gina Callahan, being first duly sworn,
 6 on oath says that she is a court reporter doing
 7 business in the City of Chicago; and that she
 8 reported in shorthand the proceedings of said
 9 hearing, and that the foregoing is a true and
 10 correct transcript of her shorthand notes so
 11 taken as aforesaid, and contains the proceedings
 12 given at said hearing.
 13 *Gina Callahan*
 14
 15 Gina Callahan, CSR
 16 LIC. NO. 084-003623
 17
 18
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 21
 22
 23
 24



<p>1</p> <p>10:2,5,11,13 1800s 9:23</p> <hr/> <p>5</p> <p>10:2,5,7 5's 10:10,12</p> <hr/> <p>A</p> <p>account 5:12,14,18 6:3,6,10 7:1,16 accountholder 5:15 accounts 5:6,22 6:3 7:9 act 9:7 action 9:16 address 8:22 affect 8:3 affects 8:11 agency 6:2 analogy 4:24 5:1,7 apparently 4:23 6:1</p>	<p>C</p> <p>called 3:10 care 11:12 case 7:7 9:1,2 10:3 cases 9:22 Champaign 9:2 chase 6:13 cited 9:1 clear 8:15 10:16 collected 4:17 collections 4:5 5:23 collects 4:9,12 combined 6:5 conclusory 4:19 confusing 8:13 connected 7:21 8:6 connection 8:23 conversation 4:11 County 9:2 Court 3:1,7,9 4:2 9:24 10:5,12,18,22,24 11:6,12 custodian 5:8,9 custody 5:5 cut 6:13</p>	<p>distributed 4:19 5:13,14 6:7,8 8:4 distribution 7:20 district 7:9 9:3 10:2,5,7,9, 10,11,12,13 district's 5:14,16 6:6,19 7:7 districts 5:11,22 6:8 duties 5:9</p> <hr/> <p>E</p> <p>earlier 3:10 effect 8:19 elements 8:16,18 end 9:16 event 8:16 exception 8:17 exemption 7:4,5,13 expenditure 9:9,11 expenses 7:18,19,20,23,24 8:2,7,9,12 expressing 8:14 extent 9:8,11</p>	<p>H</p> <p>handled 4:5,7 handling 4:15 8:20 happen 4:1 7:12 happening 5:2 7:1 helped 5:1 Hoffman 3:2 10:20,23 11:3,7, 11 holding 6:15 Honor 9:21 10:21</p> <hr/> <p>I</p> <p>Idea 3:13 Inartfully 10:18 Income 4:22,23 6:5 7:15 8:1, 4 Information 3:20 7:17 Insurance 8:24 Intended 9:17 Interest 7:3,5,10,12,15 8:17, 20,21 Invest 6:4 Investment 4:22,23 6:6 7:14 Involved 9:10,12 Issue 3:24 6:21 9:1 Issues 4:4 items 4:18</p>	<p>L</p> <p>language 9:9 10:15 leapt 4:6 Limitations 3:14,16,19,23 6:22, 24 9:13 11:1 looked 10:1 lot 4:6 9:11,15 10:1 LTSD 3:3 Lyons 3:1 7:24 8:8</p> <hr/> <p>M</p> <p>managed 4:18 matters 3:17 means 6:21 middle 4:6 missed 4:12 moment 6:13 money 4:7,15,17 5:8,13 6:1, 7,16 8:5,21 9:10,11 10:8,11,12 monies 5:5,20 6:4,8,19 7:6,8 8:15,22</p>	<p>partial 3:22 paying 8:11 payments 7:22 people 7:10 percentages 8:3 piece 4:7,8 plaintiff 3:5 point 6:15,22 portion 8:11 pots 8:5 prejudice 3:16 4:3 10:23 11:2, 3,10,11 prelim 8:24 presented 9:19 11:8 Preserve 9:3 prevent 9:13 proceedings 11:14 proof 11:7 properly 8:2 provisions 4:17 public 7:3,5,12 8:17,20,21 9:8 pursuant 4:16 5:15 pursuing 9:14 put 6:3</p>
<p>B</p> <p>back 7:22 9:23 backwards 7:8 bank 5:4,5,7,12,14,19 Barry 3:4 based 7:14 8:18 9:18 11:3 basis 9:19 bearing 3:18 behalf 9:7 bet 10:13 big 8:3</p>	<p>D</p> <p>deal 4:10 dealing 4:22 deciding 10:14 defendant 3:3 denies 4:2 deny 3:15 10:22 deposit 5:20 depositing 5:22 depositor's 5:6 depositors 5:9,11 designated 4:15 difficulty 10:15 discretion 6:17 Dismiss 4:1</p>	<p>F</p> <p>fact 5:16 facts 9:4 factual 3:17 4:4 fascinating 9:24 fashion 4:19 fight 10:7 fit 5:1 9:5 Forest 9:2</p> <hr/> <p>G</p> <p>gather 4:9,10 gave 3:7 Gerald 3:5 Good 3:4 governmental 9:7 great 4:10 guess 5:19</p>	<p>J</p> <p>Jay 3:2 Judge 3:2 Judges 10:14 judgment 3:23 10:24</p> <hr/> <p>K</p> <p>Kaltenbach 3:4,5 10:10,17 11:5, 9 kind 4:5 7:8,16 10:6 King 9:2,3,4 Kubaslak 3:5 9:21 10:4 KUBASIKA 3:8</p>	<p>N</p> <p>morning 3:4 motion 3:15,22,24 4:3 moved 6:1 7:10 moving 6:18 7:7,23</p> <hr/> <p>O</p> <p>obligation 9:6 office 8:10 operating 7:18,19,20 8:1,4,9, 12 operation 8:23 opinion 3:11 order 5:15 10:20</p> <hr/> <p>P</p> <p>paid 7:19 8:2,8,9 part 8:9</p>	<p>Q</p> <p>question 8:7 questions 4:21 9:15</p> <hr/> <p>R</p> <p>real 5:19 reason 3:9 reasoning 11:5 reimburse 8:12 relationship 5:21 remains 7:3 repeating 4:2 reply 9:23 requirements 6:20 resolved 6:23 respect 3:13 8:16</p>



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

TOWNSHIP TRUSTEES OF SCHOOLS)
TOWNSHIP 38 NORTH, RANGE 12)
EAST,)

Plaintiff,)

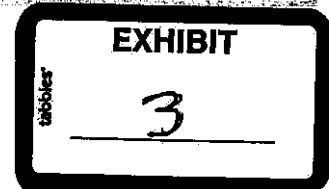
v.)

No. 13 CH 23386)

LYONS TOWNSHIP HIGH SCHOOL)
DISTRICT 204,)

Defendant.)

The deposition of MICHAEL THEISSEN taken before Loretta A. Tyska, Certified Shorthand Reporter, taken 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 20 North Clark Street, Suite 2500, Chicago, Illinois, commencing at 1:04 p.m. on the 16th day of February, 2017.



1 APPEARANCES:
 2 MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
 3 MR. BARRY P. KALTENBACH
 4 225 West Washington Street, Suite 2600
 5 Chicago, Illinois 60606
 6 Phone: (312) 460-4251
 7 Email: Kaltenschbach@millercanfield.com

8 Appeared on behalf of the Plaintiff,

9 HOFFMAN LEGAL
 10 MR. JAY R. HOFFMAN
 11 20 North Clark Street, Suite 2500
 12 Chicago, Illinois 60602
 13 Phone: (312) 899-0899
 14 Email: Jay@hoffmanlegal.com
 15 Appeared on behalf of the Defendant.

16 * * * * *

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1 MICHAEL THEISSEN,
 2 a witness, having been first administered an oath,
 3 was examined and testified as follows:

4 EXAMINATION

5 BY MR. HOFFMAN:

6 Q. Sir, can you provide me with your highest
7 legal of education?

8 A. I have a master's in management with an
9 emphasis on finance and marketing.

10 Q. Where did you get that from?

11 A. Willamette University in Salem, Oregon.

12 Q. I am very familiar with that area. My
13 best friends lived in Salem for many years.

14 A. That, of course, means you know how to
15 pronounce wine.

16 Q. Pinot noir.

17 A. Exactly.

18 Q. I think I like the craft beers better.

19 (Discussion off the record.)

20 BY MR. HOFFMAN:

21 Q. What, sir, is your professional
22 background?

23 A. How far back do you want to go? From my
24 paperboy days or lawn mowing?

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22 (EXHIBITS RETAINED BY MR. HOFFMAN)

23
24

1 Q. Let's work backwards from now.

2 A. Okay. So right now I'm an independent
3 consultant and investor in a number of businesses.
4 Prior to that -- that's been about 18 years. At
5 that point before I left I was at Mesirow Financial.
6 I was an investment banker.

7 Q. How long were you at Mesirow for?

8 A. Well, I was at Mesirow and Mesirow Stein,
9 so I was at Stein & Company doing financial
10 structuring and program management for sports
11 facilities and large public-private partnerships.

12 Q. Did you have a hand in Toyota Park?

13 A. I did not have a hand in Toyota Park, no.
14 I worked on Toyota Park as an independent consultant
15 related to a possible naming rights deal, but not in
16 the structuring and development of it.

17 Q. Okay. And then when did you become an
18 independent consultant, approximately?

19 A. Probably 18 years ago, 20 years ago. When
20 I was at Mesirow, I had both a Series 7 and 63,
21 which would allow me to buy, sell, and trade stocks,
22 bonds, provide investment advice for my clients, as
23 we would do financial structuring both on the debt
24 and equity side.

1 Q. Did you ever do any audit work in your
 2 career?
 3 A. Not audit work, no.
 4 Q. All right. Let's talk about the claims --
 5 is it okay if you call your -- you're a trustee of
 6 the TTO, correct?
 7 A. Yes, I am an elected board member of the
 8 TTO.
 9 Q. Are the elected board members of the TTO
 10 sometimes referred to as trustees?
 11 A. Yes.
 12 Q. When did you first become an elected board
 13 member of the TTO?
 14 A. It was probably five years ago, maybe five
 15 and a half years ago. I fulfilled the term of a
 16 gentleman that resigned, I believe, to become a
 17 judge; then I was elected in the next municipal
 18 election.
 19 Q. Was that Russell Hartigan?
 20 A. I believe so.
 21 Q. What year do you believe the switch from
 22 Judge Hartigan to you took place? When did you take
 23 over as a board member from Judge Hartigan?
 24 A. I'd say it's maybe '12 or '13. It was

1 roughly June of one of those two years, if I
 2 remember correctly.
 3 Q. Was it before or after Bob Healy resigned
 4 as treasurer?
 5 A. It was before, probably six weeks before,
 6 six to seven weeks before. Bob Healy resigned on
 7 Labor Day weekend. I remember that.
 8 Q. If I tell you that Bob Healy resigned in
 9 2012, does that mean he started in the middle of
 10 2012 as a board member?
 11 A. Yes, that would be correct.
 12 Q. You're aware that Bob Healy stole from --
 13 Well, you're aware that Bob Healy stole in excess of
 14 a million dollars in his position as treasurer,
 15 correct?
 16 A. Yes.
 17 Q. And were the funds that he stole funds
 18 that TTO held for the districts that are members of
 19 the TTO?
 20 A. I'm not really sure what you're asking
 21 because we have operational funds and then we have
 22 funds that we manage on their behalf, so are you
 23 asking me to make a differentiation or are you going
 24 to make a differentiation? We have agency funds

1 which we manage on their behalf. You know, for a
 2 nonaccounting people, we may be our -- not one of
 3 those, but for me, those would be like rainy day
 4 funds or surplus funds. And we have operational
 5 funds. So I don't know. If you want to ask me that
 6 again, I'll try to answer it.
 7 Q. The TTO doesn't have any revenue sources
 8 of its own, does it, other than its billings from
 9 the other districts? Where does the TTO get its
 10 money?
 11 A. We bill the other districts, correct. We
 12 don't have tax --
 13 Q. You don't get tax money, right?
 14 A. No, we do not. We get tax money
 15 indirectly via what we bill the other districts.
 16 Q. Okay. So the money that the TTO has is
 17 money that it holds in trust for other districts,
 18 and sometimes it uses that money for the operation
 19 of the TTO, correct?
 20 A. Well, that's a function of -- the money
 21 that comes in is a delay because of cash flow and
 22 billing, so, again, I'm not --
 23 Q. Let me ask you a better question.
 24 A. Okay.

1 Q. The million dollars plus that Bob Healy
 2 stole that we know of, did he steal that from the
 3 TTO's funds or did he steal that from funds of the
 4 districts? And I mean whether it's held directly or
 5 indirectly for the districts.
 6 A. The money that I believe Bob stole, from
 7 what we can tell on the wire transfers, were
 8 transferred out of our operating account. They were
 9 not transferred out of any of the trust or surplus
 10 accounts.
 11 Q. Where does the money from the TTO's
 12 operating account come from?
 13 A. It comes from the districts, as we talked
 14 about previously.
 15 Q. Okay. So you helped the TTO make a claim
 16 against bonds that the TTO had for the malfeasance
 17 of the treasurer or others, correct?
 18 A. Uh-huh.
 19 Q. Yes?
 20 A. Yes.
 21 Q. Okay. You have to answer yes or no.
 22 Uh-huh or uh-huh is hard for the court reporter to
 23 understand what you mean.
 24 I'm going to show you three documents that

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1 will -- just to have you confirm what they are. I
 2 don't want you to look at them in any detail. All
 3 right?
 4 (Exhibits 1 - 3 were marked.)
 5 BY MR. HOFFMAN:
 6 Q. The document Theissen Exhibit Number 1, am
 7 I correct that this is a release that you signed
 8 whereby the TTO received \$165,000 for its claim on a
 9 bond issued by Liberty Mutual Insurance Company?
 10 A. That looks correct, yes.
 11 Q. And that's your signature on the release,
 12 sir?
 13 A. Yes, it is.
 14 Q. And I'm showing you Theissen Exhibit
 15 Number 2. Am I correct?
 16 THE WITNESS: Do I get to keep these and take
 17 these home? Are these mine?
 18 MR. KALTENBACH: Those are official. I can
 19 give you copies of everything afterwards.
 20 BY MR. HOFFMAN:
 21 Q. Is it correct that Theissen Exhibit
 22 Number 2 is a document you signed whereby the TTO
 23 entered into a settlement and received \$875,000 for
 24 its claim on a bond issued by the Hanover Insurance

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1 the case, then that was the case. Yes. They were
 2 for sick and vacation days, yes.
 3 Q. As well as wire transfers?
 4 A. Yes.
 5 Q. Okay. I understand that the TTO has
 6 different accounts that it manages, both operating
 7 accounts for the TTO and investment accounts of
 8 money held in trust for the other districts, but I'm
 9 asking a more fundamental question here. Whose
 10 money did Healy steal that formed the basis of these
 11 claims on the bonds?
 12 A. Well, this would be the TTO's money.
 13 Q. And is it your position that all of the
 14 money that the TTO recovered on its bond claims
 15 belongs to the TTO and not the districts?
 16 A. I did not say that.
 17 Q. Well, what is your position? Who
 18 rightfully is entitled to receive the proceeds of
 19 the \$1,040,000 that the TTO recovered on the two
 20 bond claims?
 21 MR. KALTENBACH: I'm going to object to the
 22 extent that it's asking the witness to make a legal
 23 opinion. But you can answer.
 24

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1 Company?
 2 A. That looks correct, yes.
 3 Q. And the TTO actually received both of
 4 those payments called for in Exhibits 1 and 2,
 5 correct?
 6 A. Yes.
 7 Q. And, sir, is Theissen Exhibit Number 3 a
 8 copy of the proof of claim that the TTO submitted
 9 to -- in connection with this loss to the Hanover
 10 Insurance Group as you see on page 2?
 11 A. Yes, that looks correct.
 12 Q. Is it correct that the claims that the TTO
 13 made on these two bonds arose out of wire transfers
 14 that Bob Healy had that were improper and vacation
 15 sick pay that Bob Healy caused to be paid that were
 16 also improper? Is that the basis of the claim?
 17 A. I know the basis is -- I do not know about
 18 the sick -- I don't remember the details with the
 19 sick and the overpayment. I do remember that they
 20 were related to the wire transfers.
 21 Q. Take a look at -- let's see if I can
 22 refresh your memory -- on the first page in the
 23 middle on Theissen Exhibit Number 2 where it says --
 24 A. Oh, okay. I see it, yeah. If that was

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1 BY MR. HOFFMAN:
 2 Q. From your understanding, whose money does
 3 that belong to?
 4 A. Well, we were in a structural deficit
 5 that's been primarily caused by the fact that school
 6 districts have not paid the amount of money they're
 7 required to by school code. So within the
 8 structural deficit, each school district has a
 9 pro-rata allocation or pro-rata liability to that
 10 structural deficit. So as it relates to this
 11 million dollars in question, I think first and
 12 foremost we would probably apply it to the
 13 structural deficit, which would then cause each
 14 school district to then have lesser of a liability
 15 to the structural deficit.
 16 The structural deficit started about
 17 15 years ago. Primarily, as I mentioned, we have
 18 issues related to cash flow. And 204 chose to not
 19 pay, even though they're mandated by school code to
 20 do that. So the million dollars, that I think is
 21 what you're asking in the question, will be applied
 22 to that structural deficit first so that it would
 23 help reduce the liability of each school district
 24 that's a member of the TTO.

1 Q. So your position is because the TTO is
 2 short on cash, that it's entitled to keep the \$1
 3 million recovery on the bonds and apply it to its
 4 deficit, yes?
 5 A. When you say "short on cash," I don't know
 6 what you -- we're short on cash because people don't
 7 pay. We're not short on cash because we've
 8 overspent.
 9 Q. So your position is that the \$1 million
 10 that the TTO recovered on the bonds, the TTO can
 11 apply that to its structural deficit which you
 12 attribute to District 204's nonpayment of pro-rata
 13 funds, right? Am I correctly summarizing what you
 14 said? Yes or no?
 15 MR. KALTENBACH: I'll object in that it does
 16 mischaracterize. But you can answer the question,
 17 Mike.
 18 THE WITNESS: Okay. So give me the question
 19 one more time.
 20 BY MR. HOFFMAN:
 21 Q. As I understand your testimony -- correct
 22 me if I'm wrong -- the TTO can apply the \$1 million
 23 that it received in bond payments to its structural
 24 deficit, correct? Regardless of the source of the

1 of money that Healy had taken from the funds that
 2 the TTO was holding for the various school
 3 districts?"
 4 Answer: "That's what it appeared to be."
 5 Do you disagree with Ms. Bradshaw's
 6 testimony in that regard?
 7 MR. KALTENBACH: Do you want him to read?
 8 BY THE WITNESS:
 9 A. Can I see it?
 10 Q. You're welcome to. Sure.
 11 A. The circle?
 12 Q. Yes, sir.
 13 A. Okay.
 14 (Peruses document.)
 15 I wouldn't necessarily agree with that.
 16 Q. What does that mean? It sounds a little
 17 vague. Do you disagree with it? When someone
 18 doesn't necessarily agree with something, I don't
 19 really know what that means.
 20 A. Well, I guess, define to me what you
 21 mean -- what she means by "holding" there. I mean,
 22 we hold everybody's money. Is it being held in the
 23 surplus fund? Is it being held in the agency fund?
 24 Is it being held in the administrative fund? Tell

1 structural deficit, it has the ability and can and
 2 should do that; is what you're saying?
 3 A. I think the key word there is we have the
 4 ability to. I mean, as an elected board, we
 5 obviously have to act in what's best fiduciary for
 6 the other districts, yes.
 7 Q. Has the TTO made a decision as to what to
 8 do with this \$1,040,000 recovery?
 9 A. No.
 10 Q. Where is it sitting?
 11 A. From an accounting perspective, I would
 12 not know that. It's not in a separate account, if
 13 that's what you're asking.
 14 Q. In Kelly Bradshaw's testimony, which I'll
 15 refer to -- here's a copy of it -- do you know who
 16 Kelly Bradshaw is?
 17 A. Yes.
 18 Q. Kelly Bradshaw on page 14 of her testimony
 19 in this case testified as follows:
 20 "And this \$1 million discrepancy" -- and
 21 we'd been talking about a million dollars missing
 22 due to Healy's misconduct.
 23 "And this \$1 million discrepancy, was it
 24 your belief that that was \$1 million approximately

1 me where that's being held, and I can make a
 2 better --
 3 Q. Sir, you see the testimony. Do you agree
 4 or disagree with --
 5 A. Okay. Then I do not agree with it.
 6 Q. You do not agree with it?
 7 A. I don't agree with it, but I don't
 8 disagree with it. I think her interpretation and my
 9 interpretation would be different.
 10 MR. HOFFMAN: Can you mark this as Theissen 4,
 11 please.
 12 (Exhibit 4 was marked.)
 13 BY MR. HOFFMAN:
 14 Q. You're aware that the TTO sued Bob Healy
 15 in a lawsuit in 2012, correct?
 16 A. Yes.
 17 MR. HOFFMAN: Mark this.
 18 (Exhibits 5 - 6 were marked.)
 19 BY MR. HOFFMAN:
 20 Q. Theissen Exhibit Number 5, would you
 21 confirm that this is an order on a summary judgment
 22 motion by which the TTO received a judgment against
 23 Healy in excess of \$904,000?
 24 THE WITNESS: Is it a summary judgment?

1 MR. KALTENBACH: I can stipulate to it.
 2 MR. HOFFMAN: I mean, it seems obvious.
 3 MR. KALTENBACH: I'll stipulate that this is
 4 laid -- and I don't know if there was any other
 5 document. But this certainly is what I think is the
 6 -- I wasn't involved in the case, but -- it's a
 7 judgment, yeah.
 8 MR. HOFFMAN: It's the judgment.
 9 MR. KALTENBACH: The judgment, yeah.
 10 THE WITNESS: My name is spelled
 11 T-h-i-e-s-s-e-n.
 12 MR. HOFFMAN: As anyone who speaks German
 13 should know.
 14 BY MR. HOFFMAN:
 15 Q. Also, how much did the TTO collect on this
 16 judgment?
 17 A. It was insignificant.
 18 Q. How much?
 19 A. \$33,000, if my memory serves me.
 20 MR. HOFFMAN: If you want to correct that, you
 21 can.
 22 MR. KALTENBACH: I'm not here to correct or not
 23 correct his testimony. I don't think that's
 24 appropriate.

1 MR. HOFFMAN: I don't care. I want to get to
 2 the truth, so help yourself.
 3 BY MR. HOFFMAN:
 4 Q. So \$33,000. And where did the \$33,000
 5 come from? Do you know?
 6 A. I believe it came from a series of bank
 7 accounts and maybe a brokerage account.
 8 Q. And how much did the TTO spend in
 9 attorneys' fees and other costs in connection with
 10 this case against Healy?
 11 A. I do not know.
 12 Q. Was it several hundred thousand dollars?
 13 A. I do not know.
 14 Q. You have no idea?
 15 A. It could be a dollar. It could be a
 16 million. I do not know.
 17 Q. Do you think it was a dollar?
 18 A. It was probably more than a dollar. It
 19 was probably less than a million.
 20 Q. So somewhere between a dollar and a
 21 million; you're not sure?
 22 A. I would give you that, yeah. Those
 23 parameters are probably correct.
 24 Q. What's your best estimate?

1 A. I literally have no idea --
 2 Q. Okay. Fine.
 3 A. -- on this particular piece of the case.
 4 Q. Now, Theissen Exhibit Number 6, this is an
 5 article in the Pioneer Press. And at the very last
 6 paragraph on the page 2 is all I'm going to ask you
 7 about. You're quoted as saying: "We haven't been
 8 able to find any assets." And this is as of
 9 March 19th of 2015. Do you see that?
 10 A. Uh-huh.
 11 Q. Yes?
 12 A. Yes.
 13 Q. Okay. Did the \$33,000 you said you found,
 14 did that come after March 19th of 2015?
 15 A. I would not remember the timing.
 16 Q. Okay. What did the TTO do with the
 17 \$33,000 it recovered from bank accounts belonging to
 18 Healy?
 19 A. I do not know specifically.
 20 Q. What is your belief as to the proposition
 21 of that? Is that money that belongs and should be
 22 given to the districts, or is that money that
 23 belongs to the TTO?
 24 MR. KALTENBACH: I'll object to the extent it

1 calls for the witness to make a legal opinion. But
 2 you can answer, Mike.
 3 BY MR. HOFFMAN:
 4 Q. I'm asking for your view.
 5 A. I guess my view would be --
 6 MR. KALTENBACH: And I'm going to object on the
 7 basis of relevance. Sorry. You can answer.
 8 MR. HOFFMAN: To your view. And it is
 9 relevant.
 10 Go ahead.
 11 THE WITNESS: Ask me the question again.
 12 BY MR. HOFFMAN:
 13 Q. What is your understanding as to who the
 14 \$33,000 the TTO recovered from Healy belongs to?
 15 Does it belong to the TTO or does it belong to the
 16 districts?
 17 MR. KALTENBACH: Same objections.
 18 BY THE WITNESS:
 19 A. I'm not sure -- when you ask me "does it
 20 belong to the TTO," I don't understand what you mean
 21 by that.
 22 Q. Well, what happened to the \$33,000? You
 23 say you don't know. Is that an amount that should
 24 be distributed to the districts?

1 **A. I don't know what you mean by "distributed**
 2 **to the districts." Like, me handing them a check?**
 3 **I don't know what you mean when you say "distributed**
 4 **to the districts."**
 5 Q. Well, you don't know what it means to have
 6 the TTO apply money to the accounts of the member
 7 districts in the TTO?
 8 **A. I do know that, yes.**
 9 Q. So that's what I mean when I say --
 10 **A. So when you ask me is it the TTO's money**
 11 **or the districts' money --**
 12 Q. I'm talking about you don't need to cut a
 13 check because you hold all the districts' funds,
 14 correct?
 15 **A. Correct.**
 16 Q. So it's done via line items or journal
 17 entries in the general ledger, correct?
 18 **A. Yes.**
 19 Q. Right. So what I'm saying --
 20 **A. Except for -- well, let's -- that's**
 21 **not entirely true. School districts have taken the**
 22 **position to write us checks. We have, for the sake**
 23 **of efficiency, taken the position to give them a**
 24 **journal entry or do it via accounting records versus**

1 Q. Okay. Do you have any disagreements with
 2 any of the criticisms that the BGA made in this
 3 document?
 4 **A. Let me take a look.**
 5 **So you're talking about the criticisms or**
 6 **you're talking about the suggestions?**
 7 Q. Both.
 8 MR. KALTENBACH: I'm going to object. I don't
 9 think it's relevant.
 10 BY THE WITNESS:
 11 **A. As it relates to the solution, two**
 12 **trustees are on the board -- "now former**
 13 **treasurer" -- questionable -- "should resign" -- I**
 14 **don't think that's appropriate.**
 15 Q. Okay. Anything else?
 16 **A. "Trustee should consider" --**
 17 THE REPORTER: I'm not looking at it.
 18 MR. HOFFMAN: She needs to write it down.
 19 BY THE WITNESS:
 20 **A. (As read): "Trustee should consider**
 21 **replacing and all legal financial consultants who**
 22 **were the agency's payroll during the now former**
 23 **trustee was there."**
 24 **That's probably good business. Yes, I**

1 **a physical check. So we don't typically cut them a**
 2 **check for their distribution. They typically do cut**
 3 **us a check for a program payment.**
 4 Q. Why hasn't the TTO credited each of the
 5 various districts on the pro-rata basis with the
 6 \$33,000 recovery?
 7 **A. Well, again, the TTO runs at a structural**
 8 **deficit, so it would probably be in our best sense**
 9 **to get the structural deficit down to zero before we**
 10 **would continue to have a bigger structural deficit,**
 11 **which then ultimately shifts to the school districts**
 12 **at some point. So our goal would be -- and I speak**
 13 **on behalf of the board -- would be to get our**
 14 **structural deficit to zero so if there were**
 15 **additional funds that came in, we would then**
 16 **distribute those to the school districts, as you**
 17 **asked.**
 18 Q. I'm showing you Hartigan Exhibit 4. I
 19 don't have a third copy of it. I'm not going to ask
 20 you a lot of questions about it. But do you
 21 remember this Better Government Association report
 22 on the TTO which contained its reform suggestions?
 23 **A. Well, I guess I do remember this now,**
 24 **yeah.**

1 **would agree with that. And that's been done.**
 2 Q. Is there anything to disagree with?
 3 **A. I'm not there yet. Oh, disagreement.**
 4 Q. Disagreement. So the first two points are
 5 points you agree with, yes?
 6 **A. Yes.**
 7 Q. That you gave me?
 8 **A. Yes.**
 9 Q. Okay. My point is, is there anything in
 10 here you disagree with?
 11 MR. KALTENBACH: I'll again object on
 12 relevance, to the extent I need to renew that
 13 objection. But you can answer, Mike.
 14 BY THE WITNESS:
 15 **A. I don't disagree with any of this.**
 16 Q. Okay. Thank you.
 17 Who is Steven Landek?
 18 **A. I believe he's a state senator.**
 19 Q. What's your relationship with Mr. Landek?
 20 MR. KALTENBACH: I'm going to object on the
 21 basis of relevance.
 22 MR. HOFFMAN: You can have a standing relevance
 23 objection the whole deposition.
 24 MR. KALTENBACH: I'd rather not. I'm assuming

1 at some point you're going to ask what I consider to
 2 be relevant, but --
 3 MR. HOFFMAN: Yeah. You can have a standing
 4 objection as to any relevance. You can later object
 5 to any question I ask based on relevance.
 6 MR. KALTENBACH: If you want to agree to that,
 7 that's fine.
 8 MR. HOFFMAN: I do.
 9 MR. KALTENBACH: Then I won't have to say it
 10 each time.
 11 MR. HOFFMAN: Exactly. So standing.
 12 BY MR. HOFFMAN:
 13 Q. Sir, what is your relationship to Senator
 14 Landek?
 15 A. He's a client of mine.
 16 Q. Okay. And you have made campaign
 17 contributions to him individually and through your
 18 company, correct?
 19 A. Yeah, no doubt I have.
 20 Q. Any idea as to how much?
 21 A. Let's see. I made campaign contributions
 22 on a pretty regular basis. Maybe \$3,000, \$3,500.
 23 Q. And have you spoken with Mr. Landek about
 24 this case?

1 Q. And when I say District 204, I'm referring
 2 to the same thing, right?
 3 A. I understand.
 4 Q. Okay. So did -- do you know whether the
 5 TTO paid for the annual audit costs of any district
 6 other than LT at any point before 2012?
 7 A. I do not know that.
 8 Q. Are you -- did you ever speak with anybody
 9 at the TTO on that subject?
 10 A. Prior to 2012?
 11 Q. At any time. Have you ever asked anybody
 12 from the old days who was at the TTO or had retired
 13 from the TTO or otherwise was associated with the
 14 TTO whether they knew about the TTO paying for other
 15 districts' audits at any point before 2012?
 16 A. No, I have not spoken to anybody about
 17 that.
 18 Q. Did you ever ask Judge Hartigan that
 19 question?
 20 A. No. I don't think I've ever met Judge
 21 Hartigan.
 22 Q. Did you ever talk to Bob Healy about that
 23 subject?
 24 A. No.

1 A. About this case?
 2 Q. Yes.
 3 A. Yes, I've spoken to him about this case.
 4 Q. And just describe to me the timeframe in
 5 which you've talked to him and the nature of your
 6 communications with him about the case.
 7 A. A lot of the conversations we've had have
 8 been related to legislation that's being looked at
 9 in Springfield. He was asking me questions related
 10 to the timing of the case, related to the amounts
 11 outstanding of the case, related to where we were in
 12 the process; ideally, either with settlement or
 13 court hearings. So mostly that's been the gist of
 14 our conversations.
 15 Q. Okay. Let's talk about your claim in this
 16 case -- or strike that.
 17 Let's talk about the TTO's claims made in
 18 this case that relevant to the TTO's payment of
 19 annual audit costs for LT.
 20 A. Okay.
 21 Q. And you understand when I say "LT," I'm
 22 talking about Lyons Township High School District
 23 204, yes?
 24 A. Yes.

1 Q. Have you ever spoken with Bob Healy?
 2 A. Yes.
 3 Q. Other than -- I'm sorry. Let me strike
 4 that.
 5 Have you ever spoken with Bob Healy after
 6 the date on which he resigned from the TTO?
 7 A. Yes. I spoke with him twice in the
 8 courtroom at 26th and California.
 9 Q. What were the nature of those --
 10 A. Pleasantries.
 11 Q. Nothing specific?
 12 A. Nothing specific. It's not really a place
 13 where you have deep conversations.
 14 Q. The TTO has claimed in this case that it
 15 paid the annual audit costs of LT but not for the
 16 other districts, correct?
 17 A. Correct.
 18 Q. And how do you know that's true?
 19 A. Because as we went back and looked within
 20 the books and our records, we can see that we paid
 21 the audit costs related to 204 out of our
 22 operational budget, which is not typically how bills
 23 are paid within our system. So it came out of the
 24 TTO's bank account versus 204's bank account.

1 Q. And what was the situation with respect to
 2 the other districts that you found?
 3 A. Well, we processed their checks, and the
 4 money comes out of their bank accounts.
 5 Q. Did you actually go look at those records?
 6 And if not, who did?
 7 A. I think I was exposed to those records.
 8 They were probably done within our staff. I don't
 9 know if I could say directly. Could have been
 10 Kelly. Could have been Lauralee. It could have
 11 been our accounting firm. It could have been Baker
 12 Tilly at the time. It could have been Miller
 13 Cooper, who is our current auditor. I couldn't say
 14 this particular person found that.
 15 Q. So when you say you were exposed to them,
 16 I'm not sure what that means. Does that mean that
 17 you personally reviewed them?
 18 A. Yes.
 19 Q. Are you aware that the TTO repeatedly
 20 represented to LT in years prior to 2012 that the
 21 TTO was paying for the audit costs of all districts?
 22 A. I was not aware of that.
 23 Q. Are you now aware of that today, given the
 24 information that's been learned through the course

1 that's a proper question, Jay. You're asking the
 2 witness what he discussed with his attorneys.
 3 MR. HOFFMAN: No. I'm able to find out --
 4 You're wrong. I'm able to find out --
 5 MR. KALTENBACH: Thank you for the commentary.
 6 MR. HOFFMAN: -- if he learned facts through
 7 anybody as to what people have said in their
 8 depositions.
 9 BY MR. HOFFMAN:
 10 Q. You didn't read the depositions, right?
 11 A. No, I do not.
 12 Q. Okay. Did anyone tell you what was
 13 testified to in the depositions? Yes or no?
 14 MR. HOFFMAN: If you want to instruct him not
 15 to answer, that's fine, we'll deal with it later.
 16 Let's get this show on the road, though, please.
 17 Make a short objection and then instruct him not to
 18 answer. Or object. Let's go.
 19 MR. KALTENBACH: We're delving into privileged
 20 matters, so I don't mind pausing a minute. You just
 21 spent time showing the man BGA recommendations that
 22 have nothing to do with the case.
 23 So if -- you can answer the question "Has
 24 anyone told you what depositions have been set."

1 of this lawsuit?
 2 A. I don't know the question, but I think I
 3 disagree with it.
 4 Q. What I mean is, sitting here today, are
 5 you aware that the TTO -- let me ask you a question
 6 before this.
 7 Have you read any of the deposition
 8 transcripts of depositions taken in this case?
 9 A. No.
 10 Q. Have you spoken with your attorneys about
 11 the content of any depositions, the factual content
 12 of the depositions of witnesses who testified in
 13 this case?
 14 MR. KALTENBACH: I'm going to -- Mike, I'm just
 15 going to instruct you -- you can answer that. When
 16 we start getting into questions relating to
 17 discussions with attorneys, I want you to be very
 18 careful to just answer the question asked and not
 19 kind of anticipate where he's going, because that's
 20 going to give me a chance to see if it's
 21 objectionable.
 22 The question "Have you spoken with your
 23 attorneys about" -- I'm sorry, think it was the
 24 factual content of depositions. I don't think

1 That's an acceptable question, so you can answer
 2 that.
 3 THE WITNESS: What depositions have taken place
 4 or -- I don't know what was said in them.
 5 BY MR. HOFFMAN:
 6 Q. Has anybody related to you the content of
 7 the deposition transcripts taken in this case, or
 8 any of them? That's the question. Very specific.
 9 A. Has anybody related to me transcripts --
 10 Q. The content of the transcripts of
 11 testimony taken in this case, what people said in
 12 their depositions?
 13 A. Oh, I think I'm aware of some items, yes.
 14 Q. Great. Terrific. Are you aware that Bob
 15 Healy testified in his deposition that during the
 16 relevant time period, the TTO paid for the audits of
 17 all of its member districts?
 18 A. I was not aware of that.
 19 Q. I'll show it to you.
 20 A. Okay.
 21 Q. This is Hartigan Exhibit 3 already marked.
 22 Turn to page 19, sir, please.
 23 MR. KALTENBACH: Page 19 on the transcript?
 24 MR. HOFFMAN: Yes, page 19 of the testimony.

1 BY MR. HOFFMAN:
 2 Q. Do you see on line 12 it says:
 3 "And so the trustees paid for the audits
 4 for not just LT but the other school districts?"
 5 Answer: "Right?"
 6 A. I see that.
 7 Q. Okay. And you're saying that that
 8 testimony of Mr. Healy is incorrect?
 9 A. To my knowledge, that's incorrect.
 10 Q. And why is that?
 11 A. We don't have a record of that. We have
 12 processed payments for school districts for audit
 13 fees. I am not aware that we have paid for audit
 14 fees out of the TTO funds.
 15 Q. Do you have any understanding as to why
 16 Healy testified the way he did?
 17 A. I have no understanding, no.
 18 Q. You're aware that Judge Hartigan was
 19 deposed in this case?
 20 A. Yes.
 21 (Exhibit 7 was marked.)
 22 BY MR. HOFFMAN:
 23 Q. Theissen Exhibit Number 7 is Judge
 24 Hartigan's testimony taken in this case. On

1 Q. Are you aware that Bob Healy wrote letters
 2 to LT both in 1999 and 2001 in which he represented
 3 to LT, writing that the TTO was paying for the audit
 4 costs of all of the districts?
 5 A. I'm not aware of the content of the
 6 letter. I'm aware that there was numerous
 7 correspondence between Bob and LT. So if you
 8 have –
 9 Q. Would you like me to show you those
 10 letters?
 11 A. I'd be happy to look at them.
 12 Q. Let me – I'm going to represent to you,
 13 because I have the letters – I mean, if you want to
 14 see them, that's fine. I'll show them to you.
 15 MR. HOFFMAN: I'm showing Healy 1 to the
 16 witness.
 17 Q. This is the April 29, 1999 letter that
 18 Mr. Healy wrote to Lisa Beckwith at LT. Let me show
 19 you the section – it's a long letter. I'll show
 20 you what I'm referring to.
 21 It says on page 6 of the letter:
 22 "The trustees hire and pay for the audits
 23 of the school districts and the treasurer's office
 24 in Lyons Township."

1 page 25 –
 2 A. Page 25 or little page 25?
 3 Q. Little page 25.
 4 A. Okay.
 5 Q. You see starting on line 20, there's a
 6 reference to a letter that Bob Healy wrote on
 7 April 29, 1999 to LT? Do you see that?
 8 A. Does it start "And it says this letter"?
 9 Q. Yeah.
 10 A. Okay.
 11 Q. It says, "The trustees hire and pay for
 12 the audit of the school districts and the
 13 treasurer's office of Lyons Township." That's a
 14 quote from an April 29, 1999 Healy letter to LT. Do
 15 you know why – Have you ever seen that letter?
 16 A. No. No.
 17 Q. Fine. And then the question to Judge
 18 Hartigan is:
 19 "Is that consistent with your
 20 understanding of what the trustees did?"
 21 Answer: "I believe so."
 22 Is it your testimony that Judge Hartigan
 23 is incorrect?
 24 A. Yes, it is. To my knowledge, yes.

1 Do you see that?
 2 A. Uh-huh.
 3 Q. Yes?
 4 A. Yes, I do.
 5 Q. And you disagree with Mr. Healy's
 6 statement there, right? You think that's factually
 7 inaccurate, right?
 8 A. I think I'm confused by this.
 9 Q. It says –
 10 A. I can read. Let me look at this.
 11 (Reading document.)
 12 Well, that would not be -- I disagree with
 13 this.
 14 Q. Okay. And I'm going to show you an
 15 additional letter where Healy says the same thing in
 16 2001. There's a January 1, 2001 letter to Dennis
 17 Kelly of LT from Mr. Healy.
 18 As shown on the last page. And there is a
 19 section again – because it's the same letter, in
 20 essence – in which it says under Annual Audit:
 21 "The trustees hire and pay for the audit
 22 of these school districts and the treasurer's office
 23 in Lyons Township."
 24 Do you see that?

1 A. Yes.

2 Q. And you're saying that those written

3 representations to LT in 1999 and 2001 are

4 incorrect?

5 A. I am saying that. To my knowledge, I'm

6 saying those are incorrect.

7 Q. Do you know why Healy made those

8 representations to LT?

9 A. I have no idea.

10 Q. Do you have any concerns about LT being

11 misled by those statements of Mr. Healy?

12 A. Do I have any concerns?

13 Q. Yes. That's the question.

14 A. No. I think I probably have more concerns

15 that those were done to mask the fact that LT didn't

16 pay their own audits.

17 Q. So you think the reason that Mr. Healy

18 wrote that is to hide the fact that it was paying

19 audit costs only for LT?

20 A. Yes.

21 Q. You want to explain to me what you mean by

22 that, how you get to that point?

23 A. Well, we've got a number of emails and

24 meetings and different memos that we have kind of

1 unfortunately come across where it appears that LT

2 was, I would say, exerting influence or pressure on

3 Bob within the office for interest allocations;

4 probably, I would say, special treatment.

5 Q. Okay. Describe those for me as best you

6 can. Give me your full knowledge of those

7 documents.

8 A. Well, I know there was a follow-up email

9 or a memo talking about a "pleasant lunch we had,"

10 and Bob, in fact, then did find more interest

11 allocation that he was going to contribute to --

12 Q. Was this in 2006?

13 A. I don't know the date.

14 Q. Okay. And how much was involved in the

15 document you're talking about?

16 A. I don't know the document that you're

17 talking about. I think I would approximate over the

18 years, I would believe it's about \$1.5 to

19 \$1.8 million that was over-allocated or contributed

20 to LT's fund that they were not entitled to.

21 Q. Okay. And the complaint says that there

22 was a \$1.5 million over-allocation of interest. How

23 do you come up with the \$1.8 million figure?

24 A. I said "approximately."

1 Q. Okay. What does that claim that you have

2 about overpayment of interest have to do with

3 Mr. Healy's representations to LT in writing about

4 the payments of annual audits of the other

5 districts?

6 A. I think that he was justifying -- This is

7 my opinion. I think that he was justifying to LT in

8 writing that he would do that, even though he knew

9 that that's not the process that took place in the

10 office.

11 Q. Do you have any reason to believe that LT

12 before this lawsuit was ever aware that Mr. Healy's

13 representations in the letters we just looked at

14 were wrong?

15 A. Do I have reason to believe?

16 Q. Yeah.

17 A. Yes, I do.

18 Q. On what basis do you believe that?

19 A. I believe that, number one, their auditor

20 should have known the code, that we had a shared

21 auditor. I believe that their legal counsel should

22 have known the code and whose allocations were what.

23 And I think that if the other districts knew that LT

24 was being -- their audit fees were being paid for,

1 that they would have been besides themselves as

2 well.

3 Q. That wasn't my question.

4 A. They would have gotten LT's --

5 Q. That wasn't my question. It's not that

6 they should have -- I'm not asking whether they

7 should have known; I was asking a very specific

8 question which is: Do you have any facts or are you

9 aware of any facts to indicate that LT actually knew

10 that Healy's written letters we just looked at were

11 lies and that the TTO wasn't paying for the annual

12 audit costs of the other districts? That's my

13 question.

14 A. Can you ask it to me one time?

15 MR. HOFFMAN: Repeat it.

16 THE WITNESS: Do I have any facts?

17 MR. HOFFMAN: Yes.

18 You can read it back.

19 (Record read as: "Do you have

20 any facts" --)

21 MR. HOFFMAN: Stop. You wrote it down wrong.

22 I'm not asking whether they should have knowledge.

23 Let me just restate the question because

24 you didn't get it down.

1 MR. KALTENBACH: I think she may have got the
 2 one before that correct.
 3 MR. HOFFMAN: Well -- well, let me just
 4 restate.
 5 BY MR. HOFFMAN:
 6 Q. Sir, I'm not asking whether you think LT
 7 should have known that the TTO was not paying for
 8 the annual audits of the other districts. I'm
 9 asking you whether you have any facts showing that
 10 LT had actual knowledge that Healy's representations
 11 on payment for all the districts' audits was untrue.
 12 That's my question.
 13 A. I don't know if this is a fact or not.
 14 But a business manager at one of the other districts
 15 made us aware that we were paying for Lyons Township
 16 High School's audit. When he asked Bob how come
 17 we're not paying for their audit, and he said that's
 18 an arrangement that I have with LT.
 19 Q. Who is that business manager?
 20 THE WITNESS: Do I have to say that?
 21 MR. HOFFMAN: In what district? Yes, you do.
 22 MR. KALTENBACH: Yeah, I don't know. If you
 23 think -- if you think it might -- I don't know
 24 what -- I can't imagine why it would be privileged.

1 MR. HOFFMAN: Please don't coach. You have to
 2 say it.
 3 MR. KALTENBACH: I'm not. I'm trying to
 4 explain why --
 5 BY THE WITNESS:
 6 A. It was the business manager of the LADSE
 7 School District.
 8 Q. Who was that?
 9 A. I'm going to say it was Don -- I don't
 10 remember his last name. He's since retired. I
 11 can --
 12 Q. Don?
 13 A. I think so. I can get that name for you.
 14 Q. So Don complained to who about?
 15 A. He brought it aware to me that -- he had
 16 asked --
 17 Q. He had asked Healy?
 18 A. No, he had asked me, "You're aware that
 19 you're paying for Lyons Township High School's
 20 audit; how come you won't pay for our audit?"
 21 That's what I --
 22 Q. When did this conversation take place?
 23 A. It would have sometime probably in the
 24 summer of '12 or early '13 after Bob had left.

1 Q. And how did that conversation with Don
 2 lead you to believe that LT knew?
 3 A. I don't know what LT knew. I don't know
 4 what they didn't know.
 5 Q. You don't know what they knew?
 6 A. Right.
 7 Q. That was my question. Thank you. You've
 8 answered it. Do you know --
 9 A. I do know -- I do know, having met with
 10 LT, that it's a board of extremely intelligent,
 11 well-qualified, highly intellectual members that is
 12 composed of doctors, lawyers, and CPAs, of which I
 13 can't believe over a period of time that this was an
 14 oversight.
 15 Q. Now, you agree that Baker Tilly and its
 16 predecessor firms did a wide range of professional
 17 accounting work for the TTO and all the member
 18 districts, correct?
 19 Do I need to clarify that?
 20 A. Yeah, yeah.
 21 Q. So Baker Tilly and its predecessors, I'm
 22 just going to call Baker Tilly and make it easier.
 23 A. Yeah, I'm with you.
 24 Q. So Baker Tilly did work for the districts

1 beyond the annual audits, correct?
 2 A. Multiple districts.
 3 Q. Right. Okay.
 4 A. So you're talking about multiple districts
 5 within the township proper?
 6 Q. Here is my point. Are you aware -- you
 7 may or may not be -- that the -- that Baker Tilly
 8 did work in addition to its work on the annual
 9 audits for the various member districts? If you
 10 don't know, then tell me you don't know.
 11 A. Yeah, I don't know. I think this is what
 12 you're asking me -- I'll see if I can help you with
 13 this -- is I do know that Baker Tilly and previous
 14 firms or firms prior to being Baker Tilly did a lot
 15 of accounting and financial work for a vast majority
 16 of the districts within the township. You know,
 17 Lyons Township.
 18 Q. That is not what I was asking you, so
 19 you're incorrect. Let me ask you a better question.
 20 Are you aware of the need for the
 21 performance of reconciliation or balancing work as
 22 between the books of LT and the TTO?
 23 A. Yeah.
 24 Q. And the reconciliation or balancing work,

1 that's a responsibility of the TTO, correct?
 2 **A. It's the responsibility of both parties.**
 3 **Both parties have to report that on their audit or**
 4 **their financial statement. So if one doesn't agree**
 5 **with the other one, it's the responsibility of both**
 6 **parties to come to the number that they agree with.**
 7 Q. So if -- does your claim in this case
 8 for -- in the payment or for recovery -- Let me
 9 start over.
 10 Do you know whether the TTO's claim in
 11 this case relating to annual audit payments for LT's
 12 annual audits, does that include work that Baker
 13 Tilly did on reconciliation and balancing?
 14 **A. Ask me that again.**
 15 Q. You've made a claim in this case for the
 16 repayment of about a half million dollars --
 17 **A. I think it's 511,000.**
 18 Q. -- of the money that the TTO paid over
 19 many years to --
 20 **A. I think it was three years, wasn't it?**
 21 Q. No. It was from 1995 through 2012.
 22 **A. Not related to the audits, no. It's a**
 23 **much tighter window than that.**
 24 Q. You're wrong. I'll show you --

1 **A. I have the letter that I wrote to them.**
 2 **Do you have the letter that I wrote to them?**
 3 Q. I saw the letter. It's 2006 to '12. But
 4 you want me to show you a copy of the complaint in
 5 this case?
 6 **A. No. I want to see the letter that I wrote**
 7 **because those are the facts that I can state to.**
 8 Q. Okay. Well, the letter that you wrote,
 9 which we'll look at, starts in 2006. Right?
 10 **A. Okay.**
 11 Q. Here is my question. Are you just trying
 12 to get back invoices of Baker Tilly that related to
 13 annual audit work or are you trying to get back
 14 invoices that TTO paid to Baker Tilly for any work
 15 that Baker Tilly performed with respect to LT?
 16 That's my question. Or you don't know. You can
 17 tell me you don't know too.
 18 **A. Well, I don't know if I understand your**
 19 **question. I can give you an answer if I think I**
 20 **understand the question. I'm looking to get back**
 21 **the money that we paid, the TTO paid on behalf of**
 22 **the audit fees for Lyons Township.**
 23 Q. So if Baker Tilly did any work relating to
 24 reconciliation and balancing, that's not one of the

1 invoices that you're trying to recover on, correct?
 2 **A. On behalf of which side?**
 3 Q. Well --
 4 **A. And I'm not entitled to bill my audit fees**
 5 **to Lyons Township. That's part of our pro-rata**
 6 **billing. So it would not be in addition to that.**
 7 Q. We've been provided with general ledger
 8 statements, and we've been provided with invoices
 9 that don't have a tremendous amount of detail on
 10 them.
 11 **A. From who? From who? From Baker Tilly?**
 12 Q. You. You've got invoices from Baker Tilly
 13 going back some years, and then you sent the whole
 14 package to us.
 15 **A. Okay.**
 16 Q. Okay? So my question is if there's an
 17 invoice that -- There are a number of invoices that
 18 relate to annual audit work. There are also some
 19 invoices that relate to unspecified services or that
 20 relate to balancing work or something of the like.
 21 So I'm trying to figure out from you if you can tell
 22 me how broad your net is with respect to the Baker
 23 Tilly invoices.
 24 **A. I think my net, as I stated before, is**

1 **related just to the audit work.**
 2 Q. Okay.
 3 **A. And I'd have to see those invoices and who**
 4 **they were made out to, and there's a job code on it.**
 5 **Is it specific to 204? Is it just related to the**
 6 **TTO? There's 13 different entities that we have to**
 7 **try to balance and get accounts right for, so I'd**
 8 **have to see the detail before I could give you more**
 9 **detail.**
 10 Q. You're aware that the TTO itself is
 11 missing many of the invoices of Baker Tilly for
 12 which they're seeking repayment, correct?
 13 **A. I'm not aware of that.**
 14 Q. So in your understanding, the TTO's claim
 15 for repayment of Baker Tilly invoices for annual
 16 audit work is supported by an invoice for every
 17 charge, correct? Yes or no?
 18 **A. No, I'm not stating that.**
 19 Q. Are there missing invoices of the TTO?
 20 **A. I don't know.**
 21 Q. You don't know one way or the other?
 22 **A. I don't know.**
 23 Q. Okay. And are you aware of the TTO asking
 24 Baker Tilly for invoices?

1 A. I would have assumed we did; I have not
2 asked for them personally.

3 Q. I'm asking whether you know that Bradshaw
4 requested them from --

5 A. I don't know that.

6 Q. Okay. That's fine. And you shouldn't
7 make any assumptions; you should only tell me what
8 it is you know.

9 A. Okay.

10 Q. Unless you asked her to and assumed she
11 did what you asked her to.

12 What is it that you believe was either
13 improper or illegal about the TTO's payment for LT's
14 annual audits?

15 MR. KALTENBACH: I'll object to the extent it
16 calls the witness to formulate a legal opinion. But
17 you can answer.

18 BY THE WITNESS:

19 A. We did not do that for other school
20 districts, and it's not within our purview. I'm
21 also concerned that it also breaks the normal checks
22 and balances between audit. And as a fiduciary and
23 a manager of their money, I would be concerned that
24 if we paid for an audit, it might cause -- the

1 chance it could come into question that we were
2 paying for somebody that could not be objective on
3 the other side of an audit versus our auditor on one
4 side. I would have some concerns about that. Those
5 are my concerns.

6 Q. Well, you aware that Bob Healy asked LT to
7 use the Baker Tilly firm and its predecessors,
8 aren't you?

9 A. I'm not aware of that.

10 Q. How do you think it came to be that all
11 the districts and the TTO used the same auditor?

12 A. I have no idea.

13 Q. Is it your position that there's any --
14 and again, I know you're not a lawyer, but I'm
15 asking for your understanding. If you don't have
16 one, tell me you don't have one. Are you aware of
17 any legal bar to the TTO agreeing for all of those
18 20 years to pay for the annual audit costs of LT?

19 A. Can you ask me that question again?

20 Q. Are you aware of any legal bar to the TTO
21 for the 20-year period we're discussing, agreeing to
22 pay the audit costs of LT?

23 A. I'm not aware of any legal bar. I'm aware
24 of a financial bar, for which I do have a background

1 in, and I believe would break down the independence
2 of having one entity pay for the audit of another
3 entity.

4 Q. And that's the basis upon which you
5 believe that these payments were wrongful, correct?

6 A. Well, there's two things. They're
7 wrongful in the payment that we didn't approve them
8 or that they shouldn't have been approved; and
9 they're wrongful in the payment that it did not --
10 it broke, in my mind, the independence of the audit
11 on both sides.

12 Q. Why do you say that the TTO didn't approve
13 the payments?

14 A. Because we would have approved it for all
15 the districts. We try to be very fair.

16 Q. Well, are you saying that the TTO paid the
17 audit costs of LT for 20 years by accident?

18 A. Again, I'm not agreeing that we paid the
19 audit costs for 20 years, number one.

20 Q. Or however money years it was.

21 A. No. I said that earlier that I think that
22 they paid for them because LT was pressuring Bob to
23 do things on their behalf.

24 Q. Okay. But you do agree that in the years

1 that the TTO paid for the annual audit costs for LT,
2 the TTO did so knowingly and voluntarily, yes?

3 A. The TTO as an entity, the TTO as it
4 relates to Bob specifically?

5 Q. Either one.

6 A. I would not say that I think the board was
7 aware of that. I will say that I think Bob was
8 aware that he was paying those fees.

9 Q. But I showed you testimony from Judge
10 Hartigan who said that he believed that --

11 A. And I think I told you that I think he was
12 incorrect.

13 Q. Okay. Have you talked to any of the other
14 board members who were on the board of trustees of
15 the TTO from 2012 and before about this issue?

16 A. 2012 and before. About the issues of
17 audit fees?

18 Q. Or really anything. Have you ever talked
19 to Donna Milich about anything?

20 A. No. I don't even know who Donna Milich
21 is.

22 MR. HOFFMAN: Let's take a break.
23 (Break from 2:03 p.m. to 2:13 p.m.)
24

1 BY MR. HOFFMAN:
 2 Q. Sir, I want to ask you some questions
 3 about the interest issues that we started to
 4 discuss.
 5 MR. HOFFMAN: Let's mark two more, please.
 6 (Exhibits 8 - 9 were marked.)
 7 BY MR. HOFFMAN:
 8 Q. Why don't you take a look at Theissen
 9 Exhibit Number 8, which is a September 5, 2013 memo
 10 that you sent to all member districts, as well as
 11 Theissen Exhibit Number 9, which is a November 7,
 12 2013 letter from Dr. Birkenmaier that I believe was
 13 sent to all of the districts as well.
 14 A. Okay. Number 8. You want me to look at
 15 these both or one at a time?
 16 Q. Well, I just don't want to hide the ball
 17 from you. Why don't you take a look at Exhibit
 18 Number 9 because that may help you to testify
 19 better. You only have to read the -- I'm only going
 20 to ask you about the first section on Exhibit 9, the
 21 Previously Distributed Interest section.
 22 A. Uh-uh. Okay.
 23 Q. All right, sir. Is Theissen Exhibit
 24 Number 8 a memo that you sent to the member

1 A. Not 20.
 2 Q. Okay. Approximately?
 3 A. I would guess five.
 4 Q. Okay. And what was the purpose of the
 5 review and who conducted the review?
 6 A. We conduct the review in-house initially,
 7 and then as per the memo, we sought counsel with
 8 Miller Cooper. We brought on a new audit firm.
 9 Q. And what were the undistributed funds and
 10 how did you find them in the financial statements?
 11 A. Well, I think there was a line item that
 12 said "undistributed funds" or "unallocated funds."
 13 Q. And what was the total amount of
 14 unallocated funds?
 15 A. I don't know that.
 16 Q. Was it -- Let's take a look at Theissen
 17 Exhibit Number 9.
 18 A. Uh-huh.
 19 Q. You've seen this Dr. Birkenmaier letter
 20 from November 7, 2013 before, correct?
 21 A. Yes.
 22 Q. And you saw it on or about the date it
 23 bears?
 24 A. Yes.

1 districts on or about the date it bears, please?
 2 A. Yes.
 3 Q. And tell me what happened with respect to
 4 undistributed funds.
 5 A. Based on this memo?
 6 Q. Your memo makes a reference to a review
 7 prior to your financial statements and you saying
 8 that there appears to be some undistributed funds.
 9 Do you see that?
 10 A. Yes.
 11 Q. Okay. What's that all about? Tell me
 12 about it. What happened?
 13 A. Well, as we reviewed the financial
 14 statements, it looked like there were some interest
 15 earnings that had not been distributed to the school
 16 districts.
 17 Q. Are we talking about the financial
 18 statements of the TTO?
 19 A. Yes.
 20 Q. And which financial statements,
 21 approximately? For how many years back are we
 22 talking?
 23 A. Oh, I don't remember that.
 24 Q. A few or 20 or what?

1 Q. And it says: "We are, therefore,
 2 distributing \$500,000 in interest income from
 3 previous years."
 4 Do you see that?
 5 A. Yes.
 6 Q. How was the \$500,000 figure arrived at?
 7 A. I think in consultation with Miller Cooper
 8 and discussion on the board, I know that that was
 9 not the total amount.
 10 Q. What was the total amount?
 11 A. I do not know the total amount. I know
 12 that it was not the total amount for the simple --
 13 Q. For -- Go ahead.
 14 A. Let me finish. -- for the simple reason
 15 that we were unsure of what the market was going to
 16 bear, and we usually hold back full allocation of
 17 interest in the event that the market goes up or
 18 down. We don't want to assume that the quarterly
 19 payments are going to be equal. So I think this
 20 \$500,000 was a number that we determined was as
 21 large as we felt comfortable with the net line item
 22 in the event that we had market conditions that
 23 would cause that to go down.
 24 So hypothetically, it could have been

1 \$700,000, and instead of doing all \$700,000, we only
 2 did \$500,000.
 3 Q. And that's your best recollection in terms
 4 of what the total --
 5 A. No. I said hypothetically. It could have
 6 been 10 billion.
 7 Q. Okay. So you have no idea what the total
 8 amount of undistributed interest was?
 9 A. I have no idea the exact number of
 10 undistributed income, correct.
 11 Q. Well, I'm asking you an approximate
 12 number, not an exact number, sir.
 13 A. And I don't know that.
 14 Q. You have no idea?
 15 A. No.
 16 Q. It could have been \$1 million; it could
 17 have been \$10 million --
 18 A. It could not have been \$10 million.
 19 Q. Why is that?
 20 A. Because that would represent a piece of
 21 our portfolio that was so large that that it would
 22 -- that would have not been able to hide on a
 23 financial statement.
 24 Q. Could it have been in excess of

1 for one little thing.
 2 MR. HOFFMAN: Let the record reflect that I
 3 provided the witness with a folder containing the
 4 TTO's annual audits from 1995 through 2013.
 5 THE WITNESS: So I would assume it is going to
 6 be on note 4, Unassigned Income.
 7 MR. HOFFMAN: Let's see if it is.
 8 THE WITNESS: Nobody else would just change
 9 this.
 10 BY MR. HOFFMAN:
 11 Q. Take your time, sir.
 12 A. I don't see it on this most recent one
 13 that you have here.
 14 Q. It's the 2013?
 15 A. Fiscal year 2013.
 16 Q. As produced to us. All right? And you
 17 don't see in that audit report any statement of
 18 unpaid investment interest, correct?
 19 A. You mean undistributed --
 20 Q. Undistributed.
 21 A. -- income?
 22 Q. Yes. Undistrib-- well, let's start
 23 over.
 24 Is it correct that the 2013 TTO fiscal

1 \$1 million?
 2 A. It could have been. It could have been
 3 less than \$1 million.
 4 Q. You just don't know?
 5 A. I do not know.
 6 Q. Who would know that. Dr. Birkenmaier?
 7 A. She may know that. I mean, I think we
 8 could go back and look at the statements. If you
 9 need to know the exact number, we can find it for
 10 you. I mean, you have the audits, right? You can
 11 probably look on your own audits and answer the
 12 question.
 13 Do you have all of our audits? Do you
 14 need them?
 15 Q. Yeah. They're in this folder.
 16 A. Well, give me one and I'll take a look.
 17 Q. Sure.
 18 MR. KALTENBACH: If he's going to read off a
 19 specific document, I want to make sure the record at
 20 least reflects what that is.
 21 MR. HOFFMAN: Let's see how it goes. I'll be
 22 happy to mark them all, frankly.
 23 MR. KALTENBACH: If you want to, go ahead. I'm
 24 comfortable not, if he's just going to reference it

1 year audit report does not contain any statement of
 2 the undistributed investment income for that fiscal
 3 year?
 4 A. No, I don't -- I don't think I would say
 5 that.
 6 Q. Okay. Where is it? Take a look at the
 7 2013 audit, please.
 8 A. No. I guess what I'm wondering is this
 9 could be in another line item.
 10 Q. This is the entire -- You're the financial
 11 man. So this is your area of expertise. You tell
 12 me where that figure is, because you just testified
 13 earlier that this was in the financial statement.
 14 A. Oh, I think the money is in the financial
 15 statement.
 16 Q. So in what --
 17 A. So I will testify that that \$500,000 is in
 18 this financial statement.
 19 Q. Well, what you said earlier, as I
 20 understood it, is that the financial statements you
 21 and Miller Cooper reviewed stated that there was
 22 undistributed investment income in the financial
 23 statements, and I haven't seen it. So I want you to
 24 be kind enough to show me where in the financial

1 statements there is a line item for undistributed
2 investment income.

3 **A. I don't know if it would be on here.**

4 **Q. Well, you testified earlier that it was.**
5 **So if you want to correct that testimony?**

6 **A. Read back what I said.**

7 **Q. That was hours ago, and we don't have the**
8 **time to do that.**

9 **A. Well, I need -- we need to be very sure.**
10 **We need to be very clear because there's two things.**
11 **Accounting language and what you're asking me are**
12 **not necessarily the same thing. I would never**
13 **say -- I would never use legal language. You have**
14 **legal language; I do not have legal language.**

15 **Undistributed income may or may not have a**
16 **line item. It may be interest earned income or**
17 **interest earned revenue that was undistributed, so**
18 **it may be under the general fund of the interest**
19 **earnings. It would not say "undistributed." We may**
20 **have gone back and found out over time or over this**
21 **issue was, if there was \$1 that was earned, we only**
22 **distributed 80 cents. That would leave 20 cents of**
23 **undistributed income. That would not come up on**
24 **this.**

1 **Q. Sir, based on my review of the financial**
2 **statements, what I saw was that the financial**
3 **statements for the TTO from 1995 through 2007 had**
4 **either a net statement as to the interest**
5 **distributed, either positive or negative, and that**
6 **in certain years around 2007 and years before that,**
7 **there was actually a three-line stated: the amount**
8 **distributed, the amount earned, and then the net of**
9 **that.**

10 **And then in 2008 through 2013, there are**
11 **no statements as to the amount distributed or the**
12 **amount earned or the net of those two numbers. And**
13 **my question is --**

14 **A. Well, do you know why that is?**

15 **Q. That is my question, sir. Why don't you**
16 **tell me.**

17 **A. Well, do you know why it is?**

18 **Q. I do not know.**

19 **A. Okay. Does your client know why?**

20 **Q. My client -- I don't know everything my**
21 **client knows, so why don't you tell me while you're**
22 **under oath.**

23 **A. Okay. Well, I was not on the board at**
24 **that time. But there was a major change in the**

1 **accounting laws, and that's why those things were**
2 **changed; the language was changed, and the reporting**
3 **mechanisms were changed. That's why there's a stark**
4 **difference on that demarcation point.**

5 **Q. And what in the accounting laws -- because**
6 **that's your area, not mine --**

7 **A. No, I'm not a CPA.**

8 **Q. Okay. But you know more about this,**
9 **obviously, because you just told me that. What is**
10 **your understanding of how the laws changed that**
11 **caused that reporting to be removed from the**
12 **financial statements?**

13 **A. I don't know. I don't know the logic. I**
14 **know that when you -- when I looked at the financial**
15 **statements, I asked that same question, what caused**
16 **this. And our auditor said there was a change in**
17 **the way that we accounted for -- or the TTO**
18 **accounted for distribution and earnings within that**
19 **period of time.**

20 **Q. Are you aware from your review of past**
21 **financial statements that the TTO did not distribute**
22 **to the districts in each of the years from 1995**
23 **through 2007 the same amount of money that it earned**
24 **in investment income; and then in some years it was**

1 **more and some years it was less and sometimes by a**
2 **very significant amount. Are you aware of that?**

3 **A. Yeah, I'm aware of that. That's the**
4 **normal market conditions. I mean, we're not in**
5 **the -- this is not in a fixed return environment.**
6 **So I would expect that that could vary wildly,**
7 **materially. That could vary from quarter to**
8 **quarter. I mean, if you had money in the stock**
9 **market in August of '08 versus money that you had in**
10 **the stock market in June of '08, you saw a**
11 **tremendous change. You went from possibly a**
12 **positive gain to a completely negative gain. So it**
13 **does not surprise me that there was a difference in**
14 **what was distributed or that they held some back. I**
15 **think I stated earlier that as a whole, our board**
16 **would hold back money to see if the market condition**
17 **changed over a 12-month period before we distributed**
18 **all of it.**

19 **Q. Do you know why in some years the TTO paid**
20 **significantly more to the districts in investment**
21 **income than the TTO actually earned on their pooled**
22 **investments?**

23 **A. I have a belief, and the majority of the**
24 **belief is because the treasurer was not following**

1 the state-mandated investment policy statement.
 2 Q. And are you aware that in many years there
 3 was a very significant payment by TTO to the
 4 districts that was well in excess of the amount of
 5 earnings on those pooled funds?
 6 A. I'm not -- You'd have to give me an
 7 example. You'd have to show me an example.
 8 Q. Sure.
 9 A. Was it a distribution of principal?
 10 Q. This is your company, sir.
 11 A. Well, but you're asking me the question,
 12 so I can't answer your question unless I know what
 13 you're asking me.
 14 Q. Well, I get the difficulty of answering
 15 questions that go back in the past, but you have
 16 claims that go back in the past as well, and so I
 17 have to ask these questions. So bear with me.
 18 A. Yep.
 19 MR. KALTENBACH: For the record, Mike isn't
 20 asserting any claims in this lawsuit. My client is
 21 asserting claims in this lawsuit. My client is a
 22 body politic.
 23 MR. HOFFMAN: Yeah, I think we get that.
 24 MR. KALTENBACH: Thank you for the commentary.

1 A. I'm not following. Ask me again.
 2 Q. Sure. Is it your belief that the TTO in
 3 the years that we're talking about here should have
 4 paid to the districts, distributed to the districts
 5 the money that the TTO earned on their pooled funds
 6 except for perhaps a holdback to account for market
 7 conditions?
 8 A. Yeah, that's what our board does. I can't
 9 speak to other boards, but that's what our board
 10 would do.
 11 Q. Right. But what I'm saying is, do you
 12 know whether or not that's what the TTO did from
 13 1995 to 2012?
 14 A. I don't know that. I don't know that --
 15 I'm concerned that there's a negative distribution,
 16 so I'd have to understand, was it a return of
 17 principal? Were there bond funds in there that were
 18 in the agency fund for a period of time that were
 19 for capital expenses which could cause that
 20 discrepancy?
 21 Q. Well, let me show you --
 22 A. Because lots of times if we have long-term
 23 money that comes in from a bond issue and it's not
 24 going to be spent in a year or less, we may put it

1 BY MR. HOFFMAN:
 2 Q. So we're looking, sir, at the TTO
 3 financial statement for the year ending June 30,
 4 2004. Okay?
 5 A. Okay.
 6 Q. And you see there's statement of revenues,
 7 expenditures, and changes in the fund balance for
 8 that year, and there's a statement of earnings on
 9 investments of about 3.7 million, and then earnings
 10 on investments paid out to school districts of just
 11 over 6 million. Do you have any understanding of
 12 why that happened?
 13 A. No, no understanding. That makes no sense
 14 to me at all.
 15 Q. If I asked you the same question about all
 16 of the other years for which that information
 17 appears, meaning '95 to 2007, would you give me the
 18 same answer, that you don't know why it was done
 19 that way?
 20 A. Yes.
 21 Q. Is it your belief that other than a
 22 holdback to account for market conditions, that the
 23 TTO should have paid to its member districts the
 24 money that the TTO earned on their pooled funds?

1 in the agency funds so that it can get a greater
 2 return, which is literally our single job as a TTO,
 3 to get the highest return possible for the school
 4 districts. If there was bond money in there that
 5 was drawn out, which in essence would have been
 6 principal, that could account for whether there was
 7 a difference like that.
 8 Q. Is that, in fact, what occurred or --
 9 A. I don't know.
 10 Q. -- are you speculating?
 11 A. I don't know. That's total speculation.
 12 But that would be an opinion that I might have on
 13 why there would be a material difference between
 14 interest earned and distribution.
 15 Q. Well, let me show you the 2003 June 30
 16 audit report. And this shows that interest on
 17 investments net of distributions to school districts
 18 exceeds \$3 million. Do you see that?
 19 A. Uh-huh.
 20 Q. Yes?
 21 A. Yes.
 22 Q. You have to say yes or no, not uh-uh.
 23 A. Yes, I see that.
 24 Q. And do you know why that happened in 2003?

1 A. No.
 2 Q. Do you have any opinion as to why the TTO
 3 would have paid \$3 million less to the districts
 4 than they earned?
 5 A. I have no idea why they would do that.
 6 Q. Does that give you any concerns in terms
 7 of you making a claim against LT alleging that LT
 8 was paid in excess of \$1.5 million in interest that
 9 it didn't deserve during the '95 through 2012 time
 10 period?
 11 A. No.
 12 Q. Why not? Why doesn't that have any impact
 13 in terms of how the TTO actually distributed
 14 investment income?
 15 A. Because if the TTO was going to distribute
 16 investment income during that period of time, it
 17 would have done it to all of its members, and it did
 18 not. What we're claiming is they did it
 19 specifically and singularly to 204. So of that
 20 \$3 million, if we're going to use that as an
 21 example, let's say 1.5 of that went to 204, the
 22 other 1.5, if they were entitled to that much,
 23 should have been distributed to the other school
 24 districts, which clearly it wasn't. That's what

1 we're claiming.
 2 Q. I didn't follow that, so say that again.
 3 A. So we have \$1.
 4 Q. Yes. There's a net amount --
 5 A. You have \$1.
 6 Q. -- on the financial statement?
 7 A. Yes. We have \$1. And let's say it's
 8 undistributed income. That dollar would be split up
 9 with all of the school districts. We're claiming
 10 that LT took 50 cents of that dollar; the other 50
 11 cents was not distributed to the other school
 12 districts.
 13 Q. And what is the basis of that claim, sir:
 14 the analysis that Ms. Bradshaw did?
 15 A. The analysis that our staff did, yes.
 16 Q. And that analysis did not look at all at
 17 the financial statements and what they said about
 18 distributions of investment earnings, correct?
 19 A. I do not know that.
 20 Q. You don't know?
 21 A. I do not know that. I know that we looked
 22 at --
 23 Q. Well, you were the one that gave Kelly
 24 Bradshaw the assignment, right?

1 MR. KALTENBACH: Hold on. Just make sure --
 2 let him finish answering if he's answering.
 3 BY MR. HOFFMAN:
 4 Q. You're the one who gave Kelly Bradshaw
 5 this assignment to look at the interest earnings,
 6 correct? That's what she said.
 7 A. Yes.
 8 Q. And did you ask her in the course of doing
 9 that assignment to look at TTO's annual audit
 10 statements?
 11 A. No, I did not ask her to look at them
 12 specifically and say "Please look at the audit
 13 statements." I asked her to look at them related to
 14 our in-house accounting and any journal entries or
 15 transfers into anybody's fiduciary account, which I
 16 believe is what she did.
 17 Q. Why didn't you have Kelly Bradshaw look at
 18 the annual audit statements of the TTO with respect
 19 to the payment of interest?
 20 A. I didn't think it was relevant.
 21 Q. Why is it not relevant?
 22 A. Because that would not show a
 23 disproportion of payment in our overall agency fund
 24 that has 13 members. I wanted to see specifically

1 what was related to 204. So nothing in that -- I
 2 don't believe that those audit statements would show
 3 this was paid to 101, this was paid to 102, this was
 4 paid to 103, this was paid to 104. I think it said,
 5 This is paid to the district, funds to the district.
 6 I wanted to know what was paid, if anything was
 7 paid, to 204 or any other school districts during
 8 that period of time that was not then equally
 9 distributed to other school districts.
 10 Q. Isn't it true that when you first gave
 11 Ms. Bradshaw that assignment, you asked her to look
 12 only at District 204?
 13 A. I don't remember that.
 14 Q. That's what she testified. Do you have
 15 any reason to disagree with that testimony?
 16 A. I don't have any reason to disagree; I
 17 just don't know if that's what I said. I know that
 18 when it came to light, what I mentioned before was
 19 that we believe that there was undue influence by
 20 TTO administrators and elected officials on Bob
 21 Healy, but I was more concerned that we were seeing
 22 a pattern that 204 was taken advantage of that
 23 office at the detriment of the other school
 24 districts, which is why we have a \$4.6 million

1 lawsuit.

2 So if I specifically said, Please look at

3 204, my basis was that I had enough belief that

4 there were things there related to 204 that did not

5 apply to 109, 217, LADSE or anything else.

6 Q. Specifically, who are the administers and

7 elected officials of District 204 that you believe

8 exerted undue influence on Healy?

9 A. I think that there was conversations with

10 our office that Dennis Kelly on numerous occasions

11 had come into Mr. Healy's office and browbeat him,

12 yelled at him, demoralized him, screamed at him. I

13 believe that David Sellers, per the email --

14 Q. Let me go one by one. Who said that?

15 A. Staff members in our office.

16 Q. Which ones?

17 A. I can't remember. It was conversations we

18 had around the lunch table. You'd have to ask

19 Mr. Kelly on those dates.

20 Q. Okay. Next?

21 A. I believe that when I saw the emails

22 between David Sellers and Bob Healy, and there was

23 the, we'll call it, miraculously found \$1.5 million,

24 I had concerns about that.

1 money is not invested independent or in a silo to

2 109 or anything else.

3 Q. I know that. So tell me --

4 A. So when I said I -- miraculous issue --

5 Q. -- what's the -- Stop.

6 What's the 1.5 million that you refer to?

7 What does it relate to and what are the details of

8 the 1.5 million? Is that the total amount of the

9 claim?

10 A. Yes. Yes. On several different

11 occasions --

12 Q. Okay. And how does that relate to Sellers

13 specifically, given that Sellers was only there for

14 some of the years?

15 A. Because I think there's an email or a memo

16 that talks about how Bob found interest that he

17 distributed to 204 after a recent meeting, lunch, or

18 meal together.

19 Q. Okay.

20 A. If that was the case --

21 Q. That's fine. You testified to that

22 earlier.

23 A. Yeah. You're not letting me finish.

24 Q. Go ahead.

1 Q. Tell me about the miraculously found

2 \$1.5 million.

3 A. Well, I mean, we live in a world of

4 accounting and numbers. So if there was a

5 distribution that was going to be made to school

6 districts, it would be made to all school districts.

7 Q. What is the \$1.5 million that you're

8 talking about? You don't have to tell me about the

9 world; just tell me about the \$1.5 million.

10 MR. KALTENBACH: Hold on a second. Jay, you're

11 cutting the witness off. And I understand the

12 desire to get through the deposition, but I think

13 it's improper. You're asking him a question; he

14 should be allowed to finish his answer, just like he

15 should let you finish your question.

16 BY THE WITNESS:

17 A. So I think what we had mentioned before

18 was you don't find undistributed income. You don't

19 find undistributed income specific to a single

20 school district. We pool investments for the

21 economic efficiencies of that. We pool investments

22 so that we can drive down administrative costs. We

23 pool investments to give us a greater diversity and

24 give us a higher return for our districts. So 204's

1 A. So if that was the case, there would be

2 income that would be distributed to the other school

3 districts as well. So I know that, based on going

4 through the books, as Ms. Bradshaw's analysis is,

5 there was not other income that was distributed to

6 the other school districts during that same period

7 of time. So 204 was allocated money improperly,

8 illegally -- I don't know what the right word would

9 be, but it was not rightfully theirs. If there was

10 an interest -- money that was left, it should have

11 been divided amongst all the accounts, not a single

12 school district.

13 Q. Okay. You mentioned Kelly and Sellers.

14 Anyone else?

15 A. I think we're okay with that right now.

16 Q. We have to know for all times, so I have

17 to --

18 A. Those are the two that I know. Those are

19 the two that I know.

20 Q. To the best of your knowledge, you're not

21 aware of any other individuals yourself? Yes?

22 A. No. I'm not aware of any individuals

23 myself, no.

24 Q. Okay. Terrific. Thank you.

1 MR. HOFFMAN: Let's mark this, please.
 2 (Exhibit 10 was marked.)
 3 BY MR. HOFFMAN:
 4 Q. Mr. Theissen, I am handing you a document
 5 that comes from the TTO's files that were produced
 6 to us in this case. And this is the document
 7 exactly as we received it. It was a PDF file, and I
 8 printed it out for our convenience.
 9 I would like you to look through the pages
 10 of this and tell me whether you have ever seen this
 11 document before, sir.
 12 A. I don't think I've ever seen this document
 13 in totality.
 14 Q. Okay. What parts of it have you seen?
 15 A. I don't know if I could factually tell you
 16 I've seen any of it.
 17 Q. So you've never seen this document before
 18 or any part of it before, correct?
 19 A. I don't believe so.
 20 Q. Okay. Now, page 1, there's a reference to
 21 Lo, L-o. Is that Lauralee Conway or is that someone
 22 else?
 23 A. I believe that would be Lauralee.
 24 Q. And you see on the second -- on the first

1 page and the second page, there is a one-sided entry
 2 for what's described as Audit Adjustment Interest in
 3 Excess of \$1.5 million. Do you see that?
 4 A. Yes.
 5 Q. Do you have any understanding as to why
 6 the TTO reduced a fund balance for District 204 in
 7 an amount just over \$1.5 million in or around June
 8 of 2011?
 9 A. No, I do not know why.
 10 Q. Would it help you at all to see the
 11 general ledger that comes from the TTO's files for
 12 District 204's accounts for the years 2011 and 2012?
 13 Because I have that here, and I'd be happy to show
 14 that to you.
 15 A. I'll be happy to take a look at it.
 16 Q. All right, sir.
 17 MR. HOFFMAN: Let's mark this as 11, please.
 18 (Exhibit 11 was marked.)
 19 BY MR. HOFFMAN:
 20 Q. All right, sir. I'm handing you the TTO
 21 general ledger printout for District 204's funds for
 22 2011 and 2012. And you'll see that in 2011, there's
 23 a journal entry for the adjustment of interest from
 24 the audit on page 2 about two-thirds of the way down

1 of \$1,512,451. Do you see that?
 2 A. Yes, I do.
 3 Q. And then that account is not -- that
 4 1-999999 account is not present in the 2012 year.
 5 Do you see that as well?
 6 A. I don't know. I don't see what you're
 7 asking.
 8 Q. Okay. All right. Well, let me ask you
 9 this because you're the financial guy. Does
 10 Theissen Exhibit Number 11 which has the general
 11 ledger for District 204 as maintained at the TTO for
 12 2011-2012, does this document in any way help you to
 13 answer why the TTO made a cash deduction of just
 14 over \$1.5 million to District 204's account in June
 15 of 2011?
 16 A. No, it doesn't help me. And I guess I'm
 17 looking at a couple different things. There's a
 18 similar that would bring my attention in July of
 19 2010 for approximately 1.5 for expenses.
 20 Q. It's a different number, isn't it?
 21 A. Yeah. But it's similar enough -- it would
 22 be similar enough it would cause me to look twice at
 23 it.
 24 Q. Do you know what that's for?

1 A. I do not know what that's for.
 2 Q. How would you find out what that's for?
 3 A. I would probably have to ask someone.
 4 Q. Who would you ask?
 5 A. I would probably ask what fund that it
 6 came out of, what the check went to, and do we have
 7 backup for it.
 8 Q. And what person in the TTO would you
 9 ask --
 10 A. This was before me, so I don't know.
 11 Q. I know it's before you, sir, but we're
 12 dealing with lots of stuff before you. So my
 13 question is -- you said you'd have to ask someone.
 14 My question is: Who specifically would you ask to
 15 find out more about that journal entry?
 16 A. I probably would have started with Lo,
 17 then I probably would have started with Kelly. I
 18 probably would have first started with Susan. If
 19 they were to ask me this today, I would ask the
 20 treasurer.
 21 Q. Okay. I'll ask her when I see her. How
 22 about that?
 23 A. Perfect. So you're telling me this is
 24 the -- What is this for, now?

1 Q. It's the TTO general ledger for District
 2 204 contained in TTO's files.
 3 A. So money that we put into 204's account.
 4 Correct? So if I see a negative here -- I'm asking
 5 you because you're asking me to make a judgment.
 6 Q. This is a TTO document. I am not
 7 testifying about the TTO's document. If you don't
 8 know how to read the TTO's general ledger, you can
 9 say that. I'm not making any representations at all
 10 about what this document means. I'm an attorney and
 11 not an accountant.
 12 A. Yeah. I think this proves our point, that
 13 this money was allocated inappropriately.
 14 Q. When you say the money allocated --
 15 A. I think these --
 16 Q. You understand that's deducting -- I'm
 17 sorry. Theissen Exhibit Number 10 is what we're
 18 talking about, yes?
 19 A. I think you're saying -- if you're telling
 20 me that's our general ledger, any moneys would be
 21 transferred into the 204 account, out of our account
 22 into the 204 account.
 23 Q. Could you take a look at Deposition
 24 Exhibit 10, please. You see that this is an

1 Q. Let me ask you -- let me interrupt you
 2 there. Given that we're dealing with an
 3 organization which a man was able to steal
 4 \$1 million, do all the debits and credits have to
 5 line up perfectly?
 6 A. This would have to show up on 204's, which
 7 either means they would need to say, I was screwed
 8 out of 1.5 million or I just got 1.5 million that I
 9 wasn't entitled to.
 10 Q. And that's your speculation on what this
 11 document means, correct?
 12 A. It's not speculation. I'm just saying
 13 there should be a corresponding accounting on the
 14 other side. That was the whole conversation we had
 15 earlier on the checks and balances across --
 16 Q. Even though it says on the top
 17 "one-sided"? Why does it say "one-sided" at the
 18 top? What's your interpretation of that?
 19 A. I don't know. I don't know who wrote
 20 that.
 21 Q. I don't either. It's from your file, sir.
 22 So you don't know what this is, Theissen Exhibit
 23 Number 10, correct?
 24 A. I do not know what that is.

1 adjustment of interest that reduces the cash of
 2 District 204 in the amount of 1.5 million and
 3 change, yes? You do understand that, correct?
 4 A. I don't know if I do understand that.
 5 Q. So you think that this document, Theissen
 6 Exhibit Number 10, suggests that the TTO was paying
 7 to District 204 \$1.5 million, or you don't know?
 8 A. I don't know without looking at it in
 9 totality.
 10 Q. I'm taking that.
 11 A. No, there's another page I want to look
 12 at.
 13 Q. That's fine.
 14 A. I mean, part of this is I would need to
 15 know what the account 99999 was, how that was coded,
 16 what it was for.
 17 Q. Would LT have any way of knowing that?
 18 A. Sure. Because this --
 19 Q. How would they know that?
 20 A. This should show up. If we have the LT,
 21 we should have a corresponding transaction on the
 22 other side. So for every debit, there's got to be a
 23 credit; for every credit, there's got to be a debit.
 24 Well, this has got --

1 Q. Great. Thank you.
 2 Let's talk about the assignment that you
 3 gave to Kelly Bradshaw with respect to interest
 4 payments to District 204. All right?
 5 A. Yes.
 6 MR. KALTENBACH: I'll get a little more water.
 7 You continue.
 8 MR. HOFFMAN: We'll wait a few.
 9 BY MR. HOFFMAN:
 10 Q. During the 1995 to 2012 period, does the
 11 TTO have records showing all of the interest that it
 12 earned on the pooled investments of districts?
 13 A. I don't know that. That was before my
 14 time. I do not know that.
 15 Q. Do you have any understanding whether the
 16 TTO can correlate the amount of money that it says
 17 it earned on investments to specific bank statements
 18 or financial institution statements that would show
 19 or verify those earnings?
 20 A. I would hope that they do, but again, that
 21 was before my time.
 22 Q. So you don't know whether they do or do
 23 not?
 24 A. No, not during that period of time.

1 Q. Okay. You asked -- did you ever -- Strike
 2 that.
 3 You agree that after Healy resigned, the
 4 TTO was unable to determine where all of the
 5 investments were among other banks and financial
 6 institutions; that's what Bradshaw testified to. Is
 7 that correct?
 8 A. No, I don't agree with that.
 9 Q. Okay. So your understanding is at the
 10 time Healy resigned, the TTO knew exactly what
 11 investments it had and exactly where those
 12 investments were for the districts' funds?
 13 A. You're talking about the day he resigned
 14 or are you talking about the period of time where he
 15 found all the investments?
 16 Q. The day that he resigned. So Bradshaw
 17 described a period of time in which the TTO could
 18 not determine its investments and had to call around
 19 to banks and wait for statements to come and
 20 scramble around and figure out where all the money
 21 was. So my point is what do you know about whether
 22 the TTO was aware of where all the investments were
 23 at the time Healy resigned?
 24 A. I know that we went through an exhaustive

1 search to find and to identify our investments,
 2 where our investments were, who had them, how they
 3 were being managed, and how much they were earning,
 4 and whether they were in compliance with the
 5 investment policy statement.
 6 Q. And you had to call -- somebody had to
 7 physically call around to banks to see if they had
 8 TTO money, right?
 9 A. I don't know that. I mean, we checked
 10 with everything. We just found out that there was a
 11 potential theft, so we called anybody that we did
 12 business with or had done business with to see if we
 13 had open accounts.
 14 Q. You asked Kelly Bradshaw to compare the
 15 handwritten notes that Bob Healy had in his files
 16 regarding payment to the districts to the general
 17 ledger statements of interest credited to the
 18 districts for District 204, right? That's what --
 19 A. There's a couple questions there.
 20 Q. What did you ask Bradshaw --
 21 A. I think I asked Kelly to look at the
 22 allocation of interest across all the districts
 23 compared against Bob's notes and see if it was done
 24 in compliance with how the normal allocation should

1 have been done.
 2 Q. Well, that's not what Bradshaw testified
 3 to. She said you asked her to focus initially on
 4 204. Do you disagree with that?
 5 A. No, I don't disagree with that.
 6 Q. And let's talk about what exactly you
 7 asked her to do. Is it true that you asked her to
 8 compare Bob Healy's handwritten notes relating to
 9 distribution of interest in each quarter to District
 10 204 and compare that to the general ledger and the
 11 quarterly interest payments actually made or
 12 credited to District 204?
 13 A. I could have asked her that, yes.
 14 Q. Well, I didn't ask you if you could have
 15 or if it is possible. I'm asking if you did.
 16 A. I don't recall a conversation I had over
 17 five years ago.
 18 Q. What did you ask --
 19 A. I told you what I asked her to do.
 20 Q. Okay. Did you see the -- What do you
 21 understand she compared -- What documents do you
 22 understand she compared in order to complete her
 23 analysis?
 24 A. I think she looked at everything she had

1 at her disposal. So I think she looked at any of
 2 the journal entries, probably the notes we had
 3 access to, any of the bank statements to make sure
 4 that there was a corresponding transaction on the
 5 other side. And she might have looked at any of the
 6 audit or work papers that we had access to within
 7 the office.
 8 Q. You're speculating about what it is that
 9 she did, and you really don't remember, do you?
 10 A. No, I do remember.
 11 Q. You say you might have. You think she
 12 looked at all of those things?
 13 A. I'm quite confident she did. She's
 14 thorough. She's a qualified professional. She's
 15 fantastic. She's a CPA. She's smart. She's one of
 16 the smartest persons I've worked with.
 17 Q. Let's take a look at --
 18 A. If there was a rat hole, she found it.
 19 Q. Let's take a look at her testimony, shall
 20 we?
 21 A. Okay.
 22 Q. Go to page 64, please. And the question
 23 to Ms. Bradshaw in the deposition is -- The question
 24 was, starting in line 14:

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1 "Why don't you tell me who asked you to do
 2 what in connection with interest paid to District
 3 204 by the TTO for a period of years?
 4 Answer: "Mr. Theissen asked me to compare
 5 the interest earnings that were received" --
 6 **A. Hold on. Hold on. I'm not following.**
 7 **Starting on line 14?**
 8 Q. Right.
 9 **A. So before we --**
 10 MR. KALTENBACH: Right here (indicating).
 11 BY MR. HOFFMAN:
 12 Q. "Why don't you tell me who asked you to do
 13 what in connection with interest paid to District
 14 204 by the TTO for a period of years?"
 15 Answer: "Mr. Theissen asked me to compare
 16 the interest earnings that were received by District
 17 204 in comparison to Mr. Healy's calculations and
 18 what was actually reported in the general ledger."
 19 Question: "Did he explain why he wanted
 20 you to perform this analysis?"
 21 Answer: "No."
 22 Question, next page: "Did he tell you
 23 what he thought might be the problem and why a
 24 comparison might be necessary?"

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1 Answer: "No."
 2 Question: "When did this conversation you
 3 had with Mr. Theissen about this project occur?"
 4 Answer: "Somewhere between probably
 5 around September of 2013."
 6 Do you see that testimony?
 7 **A. Yes.**
 8 Q. Do you disagree in any respect with that
 9 testimony?
 10 **A. I don't disagree with that.**
 11 Q. So what she provided to us, sir, was --
 12 and you're welcome to see it, this analysis -- This
 13 is Bradshaw Exhibit Number 3, the second version of
 14 it with its supporting documentation. You paid for
 15 this and have seen it before, right?
 16 **A. I've seen it.**
 17 Q. And she provided to us as well copies of
 18 the supporting documentation that she looked at. On
 19 the left-hand column, there were Healy Quarterly
 20 Interest sheets that she found in Healy's files.
 21 MR. KALTENBACH: I'm sorry. Are you asking him
 22 to look at something specific?
 23 BY MR. HOFFMAN:
 24 Q. Correct?

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1 **A. You're talking about this table?**
 2 Q. Do you know what this table represents?
 3 Do you know what she compared?
 4 **A. This looks to me like -- I'm assuming RH**
 5 **is Robert Healy.**
 6 MR. KALTENBACH: For the record, we're looking
 7 at the first page of Bradshaw Number 3.
 8 BY THE WITNESS:
 9 **A. Calculations versus general ledger.**
 10 Q. Yes. So what she told us -- and counsel
 11 will correct me if I'm wrong. What she told us is
 12 she compared these Healy Quarterly Interest sheets
 13 in Bradshaw Number 5 --
 14 **A. I'm looking at Bradshaw Number 3.**
 15 Q. These Quarterly Interest sheets, Bradshaw
 16 Number 5, in my left-hand, not in front of you, and
 17 these general ledger reports, Bradshaw Exhibit
 18 Number 7?
 19 **A. Okay.**
 20 Q. And then she also did an additional
 21 calculation with respect to pro-rata percentages
 22 that came out later. So this first column, which is
 23 supported by the backup behind it, compared Bob
 24 Healy's notes to the general ledger. Is that

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1 consistent with your understanding of what you asked
 2 her to do and what she did?
 3 **A. Yes, I believe it is consistent with what**
 4 **I asked her to do.**
 5 Q. So I want to ask you -- and what she
 6 testified to was that Bob Healy's notes, in her view
 7 or as she understood it, reflected what Healy
 8 intended to distribute to the districts for each
 9 quarter. Is that consistent with your understanding
 10 as to what those documents represent?
 11 **A. No, I don't think -- I don't think we**
 12 **would use the word "intend."**
 13 Q. Okay. That's the word she used. What
 14 word would you use?
 15 **A. I do not know. I do not know what**
 16 **conversation you had with her.**
 17 Q. Okay. What is your understanding as to
 18 what the documents called Healy Quarterly Interest
 19 sheets, which is Bradshaw Exhibit Number 5,
 20 represent?
 21 **A. I would assume these are --**
 22 Q. Don't assume anything.
 23 **A. Then I don't know. Do you want me to look**
 24 **at these? Because I probably need a day or two.**

1 **We'll have to come back.**
 2 Q. Oh, no, no, no. Let's not be --
 3 A. **It's six inches of paper, and you don't**
 4 **want me to assume? Truthfully?**
 5 MR. HOFFMAN: Let's go off the record.
 6 (Discussion off the record.)
 7 MR. HOFFMAN: Back on the record. You want to
 8 do it the hard way? We'll do it the hard way.
 9 MR. KALTENBACH: I'm not doing it the hard way,
 10 Jay. Hold on. I'm going to say something so the
 11 record is clear on this. It's our record, it's not
 12 your record. I have no problem with you talking to
 13 the witness off the record in my presence. I think
 14 if you're going to start asking the witness about
 15 specific documents, that should be on the record.
 16 MR. HOFFMAN: Fine. That's perfectly
 17 acceptable to me. I was trying to short-circuit
 18 things and was trying to make sure the witness
 19 wasn't confused, but we'll do it all on the record.
 20 No problem.
 21 BY MR. HOFFMAN:
 22 Q. Sir, these are documents that Kelly
 23 Bradshaw relied on in calculating the approximately
 24 \$1.5 million interest claim that you've made. What

1 Do you see that?
 2 A. **Yes, sir. So what is your understanding**
 3 **of what that column represents?**
 4 A. **It looks like it's the difference between**
 5 **Bob's calculation and what was entered into the**
 6 **general ledger.**
 7 Q. And why is that difference, to your
 8 understanding, significant?
 9 A. **Because it shows me that what Bob**
 10 **calculated and what was entered into the general**
 11 **ledger do not match.**
 12 Q. Why is the assumption in this analysis --
 13 A. **This analysis? The one that I'm holding?**
 14 Q. Correct. Why is the assumption in that
 15 analysis that Bob Healey's calculations as to
 16 interest were the amounts that should have been paid
 17 to District 204, and that any difference between
 18 that and the general ledger amounts constituted an
 19 overpayment?
 20 A. **Because the code is very clear on the**
 21 **distribution of earned income, so it really**
 22 **shouldn't take a calculation or an interpretation.**
 23 **It's -- if you have 10 percent of the pro-rata,**
 24 **you're allowed 10 percent of the calculation. So**

1 these are, according to her, are Healy's files
 2 relating to quarterly interest payments. Are you
 3 familiar with these documents at all? And I'm not
 4 asking you to look at every page. There's obviously
 5 quite a number of pages, but they're all for
 6 successive quarters in the relevant years.
 7 Do you know what these documents are?
 8 Have you seen them before?
 9 A. No.
 10 Q. Are you aware, even if you haven't seen
 11 these documents in Bradshaw Exhibit Number 5, that
 12 Healy maintained records relating to interest
 13 payments?
 14 A. **I would assume that, yes.**
 15 Q. And you're obviously aware that the TTO
 16 has a general ledger that has journal entries
 17 relating to interest payments as well, correct?
 18 A. Yes.
 19 Q. So what is your -- So we look back to
 20 Bradshaw Exhibit Number 3, the first column -- I
 21 don't want you to have to read it out loud and waste
 22 your voice. The very first column says Fiscal Year,
 23 and the second column says RH Calculation Versus
 24 General Ledger, plus or minus \$1,000 per quarter.

1 there really shouldn't be a difference. This
 2 spreadsheet should say \$1 million in interest
 3 earnings, the pro-rata percentage, the journal entry
 4 that takes place.
 5 Q. Is it your understanding that Bob Healey's
 6 calculations were always based solely on a pro-rata
 7 percentage distribution?
 8 A. No. I would say this is proof they're not
 9 based on a pro-rata distribution. And I can say
 10 that in regard to another school district. The
 11 school district in which I live, Elementary School
 12 100, 101 asked about the interest calculations in a
 13 similar meeting that Bob had with either Dennis
 14 Kelly or David Sellers, and he said I did go by and
 15 look and did find that you have some additional
 16 interest earnings. That should never happen in this
 17 environment.
 18 Q. So my point is why -- as I understand that
 19 analysis, Bradshaw Exhibit Number 3, the person who
 20 conducted that analysis, Ms. Bradshaw, found
 21 approximately a \$1.4 or \$1.5 million difference
 22 between Bob Healey's handwritten calculations
 23 relating to interest and the interest as reflected
 24 on the general ledger for District 204, correct?

1 A. I think that's correct.
 2 Q. Okay. So why is the assumption that Bob
 3 Healey's handwritten notes are the amounts that
 4 should have been paid?
 5 A. I'm not following you.
 6 Q. Okay. Do you understand what Kelly
 7 Bradshaw was doing when she did this report?
 8 A. Yes.
 9 Q. So she was -- she was comparing -- and she
 10 explained it to us -- the Healy handwritten notes
 11 and said that that's the amount that District 204
 12 should have gotten.
 13 A. No, no, no, no, no, no. She was asked to
 14 compare what 204 received versus what the law said
 15 they should have received. If Bob Healey's notes
 16 were in there, that's not -- she may have used that
 17 as a check or as a benchmark, but our distribution
 18 of income is very clear. You're entitled to see
 19 this much income based on our pooled earnings. It
 20 doesn't matter whether I want to make it a different
 21 number, you want to make it a different, Barry wants
 22 to make it a different number. If you're entitled
 23 to 11.468 percent, you get 11.468 percent. I don't
 24 give you 12 percent. I don't give you 9 percent. I

1 give you what your pro-rata share is.
 2 Q. I get that. So here is my question. You
 3 said that Kelly was asked to compare what 204
 4 received versus what the law said they should have
 5 received?
 6 A. That's correct.
 7 Q. So are the documents in terms of what 204
 8 received the general ledger entries? Is that
 9 correct?
 10 A. I think that's the basis after what she
 11 saw was transferred to 204. She went back and did
 12 the math and said based on the amount --
 13 Q. You're straying from my question. I'd
 14 appreciate it if you could focus my question?
 15 A. Okay. I don't understand your question.
 16 It's unclear. I'm not sure you even know what
 17 you're asking me.
 18 Q. I do.
 19 A. No, you don't. You don't because I'm very
 20 clear. If there's a dollar, and they're entitled to
 21 32 cents, they get 32 cents. They don't get 36
 22 because Bob wrote a memo. They don't get 31 cents
 23 because 204 gets 32 cents.
 24 Q. I get it. Here is my question, and it's a

1 very simple. What documents did Bradshaw look at to
 2 determine the amount that 204 actually received?
 3 A. Probably the general ledger.
 4 Q. Great. What documents did Bradshaw look
 5 at to determine what the law said District 204
 6 should have received?
 7 A. Probably their fund balance.
 8 Q. Do you know what she looked at?
 9 A. Yeah, it would have been their fund
 10 balance at that time. That's the only way you can
 11 determine what they would have been able to be
 12 allocated.
 13 Q. How did you -- What number did Bradshaw
 14 use to determine the amount of interest that should
 15 have been paid to all the districts in total?
 16 A. It would have been the interest earnings
 17 divided by your pro-rata share.
 18 Q. How did she find out what the interest
 19 earnings were?
 20 A. I'm assuming that she looked at the
 21 statements related to the interest earnings.
 22 Q. I'm not asking you to assume. I'm saying
 23 where did she get the money -- where did she get the
 24 data on how much interest in total -- Let me finish

1 my question. Where did Bradshaw get the data on how
 2 much total interest the TTO earned in each quarter
 3 on the pooled investments of the districts?
 4 A. I'm assuming that would have been
 5 reflected in each of the funds and the investment
 6 statements.
 7 Q. What investment statements?
 8 A. Well, we get an investment statement by
 9 everybody who has it, holds an investment in our
 10 behalf.
 11 Q. You do know. Did you get them back then?
 12 A. Well, I wasn't there back then.
 13 Q. Well, your claim relates to back then, not
 14 now. So my point is where did Bradshaw get the data
 15 on the amount --
 16 A. I couldn't answer that for you. I
 17 couldn't answer that for you. I will say that we do
 18 have interest earnings, and whether that was taken
 19 off of statements, whether that was taken off of
 20 bank deposits, whether that taken off of wire
 21 transfers, or whether that was taken off of old
 22 bonds which we clipped coupons and received \$50 and
 23 deposited it, there is a net amount that would have
 24 been determined what would have been distributed to

1 each school district.
 2 Q. Would you be concerned to learn that Kelly
 3 Bradshaw testified that where she got the amount
 4 that should have been distributed to all the
 5 districts was from Healey's own handwritten notes
 6 that I just showed you in this file, Bradshaw
 7 Exhibit Number 5?
 8 A. **Would I be concerned --**
 9 Q. Yes.
 10 A. **-- if Kelly Bradshaw used that information**
 11 **in her analysis?**
 12 Q. Would you be concerned if the source of
 13 information about how much interest was earned by
 14 the TTO on the district funds in every quarter came
 15 from Healey's handwritten notes and, by the way on
 16 top of that, in every single quarter was a round
 17 number every time?
 18 A. **That's the soul source, you're saying she**
 19 **used?**
 20 Q. Yes.
 21 A. **The absolutely sole source?**
 22 Q. Yes, sir. That's what she testified to.
 23 A. **And was it equally applied to all school**
 24 **districts?**

1 Q. She looked at District 204 because that's
 2 what you told her to do.
 3 A. **So what's your question to me?**
 4 Q. My question, again, is: Would you be
 5 concerned that Bradshaw's sole source of information
 6 about how much interest was earned on the pooled
 7 investments in each quarter was from Healey's
 8 handwritten notes, and she never checked them
 9 against bank statements, investment records, or
 10 anything like that?
 11 A. **I would have some concern for that.**
 12 Q. And why would that be a concern for you?
 13 A. **Because I think there would be other**
 14 **information she could gather from.**
 15 Q. And do you think that other information
 16 would be more accurate?
 17 MR. KALTENBACH: Objection to form.
 18 BY THE WITNESS:
 19 A. **I don't know that.**
 20 Q. Do you have any concerns about the
 21 accuracy of Bob Healey's handwritten notes with
 22 respect to interest earned?
 23 A. **I don't know. I would not know how to**
 24 **answer that question.**

1 Q. Why can't you answer that question?
 2 A. **Would I personally have some concern?**
 3 **Yes, I would have some personal concern. My bigger**
 4 **concern would be was the interest allocation done**
 5 **fairly as per the school code. That's where my**
 6 **bigger concern is.**
 7 I'll tell you that Bob Healy was a crook.
 8 I have no problem admitting that. So if there was
 9 \$1 million and it was not allocated properly to the
 10 school districts, that's my bigger concern.
 11 Q. So isn't that a problem if Bradshaw's
 12 analysis is based solely on Healey's handwritten
 13 notes to determine how much interest should have
 14 been paid to the districts?
 15 A. No.
 16 MR. KALTENBACH: Objection to form.
 17 BY MR. HOFFMAN:
 18 Q. And why is that okay?
 19 A. **Because if the basis of the analysis was**
 20 **applied to all school districts, I'm comfortable**
 21 **with that. What I'm not comfortable with -- if**
 22 **that's the only number she had to go for, what I**
 23 **would not be comfortable with is that school**
 24 **districts got what they were not entitled to. So if**

1 everybody was applied the same amount, if the pool
 2 was the same for all school districts, at that
 3 particular time I guess I cannot say I would have a
 4 problem with it. What I would have a problem with
 5 is if it was not distributed equally or properly.
 6 Q. The analysis that Kelly Bradshaw did, is
 7 it your understanding that that same analysis and
 8 the documents that she looked at as applied to the
 9 other school districts other than District 204 would
 10 show that the other districts got the amount of
 11 money that they were supposed to get or that they
 12 got less?
 13 A. **Some of both. Some got more and some got**
 14 **less.**
 15 Q. And what is the basis for that claim?
 16 A. **The calculations that she showed me.**
 17 Q. Well, we haven't seen them, so you
 18 describe them to me. As it relates to other
 19 districts, I've never seen them and they've never
 20 been produced. So why don't you tell me about them.
 21 What do they say?
 22 A. **I don't remember at this point.**
 23 Q. Well, what districts got more and what
 24 districts --

1 **A. I don't know. There are 13 school**
 2 **districts. I don't know them all.**
 3 Q. I understand that. But they're all
 4 important, aren't they?
 5 **A. They're all important, every single one.**
 6 Q. So how many of the districts other than
 7 District 204 got more investment income than they
 8 should have received during the relative period?
 9 **A. I don't know that.**
 10 Q. More than one?
 11 **A. More than one.**
 12 Q. And do you remember which ones there were?
 13 **A. No.**
 14 Q. And what has the TTO done about that
 15 alleged overpayment of interest with respect to the
 16 districts other than District 204?
 17 **A. I don't think we've done anything with it**
 18 **at this point.**
 19 Q. Why not?
 20 **A. Because there are some that are over and**
 21 **there are some that are under, and as it relates to**
 22 **the amounts, some of them were immaterial. They**
 23 **could have been rounding errors based on the**
 24 **accounting information that we had. There could**

1 **have been when it was booked, if it went over fiscal**
 2 **year.**
 3 Q. Well, you're speculating and you're saying
 4 that some of the amounts are immaterial. Does that
 5 mean some of the amounts were material?
 6 **A. No. They didn't give me an amount. So if**
 7 **it's \$5 over, that's a rounding error or an interest**
 8 **miscalculation.**
 9 Q. Well, you have a detail --
 10 **A. If it's \$5 under --**
 11 Q. We received a detailed analysis of your
 12 claim for interest with respect to District 204.
 13 And now you're telling me that there are other
 14 districts that you believe got overpaid interest --
 15 **A. I also said underpaid interest too.**
 16 Q. I heard that.
 17 **A. Okay.**
 18 Q. So I'm talking about the ones that were
 19 overpaid.
 20 **A. Uh-huh.**
 21 Q. Have you made any effort to recover that
 22 money; and if not, why not?
 23 **A. We have not proceeded down that path.**
 24 Q. Why not?

1 **A. I think it's immaterial based on their**
 2 **total fund balance.**
 3 Q. How much money are we talking about that
 4 was overpaid to the other districts? Give me a
 5 ballpark.
 6 **A. I don't remember.**
 7 Q. You have no idea?
 8 **A. No idea.**
 9 Q. It was less than \$1,000?
 10 **A. Yes, some were less than \$1,000.**
 11 Q. Not some, all. All of them were less than
 12 \$1,000, all of the differences?
 13 **A. No.**
 14 Q. Okay. Were some big?
 15 **A. Well, what's big?**
 16 Q. Well, any of them. You tell me. How
 17 much --
 18 **A. I think I just told you that I don't think**
 19 **any of them were material. So if you're talking**
 20 **about \$1,000 on a \$100 million portfolio, that's an**
 21 **insignificant amount of money. If you're talking**
 22 **about \$500 on a \$600 portfolio, that's material in**
 23 **my mind.**
 24 Q. You're saying that --

1 **A. So the fact -- I'm telling you the ones**
 2 **that were under or over were immaterial. And if we**
 3 **needed to switch -- correct those up at a future**
 4 **date, we would probably try to do that.**
 5 MR. KALTENBACH: You want to take a break?
 6 MR. HOFFMAN: Sure. That would be great.
 7 (Break from 3:18 p.m. to 3:29 p.m.)
 8 BY MR. HOFFMAN:
 9 Q. Sir, I'm going to show you what previously
 10 was marked as Healy Exhibit 4 in this case. And I
 11 believe this is the memo that you made reference to
 12 involving David Sellers and Bob Healy. Am I
 13 correct?
 14 **A. I don't know if it was this specific one,**
 15 **but if you say so.**
 16 Q. This is the one that your attorney showed
 17 to Bob Healy, so --
 18 **A. Okay.**
 19 Q. That's what I'm guessing. Why don't you
 20 tell me. This is, for the record, Healy Exhibit
 21 Number 4 is an August 1, 2006 email from David
 22 Sellers to --
 23 **A. Yes, okay.**
 24 Q. -- Bob Healy, and a further August 2nd --

1 **A. Follow-up.**
 2 Q. -- 2006 email from David Sellers to Bob
 3 Healy.
 4 **A. Yep.**
 5 Q. Do you see these?
 6 **A. Uh-huh.**
 7 Q. Are these the emails you were talking
 8 about earlier in your testimony?
 9 **A. Yes.**
 10 Q. Have you ever spoken with either Bob Healy
 11 or David Sellers about the subject matters set forth
 12 in this email?
 13 **A. No.**
 14 Q. Do you know of any other person who has
 15 direct personal knowledge of the circumstances being
 16 discussed in these emails?
 17 **A. No.**
 18 Q. What is your understanding as to what
 19 these emails say with respect to any alleged
 20 overpayment of interest?
 21 **A. Okay. Ask me that question again.**
 22 Q. Okay. Do these -- you've testified
 23 earlier that, in your mind, these emails show that
 24 LT got too much interest from the TTO at this time,

1 correct?
 2 **A. Yes.**
 3 Q. And based on these emails, what was the
 4 amount of money that LT got that was over and above
 5 what it should have gotten?
 6 **A. Well, if you asked me based on this email,**
 7 **it looks like an allocation of approximately**
 8 **\$280,000. And interest was initially 1.451 million.**
 9 **You indicated that there was an additional -- you**
 10 **indicated there was 280,000 more to be added. The**
 11 **total interest for fiscal year '06 would then be**
 12 **approximately 1.7 million. The higher number gives**
 13 **us a good rate of return, while the lower number was**
 14 **the one I said amounted to just under 3.5 percent,**
 15 **which is low. Please confirm the amount for LT that**
 16 **we can count on for fiscal year '07.**
 17 **That's not arbitration. This is --**
 18 Q. I just asked -- I didn't ask you to read
 19 the document, I asked you a very specific question.
 20 In your mind, what is the amount of money, based on
 21 this, that was overpaid to LT, and your answer is
 22 280,000, correct?
 23 **A. Related to this email, there was another**
 24 **allocation of 280,000. I don't know if that's the**

1 total amount because I can't take one paragraph --
 2 Q. Why?
 3 **A. -- and look at it --**
 4 Q. What I'm saying is what -- based on these
 5 two emails --
 6 **A. I would have concern based on this email.**
 7 **This email would lead me to believe that there was a**
 8 **conversation that they thought that this rate of**
 9 **return was low, but the 280,000 brought in a rate of**
 10 **return which 204 thought was acceptable. That's not**
 11 **how you determine a rate of return. If I'm going to**
 12 **talk to my financial advisor and tell him I want an**
 13 **8 percent rate of return, and he tells I'm only**
 14 **going to get a 6, and I find it unacceptable, he**
 15 **can't make up 8 percent rate of return. The rate of**
 16 **return is what the rate of return is.**
 17 Q. You need to listen carefully to my
 18 question, sir, please. Because what I'm asking you
 19 to do is quantify what your position is with respect
 20 to these emails as to the amount of overpayment. Am
 21 I correct your view, your reading of these emails is
 22 that LT got \$280,000 more than they should have
 23 gotten based on this back and forth? At least?
 24 Maybe there was other emails more.

1 **A. Yes. I would agree to that at least**
 2 **\$280,000 more.**
 3 Q. And then what is your, to your
 4 understanding, the statement in the email on the top
 5 where it says, "I understand that 280,000 was
 6 already included and appreciate the increase of
 7 \$172,165 that we talked through," what is your
 8 understanding as to that?
 9 **A. I do not know. If I read this, I would**
 10 **say that it was 280 and an increase of 174, which**
 11 **would give me 350 -- 452,000 and then how he wanted**
 12 **it distributed in the various funds.**
 13 Q. Do you say 452,000?
 14 **A. It was already included.**
 15 Q. Approximately, yes? Is that the sum?
 16 You're better at math than I am.
 17 **A. So 447, it looks like.**
 18 Q. 447,000. And that's approximately the sum
 19 of 280,000 plus 172,000. Yes?
 20 **A. Yeah.**
 21 Q. Okay. And can you explain then why in
 22 Bradshaw's analysis that -- let's see. Hold on.
 23 So do you have any understanding as to why
 24 Bradshaw concluded in her analysis that the amount

1 of overpayment for fiscal year '06 to LT was
 2 \$391,000 plus change?
 3 **A. Nope. I do not know how she would get to**
 4 **that.**
 5 Q. Is it possible that there was no real
 6 rhyme or reason as to how Bob Healy actually
 7 distributed interest as opposed to considering the
 8 interest that was earned and the interest that was
 9 paid?
 10 **A. Is it possible?**
 11 Q. Yeah.
 12 **A. It's possible.**
 13 Q. And is it possible that his lack of
 14 precision, if you will, wasn't solely focused on
 15 District 204, but actually affected all the
 16 districts?
 17 **A. Of course, because if it affected one, it**
 18 **affects all.**
 19 Q. What I'm saying is --
 20 **A. As a pooled investment, if in the event**
 21 **they were overpaid or underpaid, that affects all**
 22 **school districts.**
 23 Q. If Bob Healy was making arbitrary payments
 24 of interest, are you saying that his arbitrary

1 **A. Memo.**
 2 MR. KALTENBACH: No, you said email.
 3 MR. HOFFMAN: Memo. You're right it's not an
 4 email. I remember there used to be such thing as
 5 memos at one time.
 6 BY MR. HOFFMAN:
 7 Q. So you see the minutes of the March 21,
 8 2000 meeting, right?
 9 **A. Yes.**
 10 Q. And you're very familiar with these
 11 minutes and you've talked to the press and other
 12 people about these minutes, right?
 13 **A. Yes.**
 14 Q. Okay. When was the first time that you
 15 personally saw the minutes of this meeting?
 16 **A. Gee, I don't know. Four years ago.**
 17 Q. Did you see the minutes of this meeting
 18 prior to the board authorizing the TTO's attorneys
 19 to file the lawsuit in this case?
 20 **A. I believe we did, yes. I believe I did.**
 21 Q. All right. Terrific. Have you ever
 22 spoken with Russell Hartigan about what occurred at
 23 this meeting on March 21st of 2000?
 24 **A. No. Like I said, I don't think I've ever**

1 payments of interest would have always favored
 2 District 204?
 3 **A. I'm not saying that. I'm not saying that**
 4 **at all. What I'm saying is if any school was**
 5 **overpaid or underpaid, it affects all school**
 6 **districts because it takes out of the collective**
 7 **investment pool. So if the collective investment**
 8 **pool, if somebody is paid more or less, then it**
 9 **affects the overall interest of the pool, which then**
 10 **affects the other school districts when it's time**
 11 **for their distribution.**
 12 Q. All right.
 13 Let me show you a document that we've
 14 previously marked as Conway -- we're going to switch
 15 gears and we're going to talk about this claim that
 16 the TTO made for alleged underpayments of pro-rata
 17 expenses. Okay?
 18 **A. Okay.**
 19 Q. I'm going to show you the minutes of a
 20 meeting that the Board of Trustees held on March 21,
 21 2000, that's Conway Deposition Exhibit Number 5.
 22 It's two pages of minutes as well as an attachment
 23 of a February 29, 2000 email from Lisa Beckwith at
 24 LT to Bob Healy.

1 **met Russell Hartigan.**
 2 Q. Have you ever spoken to -- Okay. And fair
 3 enough that you've never spoken with Bob Healy about
 4 that subject either, have you?
 5 **A. No, I have not.**
 6 Q. And Joseph Nicola is unavailable because
 7 he's deceased, right?
 8 **A. Yes.**
 9 Q. And Donna Millage was not present at this
 10 meeting, correct?
 11 **A. According to the minutes, no. I don't**
 12 **know Donna. So if she was marked as absent, that's**
 13 **what I have to go on.**
 14 Q. You have no reason to doubt that, right?
 15 **A. No.**
 16 Q. Okay. So the three people who were at
 17 this meeting were Russell Hartigan, Joseph Nicola,
 18 and Bob Healy, correct?
 19 **A. Yes. At least those three.**
 20 Q. Okay. And the two people amongst them who
 21 are living, Russell Hartigan and Bob Healy, were
 22 deposed in this case. Do you know that?
 23 **A. Yes.**
 24 Q. And do you know what they said about this

1 meeting?
 2 **A. No.**
 3 **Q.** Are you interested to know what they said
 4 about this meeting?
 5 **A. Sure.**
 6 **Q.** Okay. Why is it that three years into
 7 this lawsuit – well, strike that.
 8 Let me ask you to take a look at the
 9 bottom of page 1, please.
 10 **A. Okay.**
 11 **Q.** And it talks about Healy submitting to the
 12 trustees proposals from 204 saying "this office
 13 absorbed certain payroll, accounts payable, and
 14 computer processing expenditures by District 204."
 15 Do you see that?
 16 **A. Yes.**
 17 **Q.** And is your understanding of the proposal
 18 the attached February 29, 2000 memo that was
 19 attached to the minutes? Is that what the proposal
 20 is that they're talking about in the minutes?
 21 **A. Well, this looks like it's a job**
 22 **description or a cost allocation.**
 23 **Q.** Have you ever seen the February 29, 2000
 24 memo from Lisa Beckwith to Bob Healy?

1 **A. Yes. I think that's what they're stating,**
 2 **yes.**
 3 **Q.** And so how is it that you've never seen
 4 this document before if it's so critical to the
 5 case?
 6 **A. Well, this constitutes a memo to me; this**
 7 **is not a contract.**
 8 **Q.** So unless it's signed by both parties –
 9 **A. So any agreement – any agreement that we**
 10 **would have with 204 would have to be governed by**
 11 **interlocal governmental agreement. So I have never**
 12 **seen anything in our board minutes –**
 13 **Q.** Let me ask you this question.
 14 **A. Wait a second. I'm not done.**
 15 **So to me this does not constitute a**
 16 **contract. And I don't know whether it legally**
 17 **constitutes a contract, I just know that the board**
 18 **president of the Lyons Township School and trustees,**
 19 **when we approve a contract, we approve it. We take**
 20 **a formal vote. We ask our attorney for counsel. Is**
 21 **this a proper form? Is this a proper statute? And**
 22 **we have a signed agreement between parties. So I**
 23 **don't think that this rises, in my opinion, as a**
 24 **level of a contract. I don't see any response – I**

1 **A. No, I don't think I have.**
 2 **Q.** You've never seen this?
 3 **A. I don't think so.**
 4 **Q.** Do you have any understanding of what this
 5 February 29, 2000 memorandum is?
 6 **A. It looks like to me a cost allocation of**
 7 **their staff.**
 8 **Q.** And it says: "Following is a list of
 9 responsibilities that District 204 proposes become
 10 the direct cost and responsibility of the Township
 11 Treasure's Office." Do you see that?
 12 **A. Yes.**
 13 **Q.** And then there's a number of amounts. And
 14 then at the bottom, it says: "An invoice will be
 15 sent to the township treasurer in May with receipt
 16 of funds expected prior to the close of the fiscal
 17 year." Do you see that as well?
 18 **A. Yes.**
 19 **Q.** And whether or not you've seen this
 20 particular memorandum before, isn't this correct
 21 that this is what LT has said in this case reflects
 22 the agreement between the parties by which the TTO
 23 agreed to pay the costs of LT's business functions
 24 that the TTO would otherwise have to perform?

1 **don't see any response for us.**
 2 **Q.** Let me ask you about the intergovernmental
 3 agreement part of it. Why is it your belief that
 4 this type of agreement would have required an
 5 intergovernmental agreement?
 6 **A. Because these are two independently**
 7 **elected boards. These are two governmental**
 8 **entities. It's just like two corporations doing a**
 9 **deal would be governed by a contract. We're elected**
 10 **township-wide; 204 is elected by a subset of the**
 11 **township. So these are two political subdivisions**
 12 **that I think would have to agree via contract if**
 13 **they're going to share costs, do anything else.**
 14 **I know we have contracts with our copy**
 15 **machines. We have contracts with our accounting**
 16 **firms. I know with my homework that LT has**
 17 **contracts with bus companies, with football coaches,**
 18 **with superintendents that are all signed,**
 19 **documented, and board approved.**
 20 **Q.** So in your view, there should have been an
 21 intergovernmental agreement or contract between LT
 22 and the TTO with respect to this issue?
 23 **A. Yes.**
 24 **Q.** Would any of the other districts, in your

1 view, have had to have been signatories to that
 2 intergovernmental agreement for it to be effective
 3 on this particular subject matter?
 4 **A. In my opinion, no.**
 5 **Q. And why is that?**
 6 **A. Because we're an independently elected**
 7 **board.**
 8 **Q. Now, you see on page 2 it says: "A motion**
 9 **was made by Russell Hartigan, seconded by Joe**
 10 **Nicola, to accept the proposal given to the Lyons**
 11 **Township Trustees of Schools by Cook County High**
 12 **School District Number 204." And there are two**
 13 **"aye" votes and zero "nay" votes. Do you see that?**
 14 **A. Yes.**
 15 **Q. And what is your position as to what it**
 16 **was that the board accepted as reflected in these**
 17 **minutes?**
 18 **A. Well, I would assume it's this**
 19 **correspondence. They received this memo to review.**
 20 **Q. Right. So what is it are you -- are you**
 21 **taking the position that the acceptance by the board**
 22 **of this LT proposal was ineffective because of the**
 23 **lack of intergovernmental agreement?**
 24 **A. No. I think you asked me what the term**

1 **"accepted" means. I mean just like this.**
 2 **(Indicating.) You just accepted that from me.**
 3 **Q. So you're saying "accepting" means**
 4 **recognizing the receipt of, but not agreeing to it?**
 5 **A. Exactly.**
 6 **MR. KALTENBACH: Let the record reflect -- you**
 7 **don't have to laugh if you don't like any of his**
 8 **answers, Jay. It's so unprofessional -- the**
 9 **witness, as he was speaking, handed the exhibit in**
 10 **front of him to Mr. Hoffman, who has now given it**
 11 **back.**
 12 **BY THE WITNESS:**
 13 **A. I would assume if this was a contract,**
 14 **they would have sent an approved proposal.**
 15 **Q. So you are aware, sir, that there was a**
 16 **12-year course of dealing between the parties from**
 17 **2000 to 2012 by which LT received the pro-rata**
 18 **expense billing from the TTO, offset the cost of its**
 19 **business functions, and if there was a net payment,**
 20 **sent that net payment to the TTO, which the TTO**
 21 **accepted. You're aware of that, right?**
 22 **A. Yes, I'm aware of -- I don't think it's**
 23 **exactly as you stated. But I'm aware that they**
 24 **think that --**

1 **Q. I don't want to put words in your mouth.**
 2 **Why don't you state it?**
 3 **A. I think there was a belief between Bob**
 4 **Healy and District 204 related to this so-called**
 5 **agreement that you claim.**
 6 **Q. Are you saying that the trustees were**
 7 **unaware of this course of dealing?**
 8 **A. Yes.**
 9 **Q. So there's no question pending. I'll ask**
 10 **you a question in just a moment.**
 11 **Sir, I'm going to show you a portion of**
 12 **Bob Healey's deposition testimony taken in this**
 13 **case. Let me see if I can find a clean copy of it.**
 14 **MR. HOFFMAN: Do you have Healey's?**
 15 **MR. KALTENBACH: Yeah.**
 16 **MR. HOFFMAN: Thanks. Appreciate it.**
 17 **BY MR. HOFFMAN:**
 18 **Q. Sir, I'd like to direct your attention to**
 19 **the testimony that Bob Healy gave in this case at**
 20 **pages 116 through 117 and ask you to read that to**
 21 **yourself, please.**
 22 **A. 116 through 117?**
 23 **Q. 116 through 117, yes, sir.**
 24 **A. Okay.**

1 **Q. Actually, through 118, please.**
 2 **Have you read that testimony, sir?**
 3 **A. Nope.**
 4 **Okay. I'm through.**
 5 **Q. You see that Bob Healy testified in his**
 6 **deposition that he informed the trustees that the**
 7 **TTO was paying for the cost of LT's business**
 8 **functions during the relevant years and then**
 9 **discussed those costs with the trustees during that**
 10 **time period. Correct?**
 11 **A. Yes, I see where he's saying that.**
 12 **Q. Do you have any reason to doubt that**
 13 **testimony?**
 14 **A. 100 percent.**
 15 **Q. What is your reason to doubt that**
 16 **testimony, sir? Why are you claiming that the**
 17 **trustees were not aware of this course of dealing?**
 18 **A. I think Bob was less than forthright and**
 19 **honest with the trustees. And as I said before, I**
 20 **think because 204 continued to pressure, cajole, and**
 21 **force him, he did that to appease them. He did not**
 22 **let the trustees know the full extent of whatever**
 23 **was going on between 204 and the TTO office.**
 24 **Q. You've never spoken with any of the**

1 trustees, though, have you?
 2 **A. No, I have not.**
 3 Q. Has anybody -- did anybody associated with
 4 TTO ever interview the trustees before the filing of
 5 this suit and report to you on that?
 6 **A. No.**
 7 Q. So your disbelief of what Healy says he
 8 told and discussed with the trustees is based on no
 9 actual evidence?
 10 **A. It's mine and my own.**
 11 Q. It's your belief?
 12 **A. My belief, mine and mine alone.**
 13 Q. And you have no knowledge as to what
 14 exactly the trustees were told with respect to this
 15 issue?
 16 **A. I have as much knowledge as you or Barry**
 17 **or anybody else. We weren't there.**
 18 Q. Well, I wasn't there, but Bob Healy was.
 19 Yeah?
 20 **A. I don't accept Mr. Healy as an honest and**
 21 **forthright man.**
 22 Q. Okay. Now, Mr. Healy said that the
 23 trustees were aware of and approved the expenditures
 24 the trustees made to LT for LT's business functions

1 when they approved the expenditures of the
 2 treasure's office as a whole?
 3 **A. And that's just not even a factual**
 4 **statement. Because we never made expenditures to**
 5 **204. We never made expenditures to 204. So that**
 6 **alone is not even a factual statement. That would**
 7 **indicate that we paid 204 to do work for us.**
 8 Q. Isn't that what you essentially did,
 9 outsourced the work to 204 that the TTO would
 10 otherwise have to do in-house --
 11 **A. They didn't do any different. There was**
 12 **no change in workload.**
 13 Q. But this -- isn't it correct that the TTO
 14 would have had to hire additional people?
 15 **A. No, that's not correct.**
 16 Q. Really?
 17 **A. No, that's not correct. We don't know**
 18 **that. I don't think the workload changed. I don't**
 19 **know that.**
 20 Q. So you're saying that the personnel at the
 21 TTO from 2000 to 2012 that were handling the
 22 workload of all of the districts other than 204 for
 23 things like accounts payable and payroll could have
 24 also handled District 204's work without any

1 additional staffing?
 2 **A. Yes, I am.**
 3 Q. And what is the basis for that claim?
 4 **A. Because right now we handle it with less**
 5 **people than what was in that office now with bigger**
 6 **numbers within our staff at the TTO office. So we**
 7 **handle for 13 school districts with roughly eight**
 8 **and a half people. We had more people than that, I**
 9 **believe, at that time. So we handle more**
 10 **transactions, larger numbers, more checks, more**
 11 **payables, more payrolls at the current time than**
 12 **they did then with less people. So I do not believe**
 13 **that there would have to be an addition to staff.**
 14 **And there clearly would not be an addition to staff**
 15 **based on that memo you just showed me where they're**
 16 **trying to allocate three people to it. That's just**
 17 **absurd. Completely absurd. That totally goes**
 18 **against the whole notion of why the TTO exists as a**
 19 **consolidation of government.**
 20 Q. Why does the TTO exist?
 21 **A. As a consolidation of government.**
 22 Q. It doesn't exist in any county other than
 23 Cook, right? It doesn't exist in any county other
 24 than Cook, does it?

1 **A. I don't believe so.**
 2 Q. It doesn't. And so why is the TTO so
 3 important if every county other than suburban Cook
 4 County is able to do without it?
 5 MR. KALTENBACH: Aside from my standing
 6 objection of relevance, I'm going to argue this line
 7 of questioning is argumentative.
 8 MR. HOFFMAN: He brought it up.
 9 BY THE WITNESS:
 10 **A. Well, I think it exists because when done**
 11 **correctly, it lowers costs, it yields a higher**
 12 **return, and it creates an additional checks and**
 13 **balances related to school districts and the money**
 14 **that they manage from a safety net perspective.**
 15 Q. And how did that work under Bob Healey's
 16 stewardship?
 17 **A. It did not work well.**
 18 Q. And who is the check and balance on Bob
 19 Healy?
 20 **A. Well, in theory, it should have also been**
 21 **the school districts, their accountants and their**
 22 **law firms. Because anything that was -- it's**
 23 **incomprehensible to me that a school district and a**
 24 **school district board and their auditor can get a**

1 rate of return that exceeded the market from the TTO
2 without asking a follow-up question.

3 Q. You understand, don't you, that from 1995
4 through 2012, the TTO provided very little, if any,
5 information to LT with respect to the interest
6 payments that they received?

7 A. No.

8 Q. You claim otherwise?

9 A. I guess I don't claim one way or the
10 other. I know that based on the memo you just
11 showed me that 204 thought that 3.5 percent return
12 was more in line with what they thought that they
13 wanted, so they were clearly monitoring the return
14 they were getting from the TTO.

15 Q. Is it your understanding that in the time
16 period, the entire time period which you have a
17 claim claiming interest, that LT was just as able to
18 determine the amount of the interest that should
19 have been paid to LT as the TTO was?

20 A. No. No.

21 Q. Why is that?

22 A. Because they would not have access to the
23 overall portfolio, and they would not know the
24 expenses associated to it. And I do not know what

1 that portfolio was at that time, but right now that
2 portfolio is anywhere between \$240- to \$600 million
3 depending on tax collections.

4 Q. I'm listening.

5 A. So for 204 to determine what they thought
6 their allocation is, they might be able to get
7 close, but they would not know the interest
8 expenses, they would not know the administrative
9 fees, they would not know some things like that
10 within the portfolio.

11 Q. I know you haven't read Judge Hardigan's
12 deposition transcript taken in this case. I'd like
13 to direct your attention -- well, this is it. It
14 just has some handwriting on it.

15 On page 42 of Hardigan's deposition --

16 MR. HOFFMAN: You don't have it there, do you?

17 MR. KALTENBACH: Hardigan's?

18 MR. HOFFMAN: Yeah.

19 MR. KALTENBACH: No, I didn't bring it.

20 MR. HOFFMAN: No, from today.

21 MR. KALTENBACH: No.

22 MR. HOFFMAN: Okay. Fine.

23 BY MR. HOFFMAN:

24 Q. So Russell Hartigan was asked this

1 question on page 42 of his deposition.

2 Question: "And you were aware, sir,
3 that from the year 2000 to the remainder of your
4 term as trustee, that the TTO was paying for certain
5 business functions performed at District 204,
6 correct?"

7 Answer: "I think so."

8 Do you see that?

9 A. Yes.

10 Q. And doesn't that indicate that Judge
11 Hartigan believed that he was aware as a trustee of
12 the arrangement that the TTO had with District 204?

13 MR. KALTENBACH: Objection as to the lack of
14 foundation.

15 BY THE WITNESS:

16 A. Yeah, I don't know what the judge was
17 thinking at that time.

18 Q. Well, he's answered that he believes -- he
19 thinks so. So that means no?

20 A. It could be he's unsure.

21 Q. You think "I think so" could be the same
22 as "no"?

23 A. He could be unsure.

24 Q. But you never actually bothered to speak

1 with him and find out what he knows or doesn't know,
2 right?

3 A. No, I have not.

4 Q. And is that important to you or not
5 important?

6 MR. KALTENBACH: I'm going to object as I
7 think --

8 BY MR. HOFFMAN:

9 Q. With respect to this issue, do you view
10 Judge Hardigan's recollections as a trustee as to
11 what he knew about this payment for business
12 functions issue as significant or not?

13 MR. KALTENBACH: I'm going to object. Although
14 there's a standing relevance objection, I'm going to
15 object that it's as argumentative.

16 MR. HOFFMAN: Fine. You can answer.

17 BY THE WITNESS:

18 A. Do I think it's relevant to this
19 conversation?

20 Q. Yes.

21 A. I think it's relevant. I don't think it's
22 appropriate.

23 Q. Why do you think it's not appropriate?

24 A. Because I don't think he had full

1 knowledge of the relationship between Bob Healy and
 2 204. I don't think he was given full information.
 3 Q. Okay. And that's based on your
 4 speculation, correct?
 5 A. That's based on my speculation. That's
 6 based on, I believe, the actions of parties. I
 7 think it's based on the response that we got from
 8 204 when we brought this to light. I think it's
 9 based on their continued response that they feel
 10 that they're being painted in an unfair manner. So,
 11 yeah, no, I don't think that the judge, who I'm sure
 12 is a fine man, knew the full extent of what was
 13 going on between 204 and Bob Healy.
 14 MR. HOFFMAN: Let's mark this as the next
 15 exhibit.
 16 (Exhibit 12 was marked.)
 17 BY MR. HOFFMAN:
 18 Q. Sir, I'm handing you Theissen Exhibit
 19 Number 12. Theissen Exhibit Number 12, have you
 20 seen this before? This is a letter from Bob Healy
 21 to Lisa Beckwith at LT with a carbon copy to the
 22 trustees of the TTO.
 23 A. Yes.
 24 Q. Have you seen this letter before?

1 A. I believe that I have, yes.
 2 Q. Okay. And this contains ultimately five
 3 proposals that were possible between the TTO and LT,
 4 correct?
 5 A. Yes. It appears that way, yes.
 6 Q. And is it your understanding that the
 7 proposal that, at least in your view, Bob Healy
 8 pursued with respect to LT was the second proposal,
 9 which is the funding by Township School Treasure of
 10 some district functions, which is at the top of the
 11 second page of this document?
 12 A. I don't -- ask me that again. Which
 13 proposal funding?
 14 Q. There's five proposals here, right?
 15 A. Right. We're looking at number 2?
 16 Q. Right. And you read the letter. You're
 17 familiar with it. You recognize that Bob Healy was
 18 recommending proposal number 2, which was the
 19 funding by Township School Treasurer of some
 20 district specific functions. You see that, right,
 21 that was one of the five that he was recommending in
 22 this letter? If you want to read the letter again
 23 to confirm what I just told you.
 24 A. I don't see where he says he recommended

1 anything. I don't see the word "recommend." If you
 2 show me the word "recommend" --
 3 Q. You can't glean that from reading this
 4 letter? In the first option, which is a deviation
 5 from pro-rata billing, am I correct that Healy says
 6 it is extremely -- simply put, it is highly unlikely
 7 that the boards of those other 11 tax bodies would
 8 ever agree --
 9 A. I see that.
 10 Q. And then he goes on to the second proposal
 11 and he says, "As to the funding of some district
 12 functions, I would expect that when the trustees of
 13 schools takes into consideration these necessary
 14 increases, they would logically conclude...that this
 15 is reasonable." You don't think that is --
 16 A. I don't see "recommendation." I would
 17 expect -- you said recommendation. You said did he
 18 recommend --
 19 Q. You do not think that that's what he was
 20 recommending? I will concede to you that that exact
 21 word is not stated in there. You're saying that you
 22 can't tell from this letter which course of proposal
 23 he was recommending?
 24 A. Well, let me finish reading the rest of

1 it.
 2 Q. Fine. I would encourage you to notice
 3 that he rules out the feasibility of all four other
 4 proposals.
 5 A. Okay. I'm back on number 2.
 6 Q. Isn't it obvious that that is the proposal
 7 that Healy expects the parties to proceed with,
 8 number 2?
 9 MR. KALTENBACH: I'm going to object.
 10 BY MR. HOFFMAN:
 11 Q. Or do you read this in some other way?
 12 MR. KALTENBACH: I'm going to object to the
 13 form of --
 14 MR. HOFFMAN: Fine. Your objection is noted.
 15 MR. KALTENBACH: You know, let me finish my
 16 objection.
 17 MR. HOFFMAN: I want to -- it's very clear what
 18 I'm asking this witness. I wish he would just
 19 answer the question.
 20 MR. KALTENBACH: Hold on a minute. Jay,
 21 please, let's cut the commentary. All right? Ask
 22 the question; he'll answer it. My objection is form
 23 of the question, lack of foundation.
 24 MR. HOFFMAN: Fine.

1 THE WITNESS: So ask me again.
 2 BY MR. HOFFMAN:
 3 Q. There's five options laid out there,
 4 right?
 5 A. Yes.
 6 Q. You've seen this letter before. Do you
 7 have any understanding as to which option Healy was
 8 proposing the parties proceed with, at least for the
 9 basis of further discussion?
 10 A. I think what he -- how I read this letter
 11 is maybe the most reasonable chance that might be
 12 approved would be number 2.
 13 Q. Fine. Terrific. You see that this
 14 document reflects a copy to the trustees of the TTO
 15 at the end, yes?
 16 A. Yes.
 17 Q. And you have no reason to believe that
 18 they did not receive a copy of this letter, do you?
 19 A. I have no reason to believe, no.
 20 Q. And isn't it a fact that by receiving a
 21 copy of this letter, the trustees were aware, at
 22 least at this stage of the negotiation, of the
 23 different options and possibilities that were being
 24 discussed between the two parties?

1 benefit to doing this?
 2 MR. HOFFMAN: I move to strike --
 3 BY MR. HOFFMAN:
 4 Q. That's an assumption, isn't it?
 5 A. That's my opinion.
 6 Q. That's your assumption, isn't it?
 7 A. It's my opinion.
 8 Q. You just said, "I assume." You made an
 9 assumption that --
 10 A. My opinion --
 11 MR. KALTENBACH: Hold on. Hold on a minute.
 12 THE WITNESS: It's my opinion.
 13 MR. KALTENBACH: Hold on a minute.
 14 BY MR. HOFFMAN:
 15 Q. You're speculating as to what might have
 16 happened based on no personal knowledge. I want to
 17 stick to the facts, sir.
 18 MR. KALTENBACH: You know what, Jay --
 19 BY THE WITNESS:
 20 A. I'm reading this in context as a board
 21 member.
 22 MR. KALTENBACH: Jay, please, enough with the
 23 commentary. Okay? And I object to the last several
 24 questions. It's just exceptionally argumentative.

1 A. Okay. Ask me that again.
 2 Q. Isn't it a fact that by receipt of this
 3 August 18, 1999 letter, the trustees of the TTO were
 4 aware of the various options being discussed by the
 5 parties at this time?
 6 A. Yes, I would agree with that. I guess the
 7 thing I would add is probably I look at the second
 8 to the last paragraph, given all of these issues,
 9 it's hard to see what advantages a changeover would
 10 be to the operation of the treasure's office in all
 11 13 other districts.
 12 So I read this as, well, he though maybe 2
 13 was the most reasonable. There was no reason to do
 14 this. It's not advantageous for the TTO to do this.
 15 It's 100 percent of how I read this. What advantage
 16 a changeover would be to the operation of the
 17 treasurer's office in the 13 other districts I
 18 serve.
 19 Q. So in your mind, Healy didn't want to
 20 proceed with any of these options, as you read this?
 21 A. That's how I would read this.
 22 Q. Okay. Terrific.
 23 A. I'm assuming maybe the other board members
 24 when they read this too would say, yeah, what's the

1 BY MR. HOFFMAN:
 2 Q. Here is the thing, sir.
 3 A. Me?
 4 Q. Yeah, Mr. Theissen. You are not allowed
 5 to make assumptions. You're not allowed to guess
 6 and you're not allowed to suppose. You're here to
 7 testify about the facts known to you. So I would
 8 respectfully ask you to restrict your testimony to
 9 what you actually know.
 10 A. Okay.
 11 Q. Thank you.
 12 A. So then I want to rephrase that. I don't
 13 know anything about that memo based on what I read.
 14 I don't know what the other people thought about it.
 15 And I don't know what 204 thought about it. And I
 16 don't know what Bob Healy thought about it.
 17 Q. Okay. Thank you.
 18 You asked Kelly Bradshaw to compile the
 19 numbers on the claim for pro-rata expense payments
 20 that the TTO was making, correct?
 21 A. Yes.
 22 Q. And you asked her to do that without
 23 respect to the memos like the February 29, 2000
 24 memos setting forth offset amounts that came from

1 LT, correct?
 2 **A. Correct.**
 3 Q. And you're familiar with those memos,
 4 right? There's a whole series of them, yes?
 5 **A. Yes.**
 6 Q. I mean, this is Exhibit Number 3. Are
 7 these the memos in the TTO's records -- well, are
 8 these the memos that set forth the alleged offset
 9 amounts for each year from 2000 to 2012 that you've
 10 seen before?
 11 **A. Oh, I don't know if I've seen all of them,**
 12 **but I'm sure there are memos that have that.**
 13 Q. You're familiar with these?
 14 **A. Yeah.**
 15 Q. Okay. Terrific.
 16 **A. In theory, yes.**
 17 Q. And you told Bradshaw that there was no
 18 agreement with the TTO based on your review of the
 19 minutes of the TTO, correct?
 20 **A. My minutes of the TTO and minutes of 204**
 21 **as well.**
 22 Q. Let's take a look at the 204 minutes,
 23 Healy Exhibit Number 1.
 24 MR. KALTENBACH: Which page?

1 MR. HOFFMAN: I didn't give one. Be patient.
 2 MR. KALTENBACH: No. For the record I laughed
 3 when I said that.
 4 MR. HOFFMAN: For the record I know you meant
 5 it lightheartedly.
 6 BY MR. HOFFMAN:
 7 Q. Let's start with the agenda for a June 19,
 8 2000 meeting of the board for LT. And these go in
 9 chronological order, so use your numbers, please.
 10 Have you seen -- there's an agenda and
 11 then there are minutes. And following the minutes,
 12 there is an attachment to the agenda and the
 13 minutes, which is Attachment T as in Tom. And that
 14 is a June 14, 2000 memorandum from Lisa Beckwith to
 15 the Board of Education. That Exhibit T is
 16 referenced in the agenda and minutes.
 17 **A. Okay.**
 18 Q. So wait.
 19 MR. KALTENBACH: I'll keep it in order.
 20 MR. HOFFMAN: No, no, stop. You take that
 21 back. You take yours back, please. And I'm going
 22 to show you -- yeah, I don't want it to get them
 23 mixed up.
 24 THE WITNESS: They're the same thing, aren't

1 they?
 2 MR. HOFFMAN: Why don't you let me show this to
 3 you. Okay? Because this is the one that was
 4 actually marked as an exhibit in Healy Exhibit 1.
 5 BY MR. HOFFMAN:
 6 Q. So have you seen this agenda, the minutes,
 7 and Attachment T to them before? And take your
 8 time.
 9 **A. I don't know if I have seen this**
 10 **particular one before.**
 11 Q. Well, take a moment and take a look at it,
 12 please. The portion of the minutes that's relevant
 13 is page 10, by the way, to save you some time. And
 14 if you turn to page 10, there's a reference to the
 15 TTO, Exhibit T, and then there's a vote on the
 16 consent agenda by the board.
 17 **A. Okay. I see that.**
 18 Q. Okay. So in testimony in this case, Lisa
 19 Beckwith, who is the business manager of LT, and
 20 Dr. Dennis Kelly, who is the superintendent of LT,
 21 said that the agreement with the TTO on the payment
 22 of the costs of LT's business functions was
 23 presented to the board at this meeting through the
 24 submission of the memorandum from Dr. Beckwith and

1 was voted on and approved in the consent agenda, as
 2 shown on page 10 of the minutes. That's their
 3 testimony.
 4 **A. Okay. So I just want to make sure.**
 5 **You're telling me all that would have been -- should**
 6 **have been -- there's no discussion about this**
 7 **exhibit? There was not one word that was read into**
 8 **the record?**
 9 Q. This is part of the consent agenda, that's
 10 correct. Because according to their testimony, they
 11 previously discussed and addressed it at the finance
 12 meeting that preceded it.
 13 **A. Okay.**
 14 Q. There are other documents after that
 15 document that are not part of the Healy Exhibit 1.
 16 **A. I just trying to -- okay. There it is.**
 17 Q. And you'll see the Exhibit T, which is --
 18 Wait. Stop. You're getting these out of the order.
 19 **A. No, I'm not. I can keep -- I know what**
 20 **I'm doing. It goes right here.**
 21 Q. Okay.
 22 **A. I'm not an idiot.**
 23 Q. Thank you.
 24 **A. You have a question on this?**

1 Q. Yes.
 2 A. Okay.
 3 Q. You want to take a look at Exhibit T?
 4 A. I'm looking at Exhibit T. I've got it
 5 right here.
 6 Q. You see that Exhibit T has attachments to
 7 it?
 8 A. Yeah. They're behind.
 9 Q. My question to you, sir, is in their
 10 testimony in this case, Dr. Kelly and Lisa Beckwith
 11 stated -- whether you agree with it or not we're
 12 about to find out -- that the agreement with the TTO
 13 on the payment for the cost of LT's business
 14 functions was presented to the board and approved
 15 through their consent agenda without specific
 16 discussions, as reflected on page 10 of the minutes
 17 of the board meeting on June 19, 2000. That is
 18 their testimony. And my question to you, sir, is
 19 very simple. Do you have any basis to disagree with
 20 that testimony; and if so, please tell me what that
 21 basis is.
 22 A. I guess I'd like to read the testimony, if
 23 that's the case. And I do disagree with the basis
 24 of it.

1 agreement with the TTO was approved by LT's board on
 2 this date as part of the consent agenda?
 3 A. Yes, I have a disagreement with that.
 4 Q. Tell me where you disagree with that.
 5 A. I don't see the agreement. I see a memo
 6 that really talks about one year, '99 to 2000.
 7 That's a single year.
 8 Q. Right.
 9 A. At the very least, it may be for that.
 10 But I don't see an agreement. I mean, if you want
 11 to show me an agreement.
 12 Q. Excuse me, sir. Let's follow up on that
 13 testimony you just gave.
 14 A. Okay.
 15 Q. If we look solely at this fiscal year and
 16 don't talk about any other fiscal years --
 17 A. Okay. Hypothetically, we're saying?
 18 Q. Correct. Exactly. Do you have any basis
 19 to disagree that LT's board approved this agreement
 20 for that fiscal year based on the minutes of the
 21 June 19, 2000 meeting and the vote taken on the
 22 consent agenda?
 23 A. Ask me the question again.
 24 MR. HOFFMAN: Read it back.

1 Q. Why?
 2 A. Because this to me looks like it's a bill,
 3 Township Treasurer expenditures. Attached is the
 4 copy of the agreement. So is this a signed
 5 agreement? Is this a contract? What is this?
 6 Q. Agreement is the February 29, 2000
 7 memorandum which is not signed, according to those
 8 witnesses.
 9 A. February 29th. Where is the February 29th
 10 memo?
 11 MR. KALTENBACH: It's a couple pages back, so
 12 keep flipping.
 13 BY MR. HOFFMAN:
 14 Q. It's specifically referenced in that
 15 memo --
 16 A. Now I'm getting into business forms. Oh,
 17 here it is. Okay.
 18 You're asking me does it constitute a
 19 contract?
 20 Q. We already discussed that.
 21 A. So what are you asking me?
 22 Q. What I'm asking you is if you have any
 23 basis to disagree with the LT witnesses who said
 24 that this agreement that they viewed to be an

1 (Record read as requested.)
 2 BY THE WITNESS:
 3 A. Yes, I do have disagreement.
 4 Q. Based on what?
 5 A. Well, based on the fact that right here it
 6 says Township Treasurer invoice. It doesn't even
 7 list it as a formal agreement. I mean, every place
 8 else you've got resolution of prevailing wage,
 9 appointments. It's very clear what the action is.
 10 This looks like, to me, it's simply an approval of
 11 an invoice. Q talks about interlocal governmental
 12 agreement cooperative to establish Illinois gas
 13 cooperative. If this said Township Treasurer
 14 interlocal governmental agreement, then I wouldn't
 15 have a question.
 16 Yeah, I think this is thin at best. This
 17 would not be in our minutes. We would have had a
 18 contract and a vote. A vote vote: 3-0, 2-0, 1-0,
 19 0-3. This is payment of an invoice.
 20 Q. You mean your minutes currently during
 21 this time now that we're talking about?
 22 A. Yes.
 23 Q. Okay. Very well. Thank you.
 24 MR. KALTENBACH: Well, I'm not going to put a

1 stopwatch on you ever in a deposition, but do you
 2 have a sense of--
 3 MR. HOFFMAN: I only have a few more minutes.
 4 MR. KALTENBACH: That's fine.
 5 MR. HOFFMAN: We're doing well. I'm still --
 6 THE WITNESS: Right in the middle of traffic.
 7 (Discussion off the record.)
 8 (Exhibit 13 was marked.)
 9 BY MR. HOFFMAN:
 10 Q. All right. Sir, I'm showing you Theissen
 11 Exhibit Number 13. Will you be kind enough to
 12 confirm this is a letter that you sent to Mike Pera
 13 at LT on March 8th of 2013?
 14 A. Yes.
 15 Q. All right. And you have -- is this letter
 16 you were talking about where you listed the Baker
 17 Tilly audit charges?
 18 A. This was the first set of them, yes.
 19 Q. And this goes back to 2006, correct?
 20 A. Yes.
 21 Q. Can you explain why the time range for
 22 this letter was 2006 through 2012?
 23 A. I believe that's all we had uncovered at
 24 that point.

1 Q. And explain why that was.
 2 A. It's a long period of time and a lot of
 3 paperwork. We just didn't get through all the
 4 paperwork.
 5 Q. Okay. Fair enough.
 6 In the second page, you talk about the
 7 lack of an agreement between the parties, in your
 8 view, as to payment for LT's business functions,
 9 correct?
 10 A. Yes.
 11 Q. And tell me what investigation you had
 12 done and the TTO had done prior to you sending this
 13 letter, sir.
 14 A. We had a meeting. I think I had met with
 15 Mark, the superintendent. He had one other board
 16 member there. I had our treasure there. Had asked
 17 for us to produce the so-called agreement at the
 18 meeting with Mr. Pera and -- and Dr. Kilrea asked
 19 for the agreement, the document that would have
 20 governed this over this 20-year period of time, to
 21 which I still have not received. And then I asked
 22 internally if we had such an agreement, being the
 23 TTO.
 24 Q. Can parties have a written agreement, to

1 the best of your understanding? I know you're not a
 2 lawyer, but it's important in this case to ask you
 3 this.
 4 Is it your understanding that parties can
 5 or cannot have an agreement that's written if the
 6 parties don't sign it? Does that question make
 7 sense?
 8 A. Can the parties have an agreement if they
 9 don't sign it?
 10 Q. I guess let me ask you a better question
 11 because that wasn't very good.
 12 Can the parties have a written agreement
 13 if the writing that sets forth the terms of the
 14 agreement is not signed by both parties, to the best
 15 of your understanding? I guess it's a legal
 16 question, but I'm asking what you think because your
 17 view is important here.
 18 A. I think they can until that document can
 19 be finalized.
 20 Q. I'm not sure I understand that. Explain
 21 to me what you mean by that.
 22 A. I think if there was a draft agreement
 23 between two parties and it was using the basis of
 24 that for a period of time, that would be -- my

1 opinion -- would be a short window. I don't think
 2 that an unsigned agreement survives a 20-year
 3 window.
 4 Q. I'm not sure I follow you. I guess what
 5 I'm trying to figure out is can the parties have a
 6 written agreement, even though they don't intend to
 7 and never actually signed the agreement, put pen to
 8 paper with their John Hancock?
 9 A. Legally I don't believe that they can or
 10 they should. That's my opinion.
 11 Q. Well, which one is it? Is it legally that
 12 they can't do it or they shouldn't do it? I'm not
 13 asking what they should do and what's prudent
 14 practice, I'm asking your understanding what they
 15 can do. So I need to ask you to clarify that
 16 testimony.
 17 THE WITNESS: Read back what I said so I can be
 18 clear.
 19 MR. KALTENBACH: Can you read back his prior
 20 answer?
 21 (Record read as requested.)
 22 BY MR. HOFFMAN:
 23 Q. So let me clarify that, sir. I'm asking
 24 you not what the parties should do in terms of best

1 business practices or what you would recommend or
2 what you would expect a lawyer to recommend to you,
3 what I'm asking is your understanding as to whether
4 it is possible -- the can part -- for parties to
5 have a written agreement that sets forth the terms
6 of an understanding if the parties don't actually
7 sign that agreement? Does that make sense?

8 A. Is that a proposal?

9 MR. HOFFMAN: Can you read the question back
10 please, that I just asked if see if I --

11 BY THE WITNESS:

12 A. Well, I'm trying to answer.

13 Q. No, I'm not --

14 A. I mean, if two -- if we have different
15 written agreements -- if we have different written
16 agreements, so we have an agreement that's not
17 signed, that means we don't have a meeting of the
18 minds, correct? Isn't that just a proposal between
19 the parties?

20 Q. Here is the deal. You can't ask me
21 questions at the deposition. It doesn't work that
22 way. So I'm asking for your understanding.

23 If you're saying you view a written
24 agreement that is unsigned as a proposal until it is

1 Q. No, no, no. You misunderstood my
2 question, maybe because my question was unclear.
3 I'm talking about a document -- I'm not saying they
4 intended to leave it unsigned, like there were lines
5 for the signature line and they never filled them
6 in. I'm just saying can there be a -- to the best
7 of your understanding, does every written contract
8 between two parties have to be signed or not?
9 That's my question. And I don't -- with respect, I
10 don't think I've gotten an answer to that.

11 A. I think in the order of magnitude, yes,
12 they do need to be signed. In the order of this
13 magnitude, they need to be signed.

14 MR. HOFFMAN: That's all I want to know.

15 All right. I am done asking questions. I
16 want to thank you for your time.

17 Are there any questions, Barry, that you
18 want to ask?

19 MR. KALTENBACH: There are not.

20 MR. HOFFMAN: Thank you very much. We are
21 done.

22 (Deposition concluded at 4:27 p.m.)
23
24

1 signed, that's your view, and that's what I'm asking
2 for. I'm not asking for legal opinion; I'm asking
3 for your understanding as a very capable and
4 experienced professional in a nonlegal field.

5 So my question to you, once again, is in
6 your understanding, is it possible or not possible
7 for two parties to have a written agreement if the
8 parties do not sign that agreement and do not intend
9 to actually sign it?

10 MR. KALTENBACH: I'm going to object. You can
11 answer in a minute, Mike. I'm going to object. I
12 think it is argumentative and it is a waste of time
13 to ask the witness these types of question. Judge
14 Hall's opinion on that is the only one that matters.

15 That being said, Mike, I'm not instructing
16 you not to answer, so feel free.

17 MR. HOFFMAN: Go ahead. You can answer.

18 BY THE WITNESS:

19 A. I don't think it's an agreement if there's
20 never an intent to sign it. I think it can be an
21 agreement if there was a period of time they were
22 working it out; but as you said, if there was never
23 an intent to sign it, then I don't think it's an
24 agreement.

1 I, MICHAEL THEISSEN, have read the foregoing
transcript of my deposition taken on 02/16/2017 and

2 _____ is a true and correct transcript of my
3 deposition given on the day and date aforesaid, (OR)
4 _____ I wish to make the following changes
to my deposition:

6 PAGE LINE CHANGE and REASON FOR CHANGE

7	_____
8	_____
9	_____
10	_____
11	_____
12	_____
13	_____
14	_____
15	_____
16	_____
17	_____
18	_____
19	_____

20 If you wish to make more changes than space allows for,
please attach additional sheets.

21 _____
22 Print name Signature
23 _____
24 Date

1 STATE OF ILLINOIS)
) SS:

2 COUNTY OF COOK)

3 I, LORETTA A. TYSKA, Certified Shorthand
4 Reporter, do hereby certify that MICHAEL THEISSEN was by
5 me first duly sworn to testify to the truth, the whole
6 truth, and nothing but the truth, and that the above
7 deposition was recorded stenographically by me and was
8 reduced to typewriting under my personal direction.

9 I FURTHER CERTIFY that the foregoing
10 transcript of the said deposition is a true, correct,
11 and complete transcript of the testimony given by the
12 said witness at the time and place specified
13 hereinbefore.

14 I FURTHER CERTIFY that I am not a relative or
15 employee or attorney or counsel of any of the parties,
16 nor a relative or employee of such attorney or counsel,
17 or financially interested directly or indirectly in this
18 action.

19 IN WITNESS WHEREOF, I have hereunto set my
20 official signature on this 16th day of February, 2017.

21
22
23
24



LORETTA A. TYSKA, CSR, RPR
CSR No. 084-004294

**Lyons Township School Treasurer
Township 38 North, Range 12 East
Cook County, Illinois**

Financial Statements

Year Ended June 30, 2013

Miller Cooper & Co., Ltd.



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FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Lyons Township School Treasurer
LaGrange Park, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, major fund and the aggregate remaining fund information of Lyons Township School Treasurer (the Treasurer), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Treasurer's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Treasurer's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this also includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

The Board of Trustees
Lyons Township School Treasurer
LaGrange Park, Illinois

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, major fund and the aggregate remaining fund information of the Treasurer, as of June 30, 2013, and the respective changes in financial position, thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The Lyons Township School Treasurer has not presented the Management's Discussion and Analysis or the General Fund budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund historical data, on page 18, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
March 14, 2014

BASIC FINANCIAL STATEMENTS

Lyons Township School Treasurer
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities (Distributive) Fund</u>
ASSETS	
Cash	\$ 64,121
Accounts receivable:	
Pro-rata billings and other receivables (net of allowance for doubtful accounts of \$3,056,707)	1,738,583
Capital assets, net of accumulated depreciation	<u>70,463</u>
Total assets	<u>1,873,167</u>
LIABILITIES	
Accounts payable	191,046
Accrued salaries	15,511
Advances from township districts	3,267,267
Noncurrent liabilities:	
Due after one year	<u>106,409</u>
Total liabilities	<u>3,580,233</u>
NET POSITION (DEFICIT)	
Investment in capital assets	70,463
Unrestricted	<u>(1,777,529)</u>
Total net position	<u>\$ (1,707,066)</u>

The accompanying notes are an integral part of this statement.

Lyons Township School Treasurer
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

<u>Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Expenses and Change in Net Position</u>
Governmental activities			
Treasurer's office services	\$ <u>1,632,533</u>	\$ <u>690,674</u>	\$ <u>(941,859)</u>
	General Revenues:		
	Other		\$ <u>6,081</u>
	Total General Revenues		<u>6,081</u>
	Change in net position		(935,778)
	Net position - beginning		<u>(771,288)</u>
	Net position - ending		<u>\$ (1,707,066)</u>

The accompanying notes are an integral part of this statement.

Lyons Township School Treasurer
Governmental Fund
BALANCE SHEET
June 30, 2013

	<u>General (Distributive) Fund</u>
ASSETS	
Cash	\$ 64,121
Accounts receivable:	
Pro-rata billings and other receivables (net of allowance for doubtful accounts of \$3,056,707)	<u>1,738,583</u>
Total assets	\$ <u>1,802,704</u>
LIABILITIES AND FUND DEFICIT	
Liabilities	
Accounts payable	\$ 191,046
Accrued salaries	15,511
Deferred revenue	1,587,621
Advances from township districts	3,267,267
Fund Deficit	
Unassigned	<u>(3,258,741)</u>
Total liabilities and fund deficit	\$ <u>1,802,704</u>

The accompanying notes are an integral part of this statement.

Lyons Township School Treasurer
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUND TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of net position are different because:

Total fund deficit - governmental fund	\$ (3,258,741)
Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental fund balance sheet.	70,463
Pro-rata billings revenue that is deferred in the fund financial statements, because it is not available, is recognized as revenue in the government-wide financial statements.	1,587,621
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental fund balance sheet.	<u>(106,409)</u>
Net position - governmental activities	<u>\$ (1,707,066)</u>

The accompanying notes are an integral part of this statement.

Lyons Township School Treasurer
Governmental Fund
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND DEFICIT
For the Year Ended June 30, 2013

	<u>General (Distributive) Fund</u>
Revenue	
Pro-rata billings	\$ 721,628
Other	6,081
Total revenues	<u>727,709</u>
Expenditures	
Salaries	396,040
Benefits	191,092
Purchased services	953,076
Supplies and materials	71,358
Capital outlay	6,154
Other objects	300
Total expenditures	<u>1,618,020</u>
Deficiency of revenues over expenditures	(890,311)
Fund deficit	
Beginning of year	<u>(2,368,430)</u>
End of year	<u>\$ (3,258,741)</u>

The accompanying notes are an integral part of this statement.

Lyons Township School Treasurer
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND DEFICIT OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund deficit - governmental fund \$ (890,311)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period. (3,671)

Pro-rata billings revenue not collected within 60 days after year end is considered unavailable and is deferred in the government fund. These amounts are considered earned, however, and recognized as revenue in the government-wide statements. (30,954)

In the Statement of Activities, certain operating expenses - compensated absences and retirement benefits - are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources that are used. (10,842)

Change in net position - governmental activities \$ (935,778)

The accompanying notes are an integral part of this statement.

Lyons Township School Treasurer
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended June 30, 2013

Assets

Pooled cash and investments	\$ 195,737,295
Advances to Township School Treasurer	<u>3,267,267</u>
Total assets	<u>\$ 199,004,562</u>

Liabilities

Due to Township Districts:	
Cook County School District 101	10,113,557
Elementary School District 102	16,793,396
Lyons Elementary School District 103	10,231,744
Cook County School District 104	8,922,802
Cook County School District 105	14,072,252
LaGrange Highlands School District 106	9,706,699
Pleasantdale School District 107	14,511,500
Cook County School District 108	5,628,764
Indian Springs School District 109	25,973,978
Lyons Township High School District 204	40,355,628
Argo Community High School District 217	33,933,888
LaGrange Area Department of Special Education	5,386,196
Lyons Township Elementary School Districts' Employee Benefit Cooperative	2,411,537
Cook County Intermediate Service Center #2 (West 40)	272,099
Undistributed investment income	<u>690,522</u>
Total liabilities	<u>\$ 199,004,562</u>

The accompanying notes are an integral part of this statement.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lyons Township School Treasurer (the Treasurer) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the reporting entity and the Treasurer's significant accounting policies:

1. **Reporting Entity**

The Lyons Township School Treasurer oversees the treasury functions of eleven school districts, two educational cooperatives and a medical self-insurance cooperative (the Township Districts) through the activities of the assistant school treasurer at each Township District. In this capacity, funds received by the Treasurer from various sources are distributed to the Township Districts on a current basis to meet operating needs. Excess funds are invested by the Treasurer, per the Investment Policy. The Treasurer and each Township District are located within the Township of Lyons, in Cook County, Illinois.

2. **New Accounting Pronouncement**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), which was adopted by the Treasurer, as of the fiscal year ended June 30, 2013. In the government-wide financial statements, the Treasurer is now required to report five elements on the statement of net position (formerly known as the statement of net assets), assets, deferred outflow of resources, liabilities, deferred inflows of resources, and net position (formerly known as net assets). The types of deferred outflows and inflows of resources to be reported currently consist of service concession arrangements and derivative instruments. As of June 30, 2013, the Treasurer has no deferred outflows or deferred inflows of resources.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting

The accounts of the Treasurer are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balances, revenues collected, and expenditures paid. The Treasurer maintains individual funds required by the state of Illinois. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are kept by the Treasurer:

a. General (Distributive) Fund

The General (Distributive) Fund is the primary operating fund of the Treasurer. It is used to account for all financial resources except those required to be accounted for in another fund. This fund is used for most of the administrative aspects of the Treasurer's operations. The revenue consists of primarily of pro-rata billings to Township Districts.

b. Fiduciary Fund

The Agency Fund is a fiduciary fund, custodial in nature. It is used to account for cash and investments maintained by the Treasurer, in an agency capacity, for the benefit of the Township Districts.

4. Fund Balance

In the fund financial statements, governmental funds may report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable in form criteria include items that are not expected to be converted to cash such as prepaid items. As of June 30, 2013, the Treasurer had no nonspendable fund balances.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fund Balance (Continued)

b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or are imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes. As of June 30, 2013, the Treasurer had no restricted fund balances.

c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Treasurer's highest level of decision-making authority (the Board of Trustees). The Board of Trustees commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the Board removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. As of June 30, 2013, the Treasurer had no committed fund balances.

d. *Assigned* - refers to amounts that are constrained by the Treasurer's intent to be used for a specific purpose, but are neither restricted or committed. Authority to assign fund balance has not been delegated by the Board of Trustees. As of June 30, 2013, the Treasurer had no assigned fund balances.

e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

5. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Treasurer. The Treasurer's operating activities are considered "governmental activities". The Treasurer has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to Township Districts who use or directly benefit from the goods, services, or privileges provided by a given function.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for the governmental fund and fiduciary fund. The fiduciary fund is excluded from the government-wide financial statements.

6. Measurement Focus, Basis of Accounting, and Basis of Presentation

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

A Governmental fund is used to account for the Treasurer's general governmental activities. Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting, as are the Fiduciary (Agency) fund statement. Revenues are recorded when they are both "measurable and available. Measurable means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The Treasurer considers most revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

7. Investments

State statutes and the Treasurer's investment policy authorize the Treasurer to invest in obligations listed in Note E. No amortization is made to interest income for discounted federal securities. Gains and losses on the sale of investments are recorded as interest income at the date of sale or maturity. Investments held in the Fiduciary (Agency) Fund are stated at cost.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Accumulated Unpaid Vacation and Sick Pay

Employees who have completed 60 work days are entitled to be compensated for vacation time. Vacations are to be taken in the following year in which they are earned. Unused vacation time can be carried forward indefinitely or paid at the discretion of the Township Treasurer. Employees who resign or whose employment is terminated for any reason will be paid for unused vacation time. All vested vacation is accrued when incurred in the government-wide financial statements. A liability is reported in the General (Disbributive) fund only to the extent that the earned and untaken vacation will be paid with the expendable available financial resources.

Sick leave of 10 days is provided on a pro-rata basis to all employees. Unused sick leave can be accumulated for future use, up to 240 days, and is forfeited if not utilized. No liability is provided in the financial statements for accumulated unpaid sick leave because of the uncertainty of the amount due, if any.

9. Capital Assets

Capital assets, which consists entirely of equipment, are reported in the government-wide financial statements. Capital assets are defined by the Treasurer as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	8 - 15

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations

In the government-wide financial statements, all long-term obligations to be paid from government resources are reported as liabilities in the statement of net position. Long-term obligations for the governmental fund are not reported as liabilities in the governmental fund financial statements.

11. Deferred Revenue

The Treasurer reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise from pro-rata billings to Township Districts which do not meet the Treasurer's revenue recognition criteria for availability as defined above. At the end of the current fiscal year, the deferred revenue reported in the General (Distributive) Fund was \$1,587,621.

12. Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - TRANSACTIONS WITH TOWNSHIP DISTRICTS

The Lyons Township School Treasurer collects both pro-rata billings and insurance premiums from Township Districts in accordance with state statute 105 ILCS 5/8-4. Billings are used to pay for each Township District's pro rata share of Township expenditures.

Pro rata billings for the fiscal year ended June 30, 2013, are not calculated and billed until the following fiscal year. Prior year billings were billed in a similar manner. These amounts are not collected within sixty days of year-end are considered deferred in the governmental fund financial statements until the following year. While collection is expected within one year, some amounts remain outstanding from certain Township Districts for prior fiscal years. The amount owed to the Treasurer's Office at June 30, 2013 for these billings is \$714,512, which relates to all billing periods through June 30, 2013; of this amount, \$150,962 was collected within the sixty day recognition period and recognized as revenue in the General (Distributive) fund.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE B - TRANSACTIONS WITH TOWNSHIP DISTRICTS (Continued)

Also included in the pro-rata billings receivable is the estimated amount for the pro-rata billings for the fiscal year ended June 30, 2013. This entire amount, \$1,278,000, is expected to be billed and collected within one year.

Other receivables include costs for a Township District's prior year audits that are expected to be reimbursed by the Township District. The amount reported as other receivables is \$473,175 with the entire amount fully reserved by an allowance for doubtful accounts.

Detail of the accounts receivable are as follows:

<u>Township District</u>	<u>Amount</u>
Unbilled pro-rata receivable to all Township Districts	\$ 1,278,000
Cook County School District 101	58,107
Elementary School District 102	132,401
Cook County School District 105	19,648
Indian Springs School District 109	131,314
Lyons Township High School District 204	3,056,707
Argo Community High School District 217	<u>119,113</u>
Total pro-rata and other receivables	4,795,290
Less: Allowance for doubtful accounts	<u>(3,056,707)</u>
Total pro-rata billings and other receivables	<u>\$ 1,738,583</u>

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. **Deficit Fund Balance**

The General (Distributive) Fund has a deficit balance of \$3,258,741 as of June 30, 2013. This deficit is anticipated to be funded by future receipts from Township Districts.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

2. Non-Compliance with Illinois Public Funds Act

The Treasurer held assets in the pooled investments for its agency fund that are non-compliant with the Illinois Public Funds Act. This included an amount held in insurance contracts, the type of which are not allowable per the Act. The Treasurer's intent is to hold the insurance contracts to maturity to avoid surrender charges.

NOTE D - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Government Fund Balance Sheet and the Government-wide Statement of Net Position

The government fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet." The details of the difference are as follows:

Compensated absences	\$	60,809
Net pension obligation		<u>45,600</u>
Net adjustment to increase fund deficit - total governmental funds to arrive at net position of governmental activities	\$	<u><u>106,409</u></u>

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE D - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

2. Explanation of Certain Differences Between the Government Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund deficit includes a reconciliation between net change in fund deficit - governmental funds and change in net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

	\$	6,106
Capital outlay		
Depreciation expense		<u>(9,777)</u>
Net adjustment to increase net change in fund deficit - total governmental fund to arrive at change in net position of governmental activities	\$	<u>(3,671)</u>

Another element of that reconciliation states that "In the Statement of Activities, certain operating expenses - compensated absences and retirement benefits - are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources that are used." The details of this difference are as follows:

	\$	(8,448)
Compensated absences, net		
Net pension obligation, net		<u>(2,394)</u>
Net adjustment to increase net change in fund deficit - total governmental fund to arrive at change in net position of governmental activities	\$	<u>(10,842)</u>

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE E - DEPOSITS AND INVESTMENTS

The Treasurer is the legal custodian of all Township Districts' cash and investments. Accounting records are maintained to separate the common cash and investment accounts by individual Township District. Cash and investments are recorded at cost and the realized gains, realized loss as and investment income are allocated on a pro-rata basis to the Township Districts. No unrealized gains and losses are allocated to the Township Districts or recorded in the financial statements. Cash deposits, investments, and the underlying collateral are held in the name of the Treasurer.

The Treasurer's investment policy is in line with State Statutes. The investments that the Treasurer may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

At June 30, 2013, the Treasurer's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>64,121</u>	\$ <u>195,737,295</u>	\$ <u>195,801,416</u>

For disclosure purposes, this amount is segregated into the following components at June 30, 2013:

Deposits with financial institutions	\$ 29,487,854
Money Market Mutual Fund	3,151,300
Illinois School District Liquid Asset Fund Plus	91,232
Other Investments	<u>163,071,030</u>
 Total	 \$ <u>195,801,416</u>

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE E - DEPOSITS AND INVESTMENTS (Continued)

Deposits with financial institutions include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; custodial credit risk is applicable to these holdings. Carrying value approximates fair value due to the short term nature of these deposits.

The Illinois School Member Liquid Asset Fund Plus (ISDLAF+) is an unrated, not-for-profit investment trust formed pursuant to the School Code and managed by a Board of Trustees, elected from Township Districts. It is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

At June 30, 2013, other investments consisted of the following:

Investment Type	Carrying Value	Fair Value	Weighted Average Maturity (in years)	Associated Risks
Citi Group Inc. Securities	\$ 3,073,530	\$ 3,069,690	0.501	Credit, interest rate
Federal Home Loan Bank (FHLB) - U.S. Agency implicitly guaranteed	5,752,580	5,729,846	21.953	Custodial credit, interest rate
Federal National Mortgage Association - (FNMA) U.S. Agency explicitly guaranteed	126,913,613	124,006,574	17.181	Custodial credit, interest rate
Freddie Mac - U.S. Agency explicitly guaranteed	17,845,177	17,590,854	14.897	Custodial credit, interest rate
Insurance Annuity Contracts	2,426,615	2,551,557	0.519	Credit, interest rate
United States Treasury Notes	<u>7,059,515</u>	<u>6,682,534</u>	4.545	Custodial credit, interest rate
Total	\$ <u>163,071,030</u>	\$ <u>159,631,055</u>		

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE E - DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2013, there was an unrealized loss of \$3,439,975 that is not recorded in the accompanying financial statements.

Interest Rate Risk

The Treasurer's investment policy seeks to ensure preservation of capital in the Treasurer's overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay Treasurer obligations as they come due, considering maturity and marketability. The investment portfolio is also required to be diversified as to maturities and investments, as appropriate to the nature, purpose, and amount of funds. The Treasurer will also consider investments in local financial institutions, recognizing their contribution to the community's economic development.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized rating organizations (NRSROs). The Treasurer's investment policy further minimizes credit risk by limiting the investments to the safest types of securities and/or financial institutions; pre-qualifying the financial institutions, brokers, intermediaries, and advisors with which the Treasurer will do business; and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE E - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2013, the Treasurer's investments subject to credit risk were rated as followed:

Investment	Moody's Investor Service	Standard & Poor's
Citi Group Inc. Securities	Baa2	A-2
Federal Home Loan Bank (FHLB) - U.S Agency implicitly guaranteed	Aaa	Not available
Federal National Mortgage Association (FNMA) - U.S. Agency explicitly guaranteed	Aaa	Not available
Freddie Mac - U.S. Agency explicitly guaranteed	Aaa	Not available
Insurance Annuity Contracts	Not applicable	Not applicable
United States Treasury Notes	Aaa	AA+

Concentration of Credit Risk

The Treasurer's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the Treasurer's Investment Officer to meet the Treasurer's ongoing need for safety, liquidity, and rate of return.

At June 30, 2013, the Treasurer had five federally backed mortgage investments in excess of 5% of the total investment portfolio. These five investments totaled \$53,458,347 at fiscal year end. However, based on the nature of the investments and the overall credit rating of the investments, this is not in violation of the Treasurer's investment policy.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE E - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Treasurer's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2013, the bank balance of the Treasurer's deposits with financial institutions totaled \$34,176,929, all was collateralized or insured.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Treasurer's investments are held by their agent and in the Treasurer's name.

At June 30, 2013, \$2,426,615 of the Treasurer's investments were exposed to custodial credit risk.

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, being depreciated				
Equipment	\$ 111,402	\$ 6,106	\$ -	\$ 117,508
 Total capital assets, being depreciated	 <u>111,402</u>	 <u>6,106</u>	 <u>-</u>	 <u>117,508</u>
 Less accumulated depreciation for:				
Equipment	37,268	9,777	-	47,045
 Total accumulated depreciation	 <u>37,268</u>	 <u>9,777</u>	 <u>-</u>	 <u>47,045</u>
 Governmental activities capital assets, net	 \$ <u>74,134</u>	 \$ <u>(3,671)</u>	 \$ <u>-</u>	 \$ <u>70,463</u>

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE G - OPERATING LEASES

The Treasurer leases its office space and equipment under noncancelable operating leases. Total costs for such leases were \$49,428 for the year ended June 30, 2013. At June 30, 2013, future minimum lease payments for these leases are as follows:

	<u>Year Ending</u> <u>June 30</u>		<u>Total</u>	
	2014	\$	49,428	
	2015		7,488	
	2016		7,488	
	2017		<u>2,496</u>	
	Total	\$	<u>66,900</u>	

NOTE H - LONG-TERM LIABILITIES

The long-term liabilities activity for the Treasurer during the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities							
Compensated absences	\$ 58,415	\$	17,559	\$	15,165	\$	60,809
IMRF net pension obligation	<u>37,152</u>		<u>57,013</u>		<u>48,565</u>		<u>45,600</u>
Total long-term liabilities - governmental activities	\$ <u>95,567</u>	\$	<u>74,572</u>	\$	<u>63,730</u>	\$	<u>106,409</u>

The obligations for accrued compensation absences and the net pension obligation will be repaid from the General (Distributive) Fund.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RISK MANAGEMENT

The Treasurer is exposed to various risks of loss related to torts; workers' compensation claims; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Treasurer has purchased insurance from private insurance companies for general liability, workers' compensation, and other coverages to mitigate these risks. Premiums have been recorded as expenditures in the general fund. There have been no significant reductions in insurance coverage from coverage in prior years. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

The Treasurer is a member of the Lyons Township Elementary School Districts' Employee Benefit Cooperative (LTESDEBC), a health insurance cooperative that provides medical, dental and life insurance coverage to the employees of the Treasurer. The Township Districts of LTESDEBC make payments to the Cooperative which is used to pay the insurance provider for medical and dental coverage. The Treasurer believes that because it does not control the selection of the governing authority, and because of the control over operations, scope of public service, and special financing relationships exercised by the governing board, LTESDEBC is not included as a component unit of the Treasurer. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE J - RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

Plan Description

The Treasurer's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Treasurer's plan is associated with the Illinois Municipal Retirement Fund (IMRF), an agent, multiple-employer plan. Benefit provisions are established and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE J - RETIREMENT FUND COMMITMENTS (Continued)

Funding Policy

As set by state statute, the Treasurer's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the Treasurer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The contribution rate for calendar year 2012 used by the Treasurer was 17.43 percent of annual covered payroll. The Treasurer's annual required contribution rate for calendar year 2012 was 18.79 percent. The Treasurer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Fiscal IMRF Pension Cost and Net IMRF Pension Obligation

The Treasurer's annual IMRF pension cost is calculated based on the annual required contribution (ARC) of the employer. The following table shows the components of the Treasurer's annual IMRF pension cost for the fiscal year, the amount actually contributed to the plan for the fiscal year, and changes in the Treasurer's net IMRF pension obligation as of June 30, 2013.

		<u>June 30, 2013</u>
Annual required contribution (ARC)	\$	55,465
Interest on net IMRF obligation		2,786
Adjustment to annual required contribution		<u>(1,238)</u>
Annual IMRF cost		57,013
Less: Contributions made		<u>48,565</u>
Increase in IMRF obligation		8,448
Net IMRF obligation, beginning of year		<u>37,152</u>
Net IMRF obligation, end of year	\$	<u><u>45,600</u></u>

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE J - RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost

Information related to the employer's contributions are on a fiscal year basis. The actuarial and trend information are on a calendar basis as that is the year used by the IMRF. The required contribution for the fiscal year 2013 was \$55,465.

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2013	\$ 57,013	85%	\$ 45,600
6/30/2012	107,495	83%	37,152
6/30/2011	80,192	76%	19,256

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the Township's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial value and market value of assets. The Township's regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 59.91 percent funded. The actuarial accrued liability for benefits was \$1,547,761 and the actuarial value of assets was \$921,103, resulting in an underfunded actuarial accrued liability (UAAL) of \$626,658. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$399,106 and the ratio of the UAAL to the covered payroll was 157 percent.

Lyons Township School Treasurer
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE J - RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE K - LITIGATION

Former Treasurer Lawsuit

The employee appointed to serve as Treasurer for the Lyons Township School Treasurer for the fiscal year ended June 30, 2012, resigned on September 1, 2012 under allegations of misappropriating assets. On July 18, 2013, there was a summary judgment of approximately \$900,000 assessed against the former Treasurer. As of March 14, 2014, the date these financial statements were available to be issued, the Lyons Township School Treasurer is pursuing collection against this former employee to retrieve these assets. The Lyons Township School Treasurer has also filed a claim with its insurance carrier. At this time, neither the outcome of the litigation, nor the amount to be paid as a claim by the insurance carrier are determinable. As such, no related amounts have been recorded in the financial statements. The Lyons Township School Treasurer paid approximately \$328,000 during fiscal year 2013 in legal fees for the above matter.

Township District Lawsuit

On October 15, 2013, the Lyons Township School Treasurer filed litigation against one of its Township Districts (Lyons Township High School District 204). The claim is pursuing uncollected pro-rata billings, unreimbursed audit costs, and interest income allocations for a total of approximately \$4,400,000. As of the March 14, 2014, the date these financial statements were available to be issued, the outcome of the litigation is not determinable. The amount for the uncollected pro-rata billings and unreimbursed audit costs have been reported on the Statement of Net Position and the Governmental Fund Balance Sheet as an accounts receivable with the entire amount fully reserved by an allowance for doubtful accounts.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 14, 2014, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of net position date that require disclosure in the financial statements, except has reported in Note K.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Lyons Township School Treasurer
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 921,103	\$ 1,547,761	\$ 626,658	59.51%	\$ 399,106	157.02%
12/31/2011	759,615	2,171,000	1,411,385	34.99%	588,693	239.75%
12/31/2010	709,490	1,191,396	481,906	59.55%	427,921	112.62%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$953,103. On a market basis, the funded ratio would be 61.58%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Lyons Township Treasurer. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

A. Introduction

I was engaged by Hoffman Legal, on behalf of Lyons Township High School District No. 204 (“LT”), to evaluate and respond to the disclosures and deposition testimony of Plaintiff’s expert, James P. Martin (“Martin”) of Cendrowski Corporate Advisors LLC, on behalf of Township Trustees of Schools Township 38 North, Range 12 East (collectively “TTO” or “Plaintiff”).

In completing this engagement, I and/or staff working under my direction have read and analyzed various pleadings, reports, records, correspondence, and relevant documents, as described below and in Section E of this report. This report is based on information made available to me through May 4, 2017. As additional information becomes available, I reserve the right to amend and modify this report.

My hourly rate for this engagement is \$350. Others working under my direction are billed at hourly rates between \$50 and \$330. Our fees are not contingent on the outcome of this matter.

B. Professional Qualifications

I am a partner in the Forensic & Valuation Services Group of Plante & Moran, PLLC (“PM”). PM is ranked by *Accounting Today* in its 2017 survey as the 15th largest certified public accounting and management consulting firm in the United States.

I am a Certified Public Accountant (“CPA”), Certified Fraud Examiner (“CFE”), and Chartered Global Management Accountant (“CGMA”) with over 40 years of experience as an auditor, consultant and fraud examiner covering many diverse industries. For the first 15 years of my professional career, I served in the Audit Department of Altschuler, Melvoin & Glasser LLP (“AM&G”), where I focused on audits of clients in a wide range of industries, including governmental entities. In April 1990, I transferred into AM&G’s Litigation Services Group. I joined Blackman Kallick LLP (“BK”) in September 2006 to lead its Forensic and Litigation Services Group. On July 1, 2012, BK merged with PM.

Since 1990, I have focused my career on forensic and litigation services. I have worked with many attorneys in the area of professional liability litigation. I have also performed forensic accounting and fraud investigation services for clients in a wide range of industries.

I have investigated and evaluated over 800 professional liability claims against accountants, attorneys, directors and officers, and other professionals. These matters involved compliance with professional standards, financial analysis, and evaluation of alleged damages.

I have directed more than 200 forensic investigations involving misstatement of financial statements and misappropriation of corporate assets. These engagements include special investigations for boards of directors of publicly-traded companies, including representation before the Securities and Exchange Commission.

I served on AM&G's internal inspection teams to monitor the quality of its audit practice and external peer review teams to evaluate the audit practices of other public accounting firms. I also served on BK's risk management committee.

I have served as senior technical specialist for a national accounting and consulting firm serving colleges and universities, governmental entities, and not-for-profit organizations. I developed and taught a series of courses relating to accounting for colleges, universities and not-for-profit organizations. I have been a member of the Government Finance Officers Association, the National Association of College and University Business Officers, the National Association of Student Financial Aid Administrators, and the Association of School Business Officials.

I have served on the Federal Financial Assistance Committee and the Government Report Review Committee of the Illinois CPA Society and have extensive experience with federal and state grant programs. I participated in an Illinois CPA Society's task force to study revisions to federal audit guides.

I have developed risk management programs for accounting firms, which I present nationally to accounting firms and professional organizations. I have also developed training programs on fraud detection and prevention programs.

I am a member of the American Institute of Certified Public Accountants ("AICPA"), the Illinois CPA Society ("ICPAS"), and the Association of Certified Fraud Examiners ("ACFE"). I currently serve on the Ethics Committee of the ICPAS.

I am a frequent speaker for professional organizations and I serve as an adjunct faculty member at Benedictine University teaching courses in forensic accounting and fraud investigation, as part of its Graduate Business Programs.

I earned a Bachelor of Science in Accounting (Magna Cum Laude) in 1975 and a Master of Accountancy (With Distinction) in 1998 from DePaul University.

A copy of my curriculum vitae is attached as Exhibit A and further sets forth my qualifications.

C. Background

We understand the following facts from our review of the TTO's amended complaint:

- The TTO is a corporate entity organized under the laws of the State of Illinois with its principal office in La Grange, Illinois.
- LT is a corporate entity organized under the laws of the State of Illinois with its principal office in La Grange, Illinois.
- The Illinois School Code, 105 ILCS 5/1 *et seq.* ("School Code") holds that Township Trustees, elected by and responsible to the voters of Lyons Township, appoint the Lyons Township School Treasurer ("Treasurer") to serve as the statutorily-appointed treasurer for LT and other educational districts (collectively "Districts") within Lyons Township.

- During the fiscal years 1995 through 2012 (“Relevant Period”), Robert Healy (“Healy”) served as Treasurer.
- Among other tasks, the Treasurer takes custody of public funds (property taxes and other funds) for the benefit of the Districts and pays amounts to persons and entities as it is lawfully instructed to pay by the Districts it serves.
- The School Code imposes upon the Treasurer the responsibility to account for all receipts, disbursements, and investments arising out of the operations of all the Districts served by the TTO.
- The School Code also requires the Treasurer to prepare and submit a biannual statement showing the investment proceeds, other income received, and distributions of funds on hand.
- The School Code, Section 8-7, governs the depositing and investing of school funds. It allows the Districts’ monies to be combined. Those funds are to be “accounted for separately in all respects, and the earnings from such investment shall be separately and individually computed and recorded, and credited to the fund or school district ... for which the investment was acquired.”
- The Treasurer commingles funds from the Districts for investment purposes and allocates the interest earned on the investments via journal entries. Funds are held in the custody of the Treasurer.
- The TTO claims that during the Relevant Period LT was over-allocated investment interest. Martin testified that the amount is \$1,427,442.

D. Summary of Opinions and Bases of Opinions

All of my opinions are stated within a reasonable degree of accounting certainty.

- The TTO and Martin are unable to determine with certainty annual investment earnings.

We would have expected that the TTO determined investment interest on pooled investments for the Districts by using source documentation such as bank and investment statements. Then, based on that information, we would anticipate the TTO to have calculated each District’s allocation of the investment interest.

The recordkeeping at the TTO was such that Michael Theissen (“Theissen”), TTO President, testified that after Healy was terminated the TTO had to go through an exhaustive search to find and identify its investments, who held them, how they were managed, how much they were earning, and if they were in compliance with the statutory investment policy.¹

Theissen testified that he asked Kelly Bradshaw (“Bradshaw”), current TTO accountant, to compare the allocation of investment earnings for all of the Districts with Healy’s notes to determine whether the quarterly allocations were proper.² Theissen further testified that he expected Bradshaw would trace the quarterly distribution amounts to source documents and that he would be concerned if Bradshaw only utilized internal TTO documents in her analysis.³

¹ Deposition of Michael Theissen at pages 86-87.

² Deposition of Michael Theissen at pages 87-88.

³ Deposition of Michael Theissen at page 102.

Dr. Susan Birkenmaier (“Dr. Birkenmaier”), the TTO’s designated representative in this matter and its current Treasurer, testified that she does not know whether Bradshaw had gone back to look at what was actually earned by reviewing TTO bank and investment statements.⁴

Bradshaw testified that she did not go back to source documentation from banks and investment brokers, advisors, and other financial institutions, but would have had to in order to determine what the Districts actually earned for investment income during the Relevant Period.⁵

Martin attempted to, but was unable to, determine how much investment interest the TTO actually earned on pooled investments during the Relevant Period.⁶ Martin testified that for the earlier years only about 50 percent of the records were available and in the more recent years approximately 90 percent were available.⁷ Martin was unable to complete his analysis of earned investment interest and he does not believe, based on the documents available, that any other accounting firm could perform the analysis.⁸ As a result, Martin testified that he was unable to determine what share LT was entitled to receive during the Relevant Period.⁹

We attempted to locate source documents that supported a TTO-prepared statement that purported to show quarterly interest amounts. We were not able to locate all of the necessary documents. As such, based on the documents produced in this matter, it is not possible to determine investment interest with reasonable certainty due to the lack of available source documents.

- The audited financial statements demonstrate that there were additional funds that were available for distribution to the Districts on a net basis for the fiscal years 1995 through 2007.

Based on our analysis of the TTO’s audited financial statements for the fiscal years 1995 through 2007, it appears that the TTO earned in excess of \$1 million of investment interest that had not been allocated to the Districts.¹⁰

The TTO’s audited financial statements for fiscal 1995 through 2007 reported net earnings on investments. The presentation of the net earnings on investments changed during that time period. For fiscal years 1995 through 2003, the TTO reported earnings on investments net of distributions to Districts. For fiscal years 2004 through 2007, the TTO reported gross investment earnings and then deducted distributions to the Districts to report a net amount.

⁴ Deposition of Dr. Susan Birkenmaier at page 196.

⁵ Deposition of Kelly Bradshaw at page 89.

⁶ Deposition of James Martin at page 12.

⁷ Deposition of James Martin at pages 12-15.

⁸ Deposition of James Martin at page 15.

⁹ Deposition of James Martin at page 39.

¹⁰ Exhibit B.

During the thirteen fiscal years 1995 to 2007, in six years investment interest allocated to Districts exceeded investment interest earned, while in seven years investment interest allocated was less than investment interest earned. For example, during fiscal 2002, the TTO allocated approximately \$2 million dollars to Districts in excess of interest earned.¹¹ During fiscal 2003, the TTO earned interest of approximately \$3.3 million in excess of amounts allocated to Districts.¹² These examples demonstrate how the TTO earned in excess of \$1 million of investment interest that had not been allocated to the Districts.

For fiscal years 2008 through the present, the TTO did not report either gross or net earnings on investments. Dr. Birkenmaier, however, testified that in fiscal 2013 the TTO's auditor, Miller Cooper & Co., Ltd., determined there was undistributed investment interest held over from prior years of approximately \$1.3 million and that, but for a \$500,000 distribution, it is still being held by the TTO.¹³

Martin testified that he read the TTO's audited financial statements but did not utilize them to analyze the unallocated funds.¹⁴ He further testified that he did not perform any analysis to determine if undistributed investment income from the Relevant Period remains in the TTO's possession, as he did not believe that those funds would be relevant to his analysis.¹⁵

It is not possible to determine, from the TTO's audited financial statements alone, to which Districts the unallocated funds should be distributed. Martin, however, ignores both the evidence in the TTO's audited financial statements and Dr. Birkenmaier's testimony that there are additional funds available to be distributed to the Districts. The TTO should have allocated the undistributed investment interest based on the Districts' fund balances at the time the earnings became available during the Relevant Period and take those distributions into account in the context of its claim in this case.

- Healy's handwritten sheets were estimates and subject to revision.

Martin incorrectly assumes that Healy's calculations of allocable investment interest were the amounts that should have been distributed to the Districts. However, Healy's quarterly allocations of investment earnings to the Districts were estimates. Healy testified, "I often estimated the value, estimated the income, because the actual numbers weren't readily available."¹⁶

With regard to his quarterly allocations, Healy testified, "I could pretty much judge what was made in my head. And then I would make a conservative estimate for the first three periods of the fiscal year; and then at the end, the fourth was usually a large payment."¹⁷

¹¹ Exhibit C.

¹² Exhibit D.

¹³ Deposition of Dr. Susan Birkenmaier at pages 45-49.

¹⁴ Deposition of James Martin at page 22.

¹⁵ Deposition of James Martin at pages 125-129.

¹⁶ Deposition of Robert Healy at page 52.

¹⁷ Ibid.

Healy testified that the TTO's outside accountant, Cheryl Sudd ("Sudd"), "went back and reconciled and checked all the investment transactions to make sure that all income and few losses were properly recorded."¹⁸ Sudd was responsible for the bulk of the general ledger and she had assistance from the auditors (Baker Tilly and its predecessors).¹⁹

Healy testified that his allocations were reasonable estimates of what was available for distribution.²⁰ In order to determine the exact amounts that should have been allocated to each District, it would be necessary to use Sudd's exact numbers from the general ledger for all four quarters.²¹

Martin testified that he had no concerns relying on Healy's handwritten notes as being what should have been distributed.²² Martin actually used the numbers that Healy calculated on his handwritten sheet.²³

Based on Healy's testimony with regard to the use of estimates in the first three quarters of the fiscal year and the use of TTO staff and outside professionals to follow up on those estimates, it is not reasonable for Martin to rely on Healy's handwritten notes as a guide for what the TTO intended to distribute.

- Martin did not test Healy's handwritten notes for mathematical accuracy. He testified that "in all instances" Healy's calculation of taking the percentages and applying them to the total distribution arrived at Healy's interest allocation for LT.²⁴

Martin treated Healy's allocable interest calculations as a "business record that were correct at that time."²⁵ Martin testified that he relied upon the specific amounts that Healy set forth in his notes as the amount that each District should have been allocated in the applicable quarter.²⁶ However, Martin admitted that Healy testified that his handwritten notes were preliminary and conservative estimates and that they were subject to later adjustment by Sudd and the auditors.²⁷

The preliminary nature of Healy's notes is reflected in calculation errors within these notes. Our analysis of Healy's notes, which Martin accepted at face value, disclosed several quarters where his calculations for other Districts were not based on the method of applying each District's proportionate share of the fund balance to the allocable quarterly interest.

¹⁸ Deposition of Robert Healy at page 53.

¹⁹ Deposition of Robert Healy at pages 54-55.

²⁰ Deposition of Robert Healy at page 59.

²¹ Deposition of Robert Healy at pages 59-60.

²² Deposition of James Martin at page 67.

²³ Deposition of James Martin at page 70.

²⁴ Deposition of James Martin at page 116.

²⁵ Deposition of James Martin at page 66.

²⁶ Deposition of James Martin at page 69.

²⁷ Deposition of James Martin at page 132.

We noted the following:

- In his March 1995 investment interest calculation, Healy used a fund balance for District 107 that was \$333,333 greater than his underlying documentation indicated. By doing so, he increased District 107's proportion of the investment interest pool and, as such, over-allocated investment interest to that District.²⁸
- In his June 1997 calculation, Healy apparently under-allocated District 104 by \$55,264 and over-allocated District 109 by \$10,363 and LT by \$44,903.²⁹
- In his June 1998 investment interest calculation, Healy used a fund balance for District 106 that was \$323,003 greater than his underlying documentation indicated. By doing so, he increased District 106's proportion of the investment interest pool and, as such, over-allocated investment interest to that District.³⁰
- In his June 2005 calculation, Healy apparently over-allocated District 108 by \$3,612 and under-allocated District 106.5 by \$72,349. Healy's handwritten sheet actually allocated \$2,468,400, not the \$2,400,000 that is written on the sheet.³¹
- In his June 2006 calculation, Healy apparently over-allocated \$128,819 to LT. While his math on the handwritten sheet does not appear to be accurate for several Districts, the amount written on the sheet for LT agrees to the amount recorded in the TTO's general ledger.³²
- In Healy's June 2006 calculation, Districts 102, 107, and 109 appear to be over-allocated by \$20,000, \$16,108, and \$50,000, respectively. Districts 101, 106, 217, 999, 106.5, and 204.5 appear to be under-allocated by \$17,001, \$29,385, \$111,882, \$2,852, \$2,835, and \$3,552, respectively.³³
- In his April 2008 calculation, Healy apparently over-allocated \$27,863 to LT; however, the amount on Healy's handwritten sheet (\$292,000) for LT's quarterly distribution agrees to the amount recorded in the TTO's general ledger.³⁴
- In Healy's April 2008 calculation, District 999 was apparently over-allocated investment interest by \$8,685, and District 109 has an annotation on Healy's handwritten sheet that allocates an additional \$32,080.³⁵
- In his June 2009 calculation, Healy apparently over-allocated \$246,711 to LT; however the amount on the Healy's handwritten sheet (\$633,364) for LT's quarterly distribution agrees to the amount recorded in the TTO's general ledger.³⁶
- In Healy's June 2009 calculation, District 109 was apparently over-allocated investment interest by \$45,202 and District 999 by \$8,926.³⁷

²⁸ Exhibit E.

²⁹ Exhibit F.

³⁰ Exhibit G.

³¹ Exhibit H.

³² Exhibit I.

³³ Ibid.

³⁴ Exhibit J.

³⁵ Ibid.

³⁶ Exhibit K.

³⁷ Ibid.

- In his June 2012 calculation, Healy apparently under-allocated \$15,001 to LT; however, the amount written on Healy's handwritten sheet (\$336,977) for LT's quarterly distribution agrees to the amount recorded in the TTO's general ledger.³⁸
- In Healy's June 2012 calculation, District 204.5 was apparently under-allocated investment interest by \$20,001 and District 999 by \$9,993.³⁹

As demonstrated by the examples noted above, Healy did not always make clear and uniform calculations of interest that followed a proportionate allocation to the Districts. As such, Martin's reliance on Healy's calculation causes his analysis to be flawed.

- Martin did not use a consistent approach to general ledger entries to determine the amount of investment interest allocated to LT.

Martin testified "my analysis is based on the review of the general ledger records, which show the four entries for interest, one quarterly entry for the interest four times a year."⁴⁰ However, we noted entries for adjustments to interest that were made to the LT general ledger. Martin did not recall if he had seen any of those entries.⁴¹ He also did not use a consistent method when considering entries for interest amounts described in the general ledger as something other than quarterly interest.

The following are adjustments that Martin should have considered:

- At April 30, 1995, Martin alleges that LT was over-allocated investment interest by \$5,000.33. The TTO's general ledger shows an "INT TRANSF" of \$5,000.00 on that same date. Although Martin testified that he did not include that transfer,⁴² in order to arrive at his "Allocation per TTO GL," it must be included.
- At April 30, 1998, Martin alleges that LT was over-allocated investment interest by \$4,674.68. The TTO's general ledger shows an entry at March 31, 1998 for \$4,675.00 described as "QTRLY INT (10, 11, 12-1997)". Although Martin testified that he did not include that entry,⁴³ in order to arrive at his "Allocation per TTO GL," it must be included.
- Martin alleges that LT was under-allocated investment interest by \$101,829.90 at December 31, 1997. The TTO's independent auditor proposed an adjustment to the investment interest allocation. This adjustment was included by Healy in his handwritten calculation.⁴⁴ As such, this made Healy's calculation equal the amount recorded in the TTO's general ledger. Martin ignored this adjustment.

³⁸ Exhibit L.

³⁹ Ibid.

⁴⁰ Deposition of James Martin at page 132.

⁴¹ Deposition of James Martin at page 99.

⁴² Deposition of James Martin at page 135.

⁴³ Deposition of James Martin at page 141.

⁴⁴ Exhibit M.

- o Martin determined that in adopting Bradshaw's analysis, there were certain numbers that he disagreed with and subsequently adjusted. One such adjustment was at June 30, 2006, where Martin found that Bradshaw interpreted a journal entry differently than he did.⁴⁵ Martin included an additional amount of \$31,500 as allocable investment interest for LT even though the TTO's general ledger entries described it as either "Interest" or "Trans Interest Retro on BD Res". Martin could not explain why he picked these entries, given their descriptions, after he testified earlier that he only picked up entries denoted as quarterly interest. When questioned why he determined the entry to be quarterly interest, he testified, "I don't know. At the time that's what I determined that to be."⁴⁶

Martin did not attempt to understand the purpose behind the entries by either talking to the professionals actually involved in the TTO's affairs (Healy, Sudd, or Baker Tilly) or searching for documents which would provide corroborating evidence of the transactions. The above mentioned general ledger entries contain descriptions that are vague, subject to translation, and appear to lack supporting documentation. We would have expected the TTO to provide supporting documentation for journal entries that are recorded in its general ledger. The general ledger contains entries that have not been adequately explained by the TTO or Martin, which raises questions as to Martin's analysis.

- Martin does not remember seeing annotations of apparent additional investment interest allocations made on Healy's handwritten sheets, even though he reviewed and relied upon them.⁴⁷

In certain quarters, Healy's sheets contained handwritten notes and/or annotations which appear to adjust the calculated amounts. Martin testified that he's "not familiar with those notes you're describing . . ."⁴⁸ Martin further testified that it was his practice to ignore adjustments and utilize the straight calculation of quarterly interest that Healy performed.⁴⁹

Our analysis of Healy's handwritten sheets shows numerous annotations, which appear to show a relation between the handwritten note and the amount recorded in the TTO's general ledger. For example:

- o In his December 1997 calculation, Healy applied suggested adjustments from the TTO's independent auditor, which in effect reduced allocated investment interest to District 109 by \$6,098 and LT by \$101,830, and increased allocated investment interest to all other Districts.⁵⁰
- o At April 2007, Healy's handwritten sheet includes a note for an additional \$125,000 for LT. When added to the initial investment interest allocation on the sheet, the total equals the amount recorded in the TTO's general ledger.⁵¹

⁴⁵ Deposition of James Martin at page 163.

⁴⁶ Deposition of James Martin at page 166.

⁴⁷ Deposition of James Martin at page 70.

⁴⁸ Deposition of James Martin at page 71.

⁴⁹ Deposition of James Martin at page 151.

⁵⁰ Exhibit M.

⁵¹ Exhibit N.

- At January 2007, Healy's handwritten sheet includes a note for an additional \$125,000 for LT. When added to the initial investment interest allocation on the sheet, the total equals the amount recorded in the TTO's general ledger.⁵²
- At October 2006, Healy's handwritten sheet includes a note for an additional \$125,000 for LT. When added to the initial investment interest allocation on the sheet, the total equals the amount recorded in the TTO's general ledger. Healy also notes at the bottom of the page "#204 will be adjusted @ EOY for larger est. payout."⁵³
- At April 2008, Healy's handwritten notes include an additional \$32,080 for District 109.⁵⁴
- At November 2007, Healy's handwritten sheet includes a note for an additional \$100,000 for LT. When added to the initial interest allocation, the total equals the amount recorded in the TTO's general ledger.⁵⁵
- At June 2009, Healy's handwritten sheets include a note for an additional \$45,203 for District 109.⁵⁶ When added to the initial interest allocation, the total equals the amount recorded in the TTO's general ledger.
- At June 2011, Healy's handwritten sheet includes a reduction of \$200,000 from LT's allocation. Martin's calculation shows that LT was under-allocated by that amount. The amount listed on Healy's handwritten sheet equals the amount recorded in the TTO's general ledger.⁵⁷

We do not have sufficient information to explain how or why Healy deviated from exact proportional allocations. By simply ignoring these deviations, when noted, Martin's analysis is inconsistent with the facts that are known in this matter and, as such, is unreasonable.

- Other Districts also may have been over-allocated and under-allocated investment interest under the TTO's methodology.

The TTO's amended complaint, in accusing LT of receiving over-allocations of investment interest, further states that, as a result, the other Districts have been under-allocated interest.⁵⁸ Dr. Birkenmaier testified that, to the best of her knowledge, no District, other than LT, received an over-allocation during the Relevant Period.⁵⁹ Healy testified that he did not recall paying LT or any other District more than they were entitled to.⁶⁰ However, Healy testified that if there were over-allocations in one year, he would make it up by reducing future allocations.⁶¹

⁵² Exhibit O.

⁵³ Exhibit P.

⁵⁴ Exhibit J.

⁵⁵ Exhibit Q.

⁵⁶ Exhibit K.

⁵⁷ Exhibit R.

⁵⁸ TTO Amended Complaint paragraph 46.

⁵⁹ Deposition of Dr. Susan Birkenmaier at page 234.

⁶⁰ Deposition of Robert Healy at page 64.

⁶¹ Ibid.

Martin began an analysis to understand what had occurred with Districts other than LT. Martin looked at interest allocations for 11 quarters for most of the Districts and 28 quarters for the others.⁶² Martin testified “the purpose of this analysis was to show that the other districts weren’t also getting interest out – weren’t getting additional interest at the time that 204 was.”⁶³ However, he found the opposite; other Districts received additional allocations based on his methodology.

Martin’s analysis of the other Districts discovered anomalies in quarterly interest payments that, had they been made to LT, he would have concluded to be over-allocations. Martin tested 11 quarters for District 109, noting that in 4 of those quarters, the TTO paid additional interest amounts to District 109. When he found what he considered to be additional interest payments to LT, he concluded they were over-allocations. (An example is the general ledger entry for \$31,500 for LT that Martin concluded was a quarterly interest payment.) However, Martin testified that he could not characterize the additional interest payments to District 109 as over-allocations without further analysis and consultation with the TTO.⁶⁴ Martin testified that there was no one he could speak with at the TTO who had knowledge of the payments to District 109.⁶⁵

Martin testified that if a District other than LT was allocated disproportionately, then they would theoretically need to be adjusted.⁶⁶ But in those periods where he identified a misallocation to LT, he believed that the other Districts received exactly the percentage that was detailed on Healy’s notes.⁶⁷

We also examined this issue. Our testing (for the period covering Martin’s analysis) disclosed that Districts other than LT were also allocated investment interest amounts other than what was calculated on Healy’s handwritten sheets. We observed over- and under-allocations of investment interest to numerous Districts other than LT, as noted in our discussion regarding the mathematical accuracy of Healy’s calculations above.

As demonstrated above, it is clear that Districts other than LT were also receiving under and over allocations when examined using the TTO’s methodology. As with LT, Healy’s calculations of interest payments and the general ledger entries for other Districts cannot be fully explained by the available documentation and witness testimony. In addition, the TTO’s position that over-allocations to LT necessarily resulted in corresponding under-allocations to all other Districts is erroneous.

⁶² Deposition of James Martin at page 77.

⁶³ Deposition of James Martin at page 76.

⁶⁴ Deposition of James Martin at pages 75-81.

⁶⁵ Deposition of James Martin at page 79.

⁶⁶ Deposition of James Martin at pages 154-155.

⁶⁷ Ibid.

- The TTO made a \$1.5 million reduction to LT's allocable investment interest.

During June 2011, the TTO recorded an adjustment to the LT general ledger that effectively reduced allocable investment interest by approximately \$1.5 million.⁶⁸ The journal entry decreases LT's cash and beginning fund balance accounts with a description of "J/E Audit Adjustment Interest." However, neither Martin nor any representative of the TTO has been able to explain why LT's interest allocation was reduced by \$1.5 million.

Martin attempted to perform a twelve-year analysis of interest allocations related to LT. Martin testified that he is not familiar with this "audit adjustment" transaction⁶⁹ and that this entry was unimportant to his analysis and had no effect.⁷⁰

Representatives of the TTO were either not aware of, or made no effort to understand, this adjustment. Theissen testified that he was not familiar with the \$1.5 million adjustment.⁷¹ Theissen speculated that the \$1,512,451 adjustment could be an off-set for a July 2010 entry for expenses in the amount of \$1,587,296.⁷² It is highly unlikely that these two general ledger entries are related, particularly because they are both reductions to cash. We have seen no entry in the general ledger that we believe constitutes an off-set to the \$1,512,451 adjustment.

Dr. Birkenmaier testified that she made no effort to look at the records of the TTO to determine why LT's funds were being adjusted by \$1.5 million.⁷³ Dr. Birkenmaier did not talk to anyone at the TTO in order to understand the transaction.⁷⁴

This entry reduced LT's allocated investment interest by \$1.5 million. This amount exceeds the total over-allocations alleged by the TTO. It is apparent that Martin's review of the general ledgers LT maintained at the TTO was incomplete because he did not locate and include this journal entry in his analysis. We also do not understand why the TTO is unable to explain a transaction of this magnitude, and does not appear to have any documentation to support this reduction in LT's fund balance.

⁶⁸ Exhibit S.

⁶⁹ Deposition of James Martin at page 50.

⁷⁰ Deposition of James Martin at pages 59-60.

⁷¹ Deposition of Michael Theissen at pages 78-79.

⁷² Deposition of Michael Theissen at pages 80-81.

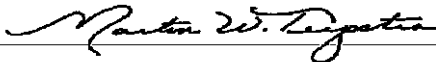
⁷³ Deposition of Dr. Susan Birkenmaier at page 188.

⁷⁴ Deposition of Dr. Susan Birkenmaier at page 192.

E. Documents Reviewed

- All TTO document productions in this case
- All LT document productions in this case
- James Martin's disclosures, exhibits, and invoices
- Deposition transcript of Michael Theissen
- Deposition transcript of Dr. Susan Birkenmaier
- Deposition transcript of James P. Martin
- Deposition transcript of Kelly Bradshaw
- Deposition transcript of Robert Healy
- Verified Amended Complaint for Declaratory Relief
- Portions of the Illinois School Code relating to the TTO operations
- Township Trustee's Response to District 204's Revised Motion to Compel Production of Documents
- Lyons' Revised Motion to Compel Production of Documents
- Defendant's Verified Answer and Affirmative Defenses to Amended Complaint for Declaratory Relief

Respectfully submitted,



Martin W. Terpstra, CPA, CFE

{ Martin W. Terpstra, CPA, CFE }

forensic & valuation services

partner



EXPERIENCE

Martin Terpstra is a Partner in the Forensic and Valuation Services Group of Plante Moran. He is a certified public accountant and a certified fraud examiner with over 40 years of experience as an auditor, consultant and fraud examiner covering many diverse industries.

Marty is a frequent speaker for professional organizations and serves as an adjunct faculty member at Benedictine University teaching courses in forensic accounting and auditing. He has developed risk management programs for accounting firms, which he presents nationally to such firms and professional organizations. He has also developed training programs for insurance claims specialists and fraud detection and prevention programs.

Experience includes:

- Served as neutral accountant in contract disputes and post-acquisition disputes.
- Directed more than 200 forensic investigations involving misstatement of financial statements and misappropriation of corporate assets.
- Directed special investigations for the boards of directors of publicly-traded companies, including representation before the Securities and Exchange Commission.
- Directed investigation of financial improprieties at a "Fortune 100" company. The magnitude of such financial overstatements exceeded \$100 million.
- Testified as an expert witness in depositions, trials and alternative dispute resolution.
- Prepared expert damage analyses and rebutted opposing experts in complex matters.
- Investigated more than 800 accountants' professional liability claims involving the application and interpretation of accounting principles and auditing standards.
- Consulted in several class action securities fraud cases.
- Directed merger and acquisition due diligence engagements.
- Directed royalty audits for franchisors and publishers.
- Experienced in governmental and not-for-profit accounting and auditing.
- Investigated claims involving construction contractors and government contractors.
- Investigated embezzlements from family offices and family trusts.

Exhibit A

- Investigated failed insurance companies involving off-shore fraud and money-laundering schemes.
- Investigated fraud involving real estate entities and title companies.
- Investigated failures of financial institutions, including loan portfolio analysis.

EDUCATION

- DePaul University, BS, Accounting (Magna Cum Laude)
- DePaul University, Master of Accountancy (With Distinction)

PROFESSIONAL

- American Institute of Certified Public Accountants
- Illinois CPA Society
- Association of Certified Fraud Examiners
- Government Finance Officers Association
- Professional Liability Underwriting Society

CONTACT INFORMATION

10 South Riverside Plaza, Suite 900
Chicago, IL 60606
312.980.3360
Martin.Terpstra@plantemoran.com

Exhibit B

**Lyons Township Matter
Analysis of Audited Financial Statements
Net Earnings on Investments**

<u>Fiscal Year</u>	<u>Interest Earned</u>		<u>Interest Paid</u>	<u>Net Earnings On Investments</u>	<u>Running Balance</u>
6/30/1995	\$ 855,499			\$ 855,499	\$ 855,499
6/30/1996	(314,414)			(314,414)	541,085
6/30/1997	(434,822)	(A)		(434,822)	106,263
6/30/1998	(127,536)	(A)		(127,536)	(21,273)
6/30/1999	260,497	(A)		260,497	239,224
6/30/2000	222,521	(A)		222,521	461,745
6/30/2001	(904,957)	(A)		(904,957)	(443,212)
6/30/2002	(1,946,645)	(A)		(1,946,645)	(2,389,857)
6/30/2003	3,256,195	(A)		3,256,195	866,338
6/30/2004	3,726,085		\$ 6,003,344	(2,277,259)	(1,410,921)
6/30/2005	5,320,575		4,941,917	378,658	(1,032,263)
6/30/2006	5,669,761		4,558,514	1,111,247	78,984
6/30/2007	8,962,383		7,928,394	1,033,989	1,112,973

Note:

(A) - Interest on Investments - net of distributions to school districts

Exhibit C

**LYONS TOWNSHIP SCHOOL TREASURER
TOWNSHIP 38 NORTH, RANGE 12 EAST**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2002
AND
INDEPENDENT AUDITORS' REPORT**

LYONS TOWNSHIP SCHOOL TREASURER

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Gurrie

Certified Public Accountants and Consultants



1010 Jorie Boulevard, Suite 240

Oak Brook, IL 60523

p: 630-990-3131

f: 630-990-0039

Washington DC

Oak Brook IL

Naperville IL

gurrie.com

INDEPENDENT AUDITORS' REPORT

December 14, 2002

To the Board of Trustees
Lyons Township School Treasurer
Township 38 North, Range 12 East
930 Barnsdale Road
LaGrange Park, Illinois 60525

We have audited the accompanying combined financial statements of Lyons Township School Treasurer as of and for the year ended June 30, 2002, as listed in the table of contents. These combined financial statements are the responsibility of Lyons Township School Treasurer's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

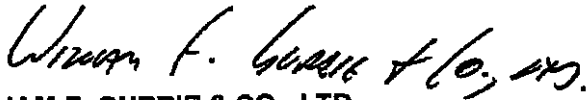
The Lyons Township School Treasurer does not maintain detailed records of the historical cost of its fixed assets, primarily office furniture and equipment. The statement of general fixed assets required by generally accepted accounting principles is not included in the accompanying financial statements.

As described in Note 1, Lyons Township School Treasurer prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except that the omission of data described above results in an incomplete presentation as explained in the second paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from cash transactions of Lyons Township School Treasurer as of June 30, 2002, and the receipts, expenditures and changes in fund balances for the year then ended on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of Lyons Township School Treasurer. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

The historical pension information listed in the table of contents is not a required part of the combined financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



WILLIAM F. GURRIE & CO., LTD.

LYONS TOWNSHIP SCHOOL TREASURER
ALL FUND TYPES
COMBINED STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2002

	GENERAL FUND	SPECIAL REVENUE FUNDS	FIDUCIARY FUND TYPE AGENCY FUND	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>				
Cash	\$ (3,524,267)	\$ 74,196	\$ -	\$ (3,450,071)
Investments maintained for participating school districts	-	-	146,924,360	146,924,360
Total Assets	\$ (3,524,267)	\$ 74,196	\$ 146,924,360	\$ 143,474,289
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Due to participating school districts	\$ -	\$ -	\$ 146,924,360	\$ 146,924,360
<u>Fund Balance</u>				
Fund Balance (deficit)	(3,524,267)	74,196	-	(3,450,071)
Total Liabilities and Fund Balance	\$ (3,524,267)	\$ 74,196	\$ 146,924,360	\$ 143,474,289

See Notes to Financial Statements

LYONS TOWNSHIP SCHOOL TREASURER
ALL FUND TYPES
COMBINED STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
<u>RECEIPTS</u>			
Contributions from Participating Districts	\$ 632,557	\$ 5,648,974	\$ 6,281,531
Interest on Investments - net of distributions to school districts	(1,946,645)	22,720	(1,923,925)
Other	<u>8,756</u>	<u>-</u>	<u>8,756</u>
Total Receipts	<u>(1,305,332)</u>	<u>5,671,694</u>	<u>4,366,362</u>
<u>EXPENDITURES</u>			
Insurance and Related Costs	-	5,901,612	5,901,612
Operating Expenditures	<u>847,586</u>	<u>-</u>	<u>847,586</u>
Total Expenditures	<u>847,586</u>	<u>5,901,612</u>	<u>6,749,198</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	(2,152,918)	(229,918)	(2,382,836)
FUND BALANCE, BEGINNING OF YEAR	<u>(1,371,349)</u>	<u>304,114</u>	<u>(1,067,235)</u>
FUND BALANCE, END OF YEAR	<u>\$ (3,524,267)</u>	<u>\$ 74,196</u>	<u>\$ (3,450,071)</u>

See Notes to Financial Statements

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical techniques employed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings and provide a clear visual representation of the data.

4. The fourth part of the document discusses the implications of the findings and offers suggestions for future research. It highlights the potential applications of the study and the need for further investigation.

5. The fifth part of the document provides a conclusion and summarizes the key points of the study. It reiterates the importance of the findings and the need for continued research in this area.

6. The sixth part of the document includes a list of references and a bibliography. It provides a comprehensive list of the sources used in the study and allows readers to access the original research.

7. The seventh part of the document contains a list of appendices and supplementary materials. It includes additional data, charts, and tables that provide further detail and support for the study.

8. The eighth part of the document includes a list of figures and tables. It provides a clear and concise summary of the visual elements used in the study, making it easy for readers to locate and reference specific data points.

9. The ninth part of the document contains a list of abbreviations and a glossary. It defines the terms and symbols used throughout the document, ensuring that readers can understand the content without confusion.

10. The tenth part of the document includes a list of acknowledgments and a thank-you note. It expresses gratitude to the individuals and organizations that provided support and assistance during the course of the study.

11. The eleventh part of the document contains a list of contact information and a list of authors. It provides details on how to reach the researchers and lists the individuals who contributed to the study.

12. The twelfth part of the document includes a list of funding sources and a list of sponsors. It acknowledges the financial support that enabled the study to be conducted and lists the organizations that provided the funding.

13. The thirteenth part of the document contains a list of permissions and a list of approvals. It details the various permissions and approvals that were obtained during the course of the study, ensuring that all necessary legal and ethical requirements were met.

14. The fourteenth part of the document includes a list of disclaimers and a list of limitations. It clarifies the scope of the study and identifies any potential limitations or caveats that should be considered when interpreting the results.

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LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lyons Township School Treasurer (the "Treasurer") conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. The following is a summary of the more significant accounting policies of the District:

A. Reporting Entity

In evaluating how to define the Treasurer for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles. The definition of a component unit is an organization for which the Treasurer is financially accountable and other organizations for which the nature and significance of their relationship with the Treasurer are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Treasurer is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Treasurer. The Treasurer also may be financially accountable if an organization is fiscally dependent on the Treasurer regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. Even though there are local government agencies within the geographic area served by the Treasurer, such as the various villages, schools, libraries and park districts, the agencies have been excluded from the report because they are legally separate and the Treasurer is not financially accountable for them.

B. Basis of Accounting

The Treasurer's financial records are maintained on the cash basis of accounting and, accordingly, revenues are recorded when cash is received and expenditures are recorded when cash is disbursed. Only assets representing a right to receive cash from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from a previous cash transaction are recorded as liabilities of a particular fund.

C. Basis of Presentation-Fund Accounting

The accounts of the Treasurer are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balances, revenue received and expenditures disbursed. The Treasurer maintains individual funds required by the State of Illinois. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund type is used by the Treasurer.

Governmental Fund Type

Governmental Funds are those through which all governmental functions of the Treasurer are financed. The acquisition, use and balances of the Treasurer's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

The General Fund, which consists of the Distributive Fund, is the general operating fund of the Treasurer. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds, which include both the Medical Self-Insurance Fund and the Dental Self-Insurance Fund, are used to account for cash received from specific sources that are legally restricted to cash disbursements for specified purposes.

D. Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are carried at cost, which approximates market value.

2. CASH AND INVESTMENTS

Under Illinois Compiled Statutes, the Lyons Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independent elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances as well as investment earnings are accounted for separately for each fund and/or district.

The Treasurer's investment policies are established by the Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

At year-end, the District's cash and investments totaled \$146,924,360. For disclosure purposes, this amount is segregated into three components: 1) cash on hand; 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; and 3) investments, which consist of all investments other than certificates of deposit. The carrying amount of cash on hand, deposits with financial institutions, and investments at year-end was \$200, \$20,236,546 and \$126,687,614, respectively.

At year-end, the bank balance of the District's deposits with financial institutions was \$28,191,137. Of this balance, \$13,272,748 was covered by federal depository insurance or collateralized with securities held by the District or its agent in the District's name. The remaining balance of \$14,918,389 was uncollateralized, or collateralized with securities held by the pledging financial institution or its trust department or agent, but not in the District's name.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Treasurer or its agent in the Treasurer's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Treasurer's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the Treasurer's name.

At June 30, 2002, the Treasurer held the following investments for the school districts in the Township:

	<u>Category</u> <u>2</u>	<u>Carrying</u> <u>Amount</u>	<u>Market</u> <u>Value</u>
U.S. Government Securities	\$ 63,957,545	\$ 63,957,545	\$ 64,168,036
Money Market Funds	1,650,378	1,650,378	1,650,378
Corporate Bonds	251,600	251,600	435,146
Commercial Paper	5,892,408	5,892,408	5,900,535
Mutual Funds	<u>54,935,329</u>	<u>54,935,329</u>	<u>54,935,329</u>
Total	<u>\$ 126,687,260</u>	126,687,260	127,089,424
Illinois Funds		<u>354</u>	<u>354</u>
Total Investments		<u>\$ 126,687,614</u>	<u>\$ 127,089,778</u>

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for.

3. RETIREMENT FUND COMMITMENTS

The Treasurer's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook Illinois 60523.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Treasurer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2001 was 10.20 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfounded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2001 was 31 years. For December 31, 2001, the Treasurer's annual pension cost of \$30,427 was equal to the Treasurer's required and actual contributions. The required contribution was determined as part of the December 31, 1999 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study.

4. COMPENSATED ABSENCES

An employee who has completed at least 60 workdays is entitled to be compensated for vacation time. Vacations are to be taken following the year in which they are earned. Unused vacation time may be taken as comparable time off or paid at the discretion of the Treasurer. Employees who resign or whose employment is terminated for any reason will be paid for unused vacation time.

Sick leave of 10 days per year is provided on a pro-rata basis to all employees. Unused sick leave can accumulate to 240 days.

5. RISK MANAGEMENT

The Treasurer is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Treasurer purchases commercial insurance for these risks. There has been no significant reduction in coverage since last year.

6. RELATED PARTY TRANSACTION

In prior years, certain participating districts failed to pay all or part of their pro-rata share of Township expenditures. The amount owed to the Lyons Township School Treasurer's Office at June 30, 2002 is \$213,716 relating to billing periods through June 30, 2001. This amount is expected to be collected within a year. The billings for 2002 will occur in 2003.

7. PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, establishes financial reporting standards for state and local governments. Some of the more significant aspects of the new standard include: reporting the overall state of the government's financial health, not just individual funds; providing the most complete information available about the cost of delivering services to the citizens; including fixed asset accounting and depreciation; and including an introductory section analyzing the government's financial performance. The District is required to adopt this Statement for the fiscal year ending June 30, 2004. The adoption of this statement will have a material effect on the District's financial statements.

LYONS TOWNSHIP SCHOOL TREASURER

**ILLINOIS MUNICIPAL RETIREMENT FUND
ANALYSIS OF FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2002**

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/01	\$ 30,427	100%	\$ -
12/31/00	29,074	100%	-
12/31/99	25,401	100%	-
12/31/98	26,443	100%	-
12/31/97	28,134	100%	-
12/31/96	27,586	100%	-

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/01	\$ 410,594	\$ 634,461	\$ 223,867	64.72%	\$ 298,309	75.05%
12/31/00	712,436	753,591	41,155	94.54%	260,517	15.80%
12/31/99	590,235	674,109	83,874	87.56%	220,693	38.00%
12/31/98	452,816	583,432	130,616	77.61%	200,329	65.20%
12/31/97	380,210	525,989	145,779	72.28%	212,814	68.50%
12/31/96	288,889	481,060	192,171	60.05%	193,177	99.48%

***Digest of Changes Assumptions**

The actuarial assumptions used to determine the actuarial accrued liability for 2000 were changed due to the 1996-1998 Experience Study.

The principal changes were:

- More members are expected to take refunds early their career.
- For both Regular and SLEP members, more normal and early retirements are expected to occur.
- Expected salary increases due to longevity for employees with less than 6 years of service were increased.

**LYONS TOWNSHIP SCHOOL TREASURER
GENERAL FUND
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2002**

	TOTAL GENERAL
<hr/>	
<u>ASSETS</u>	
Cash and investments	\$ <u>(3,524,267)</u>
 Total Assets	 \$ <u>(3,524,267)</u>
 <u>FUND BALANCE</u>	
Fund Balance (deficit)	\$ <u>(3,524,267)</u>
 Total Fund Balance	 \$ <u>(3,524,267)</u>

LYONS TOWNSHIP SCHOOL TREASURER
GENERAL FUND
COMBINING STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002

	TOTAL GENERAL
<hr/>	
<u>RECEIPTS</u>	
Contributions from districts	\$ 632,557
Interest on Investments - net of distributions to school districts	(1,946,645)
Other	<u>8,756</u>
Total Receipts	<u>(1,305,332)</u>
<u>EXPENDITURES</u>	
Salaries	352,467
Benefits	82,306
Professional Services	163,374
Maintenance Services	14,663
Equipment Rental and Maintenance	24,749
Rent	26,912
Property Appraisal	1,360
Auto Expense	6,600
Publications and Financial Report	21,248
Supplies and Materials	80,807
Utilities	60,386
Dues and Subscriptions	3,628
Property Insurance	4,029
Other	<u>5,057</u>
Total Expenditures	<u>847,586</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	 (2,152,918)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,371,349)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (3,524,267)</u>

LYONS TOWNSHIP SCHOOL TREASURER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2002

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL SPECIAL REVENUE
<u>ASSETS</u>			
Cash and Investments	\$ (83,050)	\$ 157,246	\$ 74,196
Total Assets	<u>\$ (83,050)</u>	<u>\$ 157,246</u>	<u>\$ 74,196</u>
<u>FUND BALANCE</u>			
Fund Balance (Deficit)	<u>(83,050)</u>	<u>157,246</u>	<u>74,196</u>
Total Fund Balance (Deficit)	<u>\$ (83,050)</u>	<u>\$ 157,246</u>	<u>\$ 74,196</u>

LYONS TOWNSHIP SCHOOL TREASURER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL SPECIAL REVENUE
<u>RECEIPTS</u>			
Contributions from Participating Districts	\$ 5,393,228	\$ 255,746	\$ 5,648,974
Net Interest on Investments	<u>13,237</u>	<u>9,483</u>	<u>22,720</u>
Total Receipts	<u>5,406,465</u>	<u>265,229</u>	<u>5,671,694</u>
<u>EXPENDITURES</u>			
Claims by Employees	4,004,312	232,227	4,236,539
Co-Insurance Costs	373,183	-	373,183
Consulting Costs	69,822	-	69,822
Administrative Costs	278,455	-	278,455
Alternative Insurance Costs	618,485	-	618,485
Program Costs	302,835	-	302,835
Other	<u>21,365</u>	<u>928</u>	<u>22,293</u>
Total Expenditures	<u>5,668,457</u>	<u>233,155</u>	<u>5,901,612</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	(261,992)	32,074	(229,918)
FUND BALANCE, BEGINNING OF YEAR	<u>178,942</u>	<u>125,172</u>	<u>304,114</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (83,050)</u>	<u>\$ 157,246</u>	<u>\$ 74,196</u>

LYONS TOWNSHIP SCHOOL TREASURER

COMBINED BALANCE SHEETS
JUNE 30, 2002

	Total	#89	#101	#102	#103	#104	#105	#106
<u>CASH AND INVESTMENTS</u>								
Cash and Investments held by Treasurer	\$ 148,205,213	\$ 4,144,969	\$ 7,250,671	\$ 30,428,552	\$ 2,052,183	\$ 6,588,071	\$ 6,642,682	\$ 13,033,884
Cash and Investments held by District	1,716,603	19,979	77,958	117,380	50,829	37,491	9,867	76,876
Receivables (net of allowance for uncollectibles)								
Property taxes	80,123,739	1,750,342	3,576,658	10,055,517	5,669,634	6,087,650	5,580,584	4,980,619
Replacement taxes	1,033,385	16,254	138,511	-	198,739	74,928	108,633	5,965
Intergovernmental	3,374,424	37,287	68,947	303,146	295,326	178,352	62,388	50,307
Other Current Assets	1,906,276	4,899	-	294,807	7,267	297,515	-	-
Due from Administrative Agent	<u>127,683</u>	-	-	-	-	-	-	-
Total Assets	\$ 236,487,323	\$ 5,973,730	\$ 11,132,745	\$ 41,199,402	\$ 8,273,988	\$ 13,244,007	\$ 12,384,154	\$ 18,147,651
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities:								
Payroll								
Deductions Payable	\$ 82,940	\$ 3,410	\$ 610	\$ 10,361	\$ 24,659	\$ 13,648	\$ 3,459	\$ 5,091
Due to Activity Fund Organizations	1,586,561	14,979	72,858	107,339	42,829	27,491	3,867	69,376
Accounts Payable	6,659,893	75,068	290,224	1,827,608	105,261	582,509	320,475	133,216
Salaries and Wages Payable	1,352,041	42,005	-	3,996	34,236	68,432	15,789	-
Compensated Absences	214,288	3,756	9,395	-	-	-	28,435	10,048
Deferred Revenue	80,724,282	1,669,812	3,843,381	10,055,517	5,717,008	6,309,478	5,560,584	4,980,619
Other Current Liabilities	2,227,005	-	68,532	-	-	984,142	-	-
Due to Joint Agreements	<u>127,684</u>	-	-	<u>127,684</u>	-	-	-	-
Total Liabilities	92,974,474	1,809,030	4,085,100	12,132,508	5,923,893	7,985,700	5,932,809	5,198,350
Fund Balance:								
Total Fund Balance	143,512,849	4,164,700	7,047,645	29,066,896	2,350,075	5,258,307	6,451,345	12,949,301
Total Liabilities and Fund Balance	\$ 236,487,323	\$ 5,973,730	\$ 11,132,745	\$ 41,199,402	\$ 8,273,988	\$ 13,244,007	\$ 12,384,154	\$ 18,147,651

#107	#108	#109	#204	#217	HEADSTART	BASE	LADSE	TREASURER'S OFFICE
\$ 5,485,793	\$ 1,941,160	\$ 17,135,699	\$ 28,958,506	\$ 24,514,555	\$ -	\$ -	\$ 3,498,559	\$ (3,450,071)
18,921	23,349	60,351	977,243	242,859	-	-	3,500	-
3,846,082	1,035,601	5,703,838	21,318,768	10,557,446	-	-	-	-
45,594	5,880	50,159	286,419	92,303	-	-	-	-
100,468	231,223	391,630	312,127	258,072	-	-	1,066,161	-
22,931	1,862	-	801,835	190,513	-	-	284,657	-
-	-	-	-	-	10,798	116,885	-	-
<u>\$ 9,499,789</u>	<u>\$ 3,239,075</u>	<u>\$ 23,341,677</u>	<u>\$ 52,665,898</u>	<u>\$ 35,855,748</u>	<u>\$ 10,798</u>	<u>\$ 116,885</u>	<u>\$ 4,851,897</u>	<u>\$ (3,450,071)</u>

\$ 16,014	\$ 2,836	\$ -	\$ 1,531	\$ (18,325)	\$ -	\$ -	\$ 19,746	\$ -
15,921	21,349	60,351	957,243	192,858	-	-	-	-
160,113	71,115	1,418,330	406,879	554,130	-	-	714,784	-
-	-	1,045,266	114,068	28,229	-	-	-	-
-	1,640	-	109,266	51,728	-	-	-	-
3,853,392	1,035,601	5,699,253	21,543,605	10,656,032	-	-	-	-
-	-	168,478	674,612	36,652	-	-	294,591	-
-	-	-	-	-	-	-	-	-
<u>4,045,440</u>	<u>1,132,541</u>	<u>8,391,696</u>	<u>23,807,204</u>	<u>11,501,304</u>	<u>-</u>	<u>-</u>	<u>1,029,101</u>	<u>-</u>
<u>5,454,349</u>	<u>2,106,534</u>	<u>14,949,981</u>	<u>28,656,894</u>	<u>24,354,444</u>	<u>10,798</u>	<u>116,885</u>	<u>3,822,766</u>	<u>(3,450,071)</u>
<u>\$ 9,499,789</u>	<u>\$ 3,239,075</u>	<u>\$ 23,341,677</u>	<u>\$ 52,665,898</u>	<u>\$ 35,855,748</u>	<u>\$ 10,798</u>	<u>\$ 116,885</u>	<u>\$ 4,851,897</u>	<u>\$ (3,450,071)</u>

Exhibit D

**LYONS TOWNSHIP SCHOOL TREASURER
TOWNSHIP 38 NORTH, RANGE 12 EAST**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2003
AND
INDEPENDENT AUDITORS' REPORT**

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LYONS TOWNSHIP SCHOOL TREASURER

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JUNE 30, 2003

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Gurrie

Certified Public Accountants and Consultants



1010 Jorie Boulevard, Suite 240

Oak Brook, IL 60523

p: 630-990-3131

f: 630-990-0039

INDEPENDENT AUDITORS' REPORT

Washington DC

Oak Brook IL

Naperville IL

gurrie.com

October 17, 2003

To the Board of Trustees
Lyons Township School Treasurer
Township 38 North, Range 12 East
930 Barnsdale Road
LaGrange Park, Illinois 60525

We have audited the accompanying general purpose financial statements of Lyons Township School Treasurer as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of Lyons Township School Treasurer's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Lyons Township School Treasurer does not maintain detailed records of the historical cost of its fixed assets, primarily consisting of office furniture and equipment. The statement of general fixed assets required by generally accepted accounting principles is not included in the accompanying financial statements.

In our opinion, except that the omission of data described above results in an incomplete presentation as explained in the second paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lyons Township School Treasurer as of June 30, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit of the 2003 financial statements was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial information listed as a supplementary schedule and tables in the table of contents is presented for purposes of additional analysis and is not a required part of the aforementioned financial statements of Lyons Township School Treasurer. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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The historical pension information listed in the table of contents is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

William F. Gurrie & Co Ltd
WILLIAM F. GURRIE & CO., LTD.

LYONS TOWNSHIP SCHOOL TREASURER
ALL FUND TYPES
COMBINED BALANCE SHEET
JUNE 30, 2003

	GENERAL FUND	FIDUCIARY FUND TYPE AGENCY FUND	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>				
Pro-rata Billings Due	\$ 1,008,900	\$ -	\$ -	\$ 1,008,900
Interest Receivable	425,167	-	-	425,167
Prepaid Items	18,531	-	-	18,531
Investments maintained for participating school districts	-	142,431,568	-	142,431,568
Amount to be provided from future receipts	-	-	24,208	24,208
Total Assets	\$ 1,452,598	\$ 142,431,568	\$ 24,208	\$ 143,908,374
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Due to participating school districts	\$ -	\$ 142,431,568	\$ -	\$ 142,431,568
Cash Deficit	372,760	-	-	372,760
Accounts Payable	11,333	-	-	11,333
Salaries Payable	8,279	-	-	8,279
Deferred Revenue	1,154,675	-	-	1,154,675
Compensated Absences - long-term	-	-	24,208	24,208
Total Liabilities	1,547,047	142,431,568	24,208	144,002,823
<u>Fund Balance</u>				
Fund Balance (Deficit)	(94,449)	-	-	(94,449)
Total Liabilities and Fund Balance	\$ 1,452,598	\$ 142,431,568	\$ 24,208	\$ 143,908,374

See Notes to Financial Statements

**LYONS TOWNSHIP SCHOOL TREASURER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2003**

**GENERAL
FUND**

RECEIPTS

Interest on Investments - net of distributions to school districts	\$	3,256,195
Pro-rata Billings		630,151
Other		<u>8,245</u>
Total Receipts		<u>3,894,591</u>

EXPENDITURES

Current:		
Administrative:		
Salaries		330,211
Benefits		97,744
Purchased Services		250,038
Supplies		62,265
Other		<u>26,478</u>
Total Expenditures		<u>766,736</u>

EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES		3,127,855
--	--	-----------

FUND BALANCE, BEGINNING OF YEAR		<u>(3,222,304)</u>
---------------------------------	--	--------------------

FUND BALANCE, END OF YEAR	\$	<u>(94,449)</u>
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See Notes to Financial Statements

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lyons Township School Treasurer (the "Treasurer") conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. The following is a summary of the more significant accounting policies of the Treasurer:

A. Reporting Entity

In evaluating how to define the Treasurer for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board. The definition of a component unit is a legally separate organization for which the Treasurer is financially accountable and other organizations for which the nature and significance of their relationship with the Treasurer are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Treasurer is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Treasurer. The Treasurer also may be financially accountable if an organization is fiscally dependent on the Treasurer, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. There are no component units, as defined by GASB, which are included in the Treasurer's reporting entity. Even though there are local government agencies within the geographic area served by the Treasurer, such as the various villages, schools, libraries and park districts, the agencies have been excluded from the report because they are legally separate and the Treasurer is not financially accountable for them.

Also, the Treasurer is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Treasurer are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

The Treasurer has the following fund types:

Governmental Funds are used to account for the Treasurer's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Treasurer considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest on investments and pro-rata billings are susceptible to accrual. Other receipts become measurable and available when cash is received by the Treasurer and are recognized as revenue at that time.

Governmental Funds include the following fund type:

General Fund - The General Fund is the general operating fund of the Treasurer. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund consists of the following:

Distributive Account - This account is used for most of the administrative aspects of the Treasurer's operations. The revenue consists primarily of interest on investments and pro-rata billings from member School Districts.

Fiduciary Fund Types (Trust and Agency Funds) - Fiduciary Funds (Trust and Agency Funds) are used to account for assets held by the Treasurer in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Fund - The Agency Fund includes cash and investments held and controlled by the Treasurer for the participating member districts.

General Fixed Assets and General Long-Term Debt Account Groups

An account group is used to establish accounting control and accountability for the Treasurer's general long-term debt. The accounting and financial reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus.

Long-Term Liabilities - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. The debt recorded in the District's General Long-Term Debt Account Group consists of compensated absences payable.

The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

C. Assets, Liabilities and Equity

Deposits and Investments

State statutes authorize the Treasurer to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items.

Compensated Absences

Employees who have completed at least 60 work days are entitled to be compensated for vacation time. Vacations are to be taken in the following year in which they are earned. Unused vacation time may be taken as comparable time off or paid at the discretion of the Treasurer. Employees who resign or whose employment is terminated for any reason will be paid for unused vacation time.

Sick leave of 10 days per year is provided on a pro-rata basis to all employees. Unused sick leave can accumulate up to 240 days. Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.

Long-Term Obligations

The Treasurer reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned as "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The amounts in these columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

Deficit Fund Equity

The General Fund had a deficit fund balance of \$94,449 as of June 30, 2003. The fund incurred expenditures that will be funded by future receipts from participating districts.

2. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Under the Illinois Compiled Statutes, the Lyons Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

The Treasurer's investment policies are established by the Lyons Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

At year-end, the Treasurer's cash and investments totaled \$142,058,808. For disclosure purposes, this amount is segregated into three components: 1) cash on hand 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; and 3) investments, which consist of all investments other than certificates of deposit. The carrying amount of cash on hand, deposits with financial institutions, and investments at year-end was \$200, \$23,883,401, and \$118,175,207, respectively.

At year-end, the bank balance of the Treasurer's deposits with financial institutions was \$28,295,042. Of this bank balance, \$10,019,932 was covered by federal depository insurance, or collateralized with securities held by the Treasurer or its agent in the Treasurer's name. Of the remaining balance, \$6,118,233 was collateralized with securities held by the pledging financial institution's trust department or agent in the Treasurer's name, and \$12,156,877 was uncollateralized, or collateralized with securities held by the pledging financial institution.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Treasurer or its agent in the Treasurer's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Treasurer's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent, but not in the Treasurer's name.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

At year-end, the Treasurer held the following investments for the school districts in the Township:

	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Government Securities	\$ 49,935,652	\$ 49,935,652	\$ 49,969,365
Money Market Funds	5,609,862	5,609,862	5,609,862
Commercial Paper	2,995,290	2,995,290	2,995,290
Mutual Funds	<u>59,600,690</u>	<u>59,600,690</u>	<u>59,600,690</u>
 Total	 <u>\$ 118,141,494</u>	 118,141,494	 118,175,207
 Illinois Funds		 <u>358</u>	 <u>358</u>
 Total Investments		 <u>\$ 118,141,852</u>	 <u>\$ 118,175,565</u>

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for.

3. LONG-TERM DEBT

Changes in General Long-term Liabilities. During the year ended June 30, 2003, the following changes occurred in liabilities which were reported in the general long-term debt account group:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>
Compensated absences	\$ <u>24,289</u>	\$ <u>12,594</u>	\$ <u>12,675</u>	\$ <u>24,208</u>
Totals	\$ <u>24,289</u>	\$ <u>12,594</u>	\$ <u>12,675</u>	\$ <u>24,208</u>

The obligations for the compensated absences will be repaid from the General Fund.

4. RISK MANAGEMENT

The Treasurer's Office is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. The Treasurer has purchased insurance from private insurance companies for general liability, workers' compensation and other coverages not included below to mitigate these risks. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

5. ILLINOIS MUNICIPAL RETIREMENT

The Treasurer's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Treasurer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2002 was 9.22 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2002 was 30 years.

For December 31, 2002, the Treasurer's annual pension cost of \$26,267 was equal to the Treasurer's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging of 4.00% a year, attributable to inflation (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study.

However, the 2002 actuarial valuation information shown as required supplementary information is based on the assumptions derived from the 1999 - 2001 experience study. The effect of the assumption change increased the unfunded actuarial accrued liability by \$4,956.

6. RELATED PARTY TRANSACTIONS

The Lyons Township School Treasurer collects both pro-rata billings and insurance premiums from each member school district. Billings are used to pay for each District's pro-rata share of Township expenditures and insurance premiums are used to pay the insurance provider for monthly premiums to cover medical and dental claims. Due to the timing lag between billing each District and actual collections, some revenues collected after fiscal year end are considered receivable as of fiscal year end. As of June 20, 2003, the Treasurer's revenue receivables include the following:

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

Pro-Rata Billings Receivable

In prior years, certain participating districts failed to pay all or part of their pro-rata share of Township expenditures. The amount owed to the Lyons Township School Treasurer's Office at June 30, 2003 is \$1,008,900, which relates to billing periods through June 30, 2003. Approximately \$200,000 of this amount is expected to be collected within a year. The remainder relates to the pro-rata for 2003, which will be billed in 2004, but collected mostly in 2005.

7. PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED

GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, establishes financial reporting standards for state and local governments. Some of the more significant aspects of the new standard include: reporting the overall state of the government's financial health, not just individual funds; providing the most complete information available about the cost of delivering services to the citizens; including fixed asset accounting and depreciation; and including an introductory section analyzing the government's financial performance. The Treasurer is required to adopt this Statement for the fiscal year ending June 30, 2004. The adoption of this statement will have a material effect on the Treasurer's financial statements.

8. CHANGE IN BASIS OF ACCOUNTING

During the fiscal year ended June 30, 2003, the Treasurer changed its basis of accounting from the cash basis to the modified accrual basis for the General Fund. Prior period financial information presented in this report has also been restated to conform to the modified accrual basis of accounting. The following is the effect of restating prior years' fund balances to conform to the new basis of accounting:

	<u>General Fund</u>		<u>General Long Term Debt Account Group</u>
Fund Balance, 6-30-02, As Previously Reported	\$ (3,524,267)	Fund Balance, 6-30-02	\$ -
Effect of Conversion To Modified Accrual:		Effect of Conversion To Modified Accrual:	
Increase (Decrease) In Assets	1,556,391	Compensated Absences	<u>24,289</u>
(Increase) Decrease in Liabilities	<u>(1,254,428)</u>	Fund Balance, 6-30-02, As Restated	<u>\$ 24,289</u>
Fund Balance, 6-30-02, As Restated	<u>\$ (3,222,304)</u>		

LYONS TOWNSHIP SCHOOL TREASURER

**ILLINOIS MUNICIPAL RETIREMENT FUND
ANALYSIS OF FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2003**

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/02	\$ 26,267	100%	\$ -
12/31/01	30,427	100%	-
12/31/00	29,074	100%	-
12/31/99	25,401	100%	-
12/31/98	26,443	100%	-
12/31/97	28,134	100%	-

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 531,233	\$ 752,261	\$ 221,028	70.62%	\$ 284,891	77.58%
12/31/01	410,594	634,461	223,867	64.72%	298,309	75.05%
12/31/00	712,436	753,591	41,155	94.54%	260,517	15.80%
12/31/99	590,235	674,109	83,874	87.56%	220,693	38.00%
12/31/98	452,816	583,432	130,616	77.61%	200,329	65.20%
12/31/97	380,210	525,989	145,779	72.28%	212,814	68.50%

On a market value basis, the actuarial value of assets as of December 31, 2002 is \$321,670. On a market basis, the funded ratio would be 42.76%.

***Digest of Changes
2002 Assumptions**

The actuarial assumptions used to determine the actuarial accrued liability for 2002 are based on the 1999-2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early their career.
- For Regular members, fewer normal and early retirements are expected to occur.

LYONS TOWNSHIP SCHOOL TREASURER

**COMBINED BALANCE SHEETS
JUNE 30, 2003**

	Total	#69	#101	#102	#103	#104	#105	#106	#107
ASSETS									
Cash and Investments held by Treasurer	\$ 143,516,466	\$ 4,851,174	\$ 5,998,823	\$ 27,584,631	\$ 1,659,247	\$ 6,295,180	\$ 5,604,088	\$ 12,191,834	\$ 5,538,256
Cash and Investments held by District	1,457,104	25,110	86,554	143,523	68,645	51,121	12,145	56,804	22,225
Receivables (net of allowance for uncollectibles)									
Property taxes	81,669,089	1,755,150	5,339,213	10,176,065	5,702,535	4,995,399	5,253,694	4,691,644	3,848,046
Replacement taxes	1,017,198	16,713	104,736	-	204,345	77,041	111,687	6,133	39,227
Intergovernmental	5,134,154	37,076	99,282	615,372	480,805	378,825	117,894	146,625	104,711
Tuition	169,181	-	-	-	-	-	-	-	-
Interest	607,256	-	-	182,089	-	-	-	-	-
Other Current Assets	1,828,139	7,316	-	18,252	110,379	89,752	-	-	30,585
Due from Administrative Agent	144,600	-	-	-	-	-	-	-	-
Total Assets	\$ 235,337,187	\$ 6,692,539	\$ 11,636,648	\$ 38,719,932	\$ 8,296,056	\$ 11,887,118	\$ 11,099,498	\$ 17,093,040	\$ 9,581,133

**LIABILITIES AND
FUND BALANCE**

Liabilities:

Payroll Deductions Payable	\$ 52,031	\$ 8,309	\$ (1,288)	\$ 9,889	\$ 17,703	\$ 4,021	\$ 544	\$ 21,552	\$ -
Due to Activity Fund Organizations	1,648,498	20,110	91,594	135,114	60,645	41,121	6,145	49,304	19,097
Accounts Payable	5,470,609	19,326	85,477	2,217,394	110,748	149,511	335,588	505,161	201,361
Salaries and Wages Payable	1,346,884	4,529	-	13,328	25,280	3,726	24,618	-	-
Compensated Absences	15,244	-	11,533	-	-	-	-	-	-
Deferred Revenue	83,378,215	1,683,976	5,435,934	10,262,013	5,787,876	5,128,393	5,253,694	4,691,644	3,858,066
Other Current Liabilities	1,686,259	-	27,280	144,800	89,207	-	-	12,744	21,400
Due to Joint Agreements	-	-	-	-	-	-	-	-	-
Total Liabilities	93,595,550	1,736,250	5,850,519	12,773,338	6,092,439	5,326,772	5,621,689	5,280,405	4,099,833

Fund Balance:

Total Fund Balance	141,741,637	4,956,289	5,886,129	25,946,594	2,203,617	6,560,346	5,477,809	11,812,635	5,481,299
Total Liabilities and Fund Balance	\$ 235,337,187	\$ 6,692,539	\$ 11,636,648	\$ 38,719,932	\$ 8,296,056	\$ 11,887,118	\$ 11,099,498	\$ 17,093,040	\$ 9,581,133

#108	#109	#204	#217	HEADSTART	BASE	WEST 40	LADSE	INSURANCE ACCOUNTS	TREASURER'S OFFICE
\$ 1,920,366	\$ 16,512,529	\$ 29,397,865	\$ 21,195,182	\$ -	\$ -	\$ 287,428	\$ 4,128,391	\$ 356,481	\$ -
26,374	188,609	523,539	228,848	-	-	-	3,500	-	-
1,208,773	5,770,400	22,065,384	10,804,787	-	-	-	-	-	-
8,046	51,574	304,778	94,908	-	-	-	-	-	-
67,698	498,742	267,101	239,842	-	-	-	1,083,375	-	1,008,900
-	-	-	-	-	-	-	188,181	-	-
-	-	-	-	-	-	-	-	-	425,167
10,863	-	914,633	425,831	-	-	-	-	-	18,531
-	-	-	-	57,851	86,749	-	-	-	-
<u>\$ 3,238,110</u>	<u>\$ 23,029,854</u>	<u>\$ 53,473,300</u>	<u>\$ 32,989,406</u>	<u>\$ 57,851</u>	<u>\$ 86,749</u>	<u>\$ 287,428</u>	<u>\$ 5,359,447</u>	<u>\$ 356,481</u>	<u>\$ 1,452,588</u>
\$ 2,076	\$ -	\$ (11,532)	\$ (6,882)	\$ -	\$ -	\$ -	\$ 6,750	\$ -	\$ -
24,873	66,735	853,917	178,848	-	-	-	-	-	-
21,228	498,094	312,056	276,193	-	-	-	726,032	-	11,333
-	1,082,337	164,619	16,788	-	-	-	-	-	8,279
3,711	-	-	-	-	-	-	-	-	-
1,206,773	5,680,222	22,276,480	10,688,233	-	-	-	98,238	-	1,154,675
-	204,862	804,757	-	-	-	-	385,135	-	16,279
-	-	-	-	-	-	-	-	-	-
<u>1,258,661</u>	<u>7,532,260</u>	<u>24,500,497</u>	<u>11,338,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198,153</u>	<u>-</u>	<u>1,180,566</u>
<u>1,979,449</u>	<u>15,487,604</u>	<u>28,972,803</u>	<u>21,653,325</u>	<u>57,851</u>	<u>86,749</u>	<u>287,428</u>	<u>4,163,294</u>	<u>356,481</u>	<u>262,032</u>
<u>\$ 3,238,110</u>	<u>\$ 23,029,854</u>	<u>\$ 53,473,300</u>	<u>\$ 32,989,406</u>	<u>\$ 57,851</u>	<u>\$ 86,749</u>	<u>\$ 287,428</u>	<u>\$ 5,359,447</u>	<u>\$ 356,481</u>	<u>\$ 1,452,588</u>

LYONS TOWNSHIP SCHOOL TREASURER
INSURANCE ACCOUNTS
ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2003

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL INSURANCE ACCOUNTS
<u>ASSETS</u>			
Cash and Investments	\$ 188,459	\$ 168,022	\$ 356,481
Total Assets	<u>\$ 188,459</u>	<u>\$ 168,022</u>	<u>\$ 356,481</u>
<u>ACCOUNT BALANCE</u>			
Account Balance	<u>188,459</u>	<u>168,022</u>	<u>356,481</u>
Total Liabilities and Account Balance	<u>\$ 188,459</u>	<u>\$ 168,022</u>	<u>\$ 356,481</u>

LYONS TOWNSHIP SCHOOL TREASURER
INSURANCE ACCOUNTS
CASH RECEIPTS, EXPENDITURES
AND CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2003

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL INSURANCE ACCOUNTS
<u>RECEIPTS</u>			
Contributions from Participating Districts	\$ 4,609,522	\$ 246,063	\$ 4,855,585
Net Interest on Investments	<u>11,940</u>	<u>6,856</u>	<u>18,796</u>
Total Receipts	<u>4,621,462</u>	<u>252,919</u>	<u>4,874,381</u>
<u>EXPENDITURES</u>			
Claims by Employees	2,898,143	240,881	3,139,024
Co-Insurance Costs	383,605	-	383,605
Consulting Costs	36,998	-	36,998
Administrative Costs	370,617	-	370,617
Alternative Insurance Costs	648,636	-	648,636
Other	<u>11,954</u>	<u>1,262</u>	<u>13,216</u>
Total Expenditures	<u>4,349,953</u>	<u>242,143</u>	<u>4,592,096</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	271,509	10,776	282,285
ACCOUNT BALANCE, BEGINNING OF YEAR	<u>(83,050)</u>	<u>157,246</u>	<u>74,196</u>
ACCOUNT BALANCE (DEFICIT), END OF YEAR	<u>\$ 188,459</u>	<u>\$ 168,022</u>	<u>\$ 356,481</u>

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Exhibit E

Lyons Township Matter
 PM Analysis
 March 1995

<u>Calculation per Robert Healy</u>				<u>Adjusted Calculation Due to Fund Balance Error for District 107</u>				
	\$ 950,000.00						\$ 950,000.00	
<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>Interest</u>	<u>Adjusted Average Fund Bal.</u>	<u>Revised Percentage</u>	<u>Over/ (Under)</u>	<u>Revised Interest</u>	<u>Diff</u>
101	2,679,457	2.75%	26,170	2,679,457	2.76%	0.01%	26,260	(90)
102	12,351,698	12.70%	120,637	12,351,698	12.74%	0.04%	121,052	(415)
103	9,698,916	9.97%	94,728	9,698,916	10.01%	0.03%	95,054	(326)
104	4,475,398	4.60%	43,711	4,475,398	4.62%	0.02%	43,861	(150)
105	4,469,463	4.60%	43,653	4,469,463	4.61%	0.02%	43,803	(150)
106	6,381,225	6.56%	62,325	6,381,225	6.58%	0.02%	62,539	(214)
107	5,608,123	5.77%	54,774	5,274,790	5.44%	-0.32%	51,695	3,078
108	620,722	0.64%	6,063	620,722	0.64%	0.00%	6,083	(21)
109	7,958,944	8.18%	77,734	7,958,944	8.21%	0.03%	78,001	(267)
204	26,166,713	26.90%	255,567	26,166,713	26.99%	0.09%	256,445	(879)
204.5	2,625,262	2.70%	25,641	2,625,262	2.71%	0.01%	25,729	(88)
217	12,675,799	13.03%	123,803	12,675,799	13.08%	0.04%	124,229	(426)
995	48,484	0.05%	474	48,484	0.05%		475	(2)
999	1,102,996	1.13%	10,773	1,102,996	1.14%	0.00%	10,810	(37)
69	404,482	0.42%	3,951	404,482	0.42%	0.00%	3,964	(14)
Total	97,267,682	100.00%	950,000	96,934,348	100.00%		950,000	0

Note: Healy utilized a different Fund Balance Number for his calculation than was represented on his "Quarterly Fund Balances (Averages)"

Exhibit F

**Lyons Township Matter
PM Analysis
June 1997**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>\$ 3,750,000.00 Calc Interest</u>	<u>Per Healy</u>	<u>Diff</u>
101	7,601,186	5.60%	210,036	210,036	-
102	16,205,996	11.94%	447,805	447,805	-
103	14,260,418	10.51%	394,045	394,045	-
104	9,623,754	7.09%	265,924	210,660	(55,264)
105	7,490,604	5.52%	206,981	206,981	-
106	8,423,590	6.21%	232,761	232,762	1
107	6,270,689	4.62%	173,272	173,272	-
108	1,028,584	0.76%	28,422	28,421	(1)
109	7,767,690	5.72%	214,637	225,000	10,363
204	28,440,940	20.96%	785,882	830,785	44,903
204.5	4,999,514	3.68%	138,147	138,147	-
217	20,656,276	15.22%	570,776	570,776	-
995	58,548	0.04%	1,618	1,618	-
999	1,455,620	1.07%	40,222	40,222	-
69	1,428,496	1.05%	39,472	39,472	-
Total	135,711,905	100%	\$ 3,750,000	\$ 3,750,002	\$ 2

Exhibit G

Lyons Township Matter
 PM Analysis
 June 1998

<u>Calculation per Robert Healy</u>				<u>Adjusted Healy Calculation Due to Fund Balance Error for District 106</u>				
	\$ 4,000,000.00				\$ 4,000,000.00			
<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>Interest</u>	<u>Adjusted Average Fund Bal.</u>	<u>Revised Percentage</u>	<u>Over/ (Under)</u>	<u>Revised Interest</u>	<u>Diff</u>
101	9,841,500	6.39%	255,781	9,841,500	6.38%	-0.01%	255,245	536
102	16,223,356	10.54%	421,646	16,223,356	10.52%	-0.02%	420,763	883
103	13,037,374	8.47%	338,842	13,037,374	8.45%	-0.02%	338,132	710
104	10,856,069	7.05%	282,150	10,856,069	7.04%	-0.01%	281,559	591
105	7,858,402	5.11%	204,240	7,858,402	5.10%	-0.01%	203,812	428
106	7,352,082	4.78%	191,081	7,675,085	4.98%	0.20%	199,058	(7,977)
107	7,366,529	4.79%	191,456	7,366,529	4.78%	-0.01%	191,055	401
108	1,845,935	1.20%	47,976	1,845,935	1.20%	0.00%	47,875	100
109	9,265,101	6.02%	240,800	9,265,101	6.01%	-0.01%	240,296	504
204	38,626,585	25.10%	1,003,907	38,626,585	25.05%	-0.05%	1,001,804	2,103
204.5	4,996,009	3.25%	129,846	4,996,009	3.24%	-0.01%	129,575	272
217	23,566,550	15.31%	612,496	23,566,550	15.28%	-0.03%	611,213	1,283
995	78,528	0.05%	2,041	78,528	0.05%		2,037	4
999	2,056,480	1.34%	53,448	2,056,480	1.33%	0.00%	53,336	112
69	934,588	0.61%	24,290	934,588	0.61%	0.00%	24,239	51
Total	153,905,087	100.00%	4,000,000	154,228,090	100.00%		4,000,000	0

Note: Healy utilized a different Fund Balance Number for his calculation than was represented on his "Quarterly Fund Balances (Averages)"

Exhibit H

**Lyons Township Matter
PM Analysis
June 2005**

	\$ 2,400,000.00				
<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>Calc Interest</u>	<u>Per Healy</u>	<u>Diff</u>
101	6,846,685	5.72%	137,371	137,370	(1)
102	18,327,921	15.32%	367,728	367,727	(1)
103	6,864,951	5.74%	137,737	137,737	(0)
104	2,885,841	2.41%	57,901	57,900	(1)
105	3,735,772	3.12%	74,954	74,953	(1)
106	6,694,513	5.60%	134,317	134,257	(60)
107	5,049,367	4.22%	101,310	101,309	(1)
108	3,970,249	3.32%	79,658	76,046	(3,612)
109	10,350,508	8.65%	207,671	207,844	173
204	29,374,456	24.56%	589,363	589,363	(0)
204.5	3,320,062	2.78%	66,613	66,613	(0)
217	16,319,931	13.64%	327,440	327,439	(1)
999	82,179	0.07%	1,649	1,648	(1)
106.5	707,431	0.59%	14,194	86,543	72,349
106.7	88,506	0.07%	1,776	1,776	0
109	5,000,000	4.18%	100,319	99,875	(444)
Total	119,618,372	100%	2,400,000	2,468,400	68,400

Exhibit I

**Lyons Township Matter
PM Analysis
June 2006**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	\$ 1,700,000 <u>Calc Interest</u>	<u>Healy Interest</u>	<u>Diff</u>
101	12,210,655	6.79%	115,473	98,472	(17,001)
102	24,115,827	13.42%	228,057	248,057	20,000
103	13,177,278	7.33%	124,614	124,614	(0)
104	4,334,811	2.41%	40,993	40,993	(0)
105	7,073,005	3.93%	66,888	66,887	(1)
106	11,253,080	6.26%	106,417	77,032	(29,385)
107	8,812,845	4.90%	83,341	99,449	16,108
108	2,895,110	1.61%	27,378	27,378	(0)
109	16,715,506	9.30%	158,074	208,074	50,000
204	43,210,453	24.04%	408,630	537,449	128,819
217	28,200,160	15.69%	266,682	154,800	(111,882)
999	754,148	0.42%	7,132	4,280	(2,852)
106.5	754,019	0.42%	7,131	4,275	(2,856)
204.5	6,259,091	3.48%	59,191	55,639	(3,552)
Total	179,765,988	100.00%	1,700,000	1,747,399	47,399

Exhibit J

**Lyons Township Matter
PM Analysis
April 2008**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	1,240,000.00 <u>Calc Interest</u>	<u>Healy Interest</u>	<u>Diff</u>
101	10,283,783	5.68%	70,440	68,168	(2,272)
102	21,859,343	12.07%	149,728	144,898	(4,830)
103	11,408,814	6.30%	78,146	75,625	(2,521)
104	10,120,759	5.59%	69,323	67,087	(2,236)
105	9,006,250	4.97%	61,689	59,699	(1,990)
106	12,085,835	6.68%	82,783	78,000	(4,783)
106.5	551,580	0.30%	3,778	6,000	2,222
107	9,231,806	5.10%	63,234	61,194	(2,040)
108	3,521,876	1.95%	24,123	24,000	(123)
109	15,386,074	8.50%	105,389	96,000	(9,389)
204	38,562,277	21.30%	264,137	292,000	27,863
204.5	7,882,742	4.35%	53,994	48,000	(5,994)
217	28,409,111	15.69%	194,591	192,000	(2,591)
999	2,721,833	1.50%	18,644	27,329	8,685
Total	181,032,083	100.00%	1,240,000	1,240,000	(0)

Exhibit J

Quarterly Distribution of Interest -
 April 2008 - for months Jan Feb March
 2008. pdt

Prepared By	Initials	Date
Approved By		

© WILSON JONES

17504 Column/Visa ©

	1	2	3	4
1				
2	101	10 21978273	.06	68168
3				
4	102	21 85931932	.10	144898
5				
6	103	11 40881472	.06	65825
7				
8	104	10 12075926	.06	67087
9				
10	105	9 00624965	.05	58699
11				
12	106	12 08583493	.045	76000
13				
14	106.5	5 5158038	.025	10000
15				
16	107	9 23182579	.05	61194
17				
18	108	3 52187578	.02	21000
19				
20	109	15 98607368	.08	96000 -
21				92000
22	204	7 56257084	.21	292000
23				
24	204.5	7 56257084	.01	48000 -
25				
26	217	10 90911133	.16	192000 -
27				
28	999	2 72183291	.92	17329
29				
30				
31		8 10208330	.10	124000 -
32				8000
33				127000
34				
35				
36				
37				
38				
39				
40				

Exhibit K

**Lyons Township Matter
PM Analysis
June 2009**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	1,800,000 <u>Calc Interest</u>	<u>Healy Interest</u>	<u>Diff</u>
101	10,705,239	5.38%	96,782	96,781	(1)
102	22,162,346	11.13%	200,361	200,361	(0)
103	13,821,523	6.94%	124,955	124,955	(0)
104	9,854,600	4.95%	89,092	89,092	0
105	12,910,090	6.48%	116,715	116,715	(0)
106	12,313,829	6.18%	111,325	111,325	0
107	11,158,088	5.60%	100,876	100,875	(1)
108	4,466,966	2.24%	40,384	40,384	(0)
109	17,405,447	8.74%	157,356	202,558	45,202
204	42,768,416	21.48%	386,653	633,964	246,711
204.5	5,369,253	2.70%	48,541	48,541	(0)
217	32,904,959	16.53%	297,481	297,480	(1)
999	2,925,220	1.47%	26,446	35,372	8,926
106.5	335,634	0.17%	3,034	3,034	(0)
Total	199,101,607	100.00%	1,800,000	2,100,837	300,837

Exhibit K

QDI - June 2009 .pdf

Quarterly Distribution of Interest

115

JUNE, 2009

Prepared By	Initials	Date
Approved By		

© WILSON JONES

137504 Columning ©

1				
2	101	10705839	96781	
3				
4	102	22162946	200361	
5				
6	103	13821523	124955	
7				
8	104	9854600	89092	-
9				
10	105	12910090	116715	-
11				
12	106	12313129	111325	-
13				
14	107	11158088	100825	-
15				
16	108	4406706	40384	-
17				
18	109	17905447	159855	-
19				
20	110	42768415	438364	-
21				
22	204.5	5869253	48541	
23				
24	217	92904959	297490	-
25				
26	999	2915220	35372	
27				
28	106.5	335674	3034	-
29				
30	TOTAL	199101607	1800000-	
31				
32			255034-	
33			95203	
34				
35			2100837	
36				
37				
38				
39				
40				

Exhibit L

**Lyons Township Matter
PM Analysis
June 2012**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>1,750,000.00 Calc Interest</u>	<u>Healy Interest</u>	<u>Diff</u>
101	12,455,201	5.19%	90,807	90,807	(0)
102	24,679,562	10.28%	179,931	179,931	(0)
103	19,658,039	8.19%	143,321	143,321	(0)
104	11,128,602	4.64%	81,135	81,135	(0)
105	16,081,388	6.70%	117,245	117,244	(1)
106	11,587,710	4.83%	84,483	84,482	(1)
106.5	62,575	0.03%	456	455	(1)
106.7	460,657	0.19%	3,359	3,358	(1)
107	14,914,449	6.21%	108,737	108,736	(1)
108	6,125,646	2.55%	44,660	44,660	(0)
109	23,424,263	9.76%	170,779	170,779	(0)
204	48,277,595	20.11%	351,978	336,977	(15,001)
204.5	7,730,489	3.22%	56,361	36,360	(20,001)
217	40,903,720	17.04%	298,217	298,217	(0)
999	2,541,670	1.06%	18,531	8,538	(9,993)
Total	240,031,566	100.00%	1,750,000	1,705,000	(45,000)

Exhibit M

**Lyons Township Matter
PM Analysis
December 1997**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	\$ 2,250,000.00 <u>Calc Interest</u>	<u>Per Healy</u>	<u>Diff</u>	<u>WF Gurrie Adjustment</u>	<u>Adjusted Per Healy</u>
101	7,892,539	5.30%	119,202	119,202	0	4,174	123,376
102	14,801,837	9.94%	223,554	223,554	0	8,868	232,422
103	12,617,674	8.47%	190,566	190,566	(0)	7,872	198,438
104	9,627,103	6.46%	145,399	145,399	(0)	60,527	205,926
105	6,868,540	4.61%	103,736	103,736	(0)	4,132	107,868
106	8,052,014	5.40%	121,610	121,610	(0)	2,473	124,083
107	6,061,707	4.07%	91,551	91,551	0	3,524	95,075
108	1,667,760	1.12%	25,188	25,188	(0)	563	25,751
109	11,980,040	8.04%	180,936	180,936	0	(6,098)	174,838
204	40,930,769	27.47%	618,182	618,182	0	(101,830)	516,352
204.5	3,369,473	2.26%	50,890	50,890	0	2,673	53,563
217	21,481,141	14.42%	324,432	324,432	(0)	11,394	335,826
995	67,230	0.05%	1,015	1,015	(0)	36	1,051
999	1,577,257	1.06%	23,821	23,822	1	816	24,638
69	1,980,859	1.33%	29,917	29,917	(0)	876	30,793
Total	148,975,943	100%	\$ 2,250,000	\$ 2,250,000	\$ (0)	\$ -	\$ 2,250,000

Exhibit M

QPI - Dec 1997 - Average
pdf

INVENTORY DISTRIBUTION
200 SUMMER AOS.

Prepared By	Initials	Date
Approved By		

WILSON JONES COMPANY 6717A DUFF 07115A GREEN

		1	2	3	4	5
		AVG. CAL	QUARTERLY W.F.C. VALUE	INT.	AOS	
101		789253860	119202	4174	123376	
102		4180173678	733554	8868	282422	
103		261767316	190566	7872	198938	
104		962710839	145399	60527	205926	
105		686159009	103736	4132	107968	
106	*	805001405	121610	2473	124083	
107		606170748	91337	9524	95075	
108		166776047	25188	523	25557	
109	**	1198004611	180936	< 6098 >	124898	
204		4093076902	618152	< 101830 >	576352	
204.5		396947271	50890	2673	59563	
217		2148714104	324432	11398	335826	
995		6722977	1015	36	1051	
999		157745661	23822	816	24638	
69		198088850	29917	87600	30795	
			2250000.00	-		
		148 97594175				
	* < 093,003.517 >					
	** 2,000,000					

Produced - 7/15/2015

Exhibit N

**Lyons Township Matter
PM Analysis
April 2007**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	\$ 1,500,000.00 <u>Calc Interest</u>	<u>Per Healy</u>	<u>Diff</u>
101	15,037,003	9.09%	136,285	136,285	0
102	22,539,027	13.62%	204,278	204,278	0
103	8,072,278	4.88%	73,161	73,161	(0)
104	2,787,321	1.68%	25,262	25,262	(0)
105	6,758,494	4.08%	61,254	61,254	(0)
106	11,703,073	7.07%	106,068	106,068	(0)
106.5	897,393	0.54%	8,133	8,133	(0)
107	13,956,905	8.43%	126,495	126,495	(0)
108	2,975,434	1.80%	26,967	26,967	(0)
109	13,703,860	8.28%	124,202	124,202	0
204	35,317,252	21.34%	320,090	320,090	(0)
204.5	6,845,515	4.14%	62,043	62,043	0
217	23,780,133	14.37%	215,526	215,526	(0)
999	1,129,217	0.68%	10,234	10,234	(0)
Total	165,502,905	100%	\$ 1,500,000	\$ 1,499,998	\$ (2)

Exhibit N

Quarterly Distribution of Interest -
 April 2007 - for months Jan Feb March
 2007. pdf 41

District	Avg. Fd. Bal.	% of Total	Interest Dist.
101	\$15,037,003.05	9.09%	136,284.64 ✓
102	\$22,539,026.87	13.62%	204,277.62 ✓
103	\$8,072,277.56	4.88%	73,151.35 ✓
104	\$2,787,321.18	1.68%	25,282.29 ✓
105	\$6,758,493.77	4.08%	61,254.15 ✓
106	\$11,703,073.34	7.07%	106,068.29 ✓
106.5	\$897,393.45	0.54%	8,133.33 ✓
107	\$13,956,905.47	8.43%	126,495.41 ✓
108	\$2,975,433.98	1.80%	26,967.21 ✓
109	\$13,703,860.13	8.28%	124,201.99 ✓
204.5	\$35,317,252.45	21.34%	320,090.32 ✓
204.5	\$6,845,515.22	4.14%	62,042.85 ✓
217	\$23,760,133.34	14.37%	215,526.12 ✓
999	\$1,129,217.45	0.68%	10,234.42 ✓
Total	\$165,502,907.26	100.00%	1,500,000.00 1500000

* 5/6 86,901.26

** Adjusted at 6-30-07

109 45,000.00 in 5/07

Produced - 5/22/2015

Exhibit O

**Lyons Township Matter
PM Analysis
January 2007**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	\$ 1,000,000.00 <u>Calc Interest</u>	<u>Per Healy</u>	<u>Diff</u>
101	10,665,834	5.77%	57,680	57,680	(0)
102	24,620,278	13.31%	133,145	133,145	(0)
103	15,344,655	8.30%	82,983	82,983	(0)
104	3,807,121	2.06%	20,589	20,588	(1)
105	6,884,632	3.72%	37,232	37,231	(1)
106	12,514,655	6.77%	67,679	67,667	(12)
107	16,577,196	8.96%	89,649	89,648	(1)
108	3,308,453	1.79%	17,892	17,891	(1)
109	16,278,159	8.80%	88,031	88,031	(0)
204	40,046,346	21.66%	216,569	216,568	(1)
204.5	3,953,180	2.14%	21,379	21,378	(1)
217	29,358,904	15.88%	158,771	158,772	1
106.5	508,148	0.27%	2,748	2,748	(0)
999	1,045,382	0.57%	5,653	5,670	17
Total	184,912,943	100%	\$ 1,000,000	\$ 1,000,000	\$ 0

Exhibit O

OOI - JAN 2007 - for months Oct Nov

Lyon's Township School Treasurer Dec 2006.pdf

Quarterly Distribution of Interest

Jan. 2007

	Initials	Date
Prepared By		
Approved By		

© WILSON JONES QT524 ColumnWrite®

	1	2	3	4
1				
2	101	10265034		57680
3				
4	102	24220275		183145
5				
6	103	15344255		82983
7				
8	104	38071221		20588
9				
10	105	6884882		37231
11				
12	106	12514255		67627
13				
14	107	16577196		89288
15				
16	108	3308453		17891
17				
18	109	16278159		88038
19				
20	204	40046346		216568
21				
22	2045	3953120		21378
23				
24	217	29258909		158772
25				
26	106.5	508148		2748
27				
28	999	1045382		5670
29				
30	Total	184912943		1000000
31				
32				
33				
34				
35		216568		
36		185000		
37		341568		
38				
39				
40				

Exhibit P

**Lyons Township Matter
PM Analysis
October 2006**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	\$ 1,000,000.00 <u>Calc Interest</u>	<u>Per Healy</u>	<u>Diff</u>
101	11,035,407	6.23%	62,342	62,342	(0)
102	23,443,530	13.24%	132,439	132,438	(1)
103	15,171,036	8.57%	85,705	85,705	(0)
104	3,782,019	2.14%	21,366	21,366	0
105	5,778,082	3.26%	32,642	32,641	(1)
106	10,761,147	6.08%	60,793	60,792	(1)
106.5	478,010	0.27%	2,700	2,700	(0)
107	16,684,897	9.43%	94,258	94,257	(1)
108	3,042,556	1.72%	17,188	17,188	(0)
109	16,157,290	9.13%	91,277	91,277	(0)
204	37,552,750	21.21%	212,146	212,145	(1)
204.5	3,592,329	2.03%	20,294	20,294	(0)
217	28,650,553	16.19%	161,855	161,854	(1)
999	884,198	0.50%	4,995	5,001	6
Total	177,013,804	100%	\$ 1,000,000	\$ 1,000,000	\$ (0)

Exhibit P

QDT - Oct 2006 - for months July Aug
 4 Years Louisiana School (1991-1992) Sept 2006 Oct

QUARTERLY DIST. OF FUND.
 Oct, 2006

Prepared By	Initials	Date
Approved By		

© WILSON JONES

GT601 ColumnWrite 8

	1	2	3	4
1				
2	101	11035467	62342	
3				
4	102	23443580	132438	
5				
6	103	15171070	85705	
7				
8	104	3782019	21366	
9				
10	105	5778082	32141	
11				
12	106	10761147	60792	
13				
14	106.5	478010	2700	
15				
16	107	16684897	94259	
17				
18	108	3042556	17788	
19				
20	109	16157290	91277	
21				
22	204	37552752	212155	
23				
24	204.5	3592329	20294	
25				
26	217	28056553	161454	
27				
28	999	884198	5001	
29				
30	TOTAL	177063824	1400000	
31				
32				
33				
34				
35	204 a/b/c adjusted e	204 1255		
36	50.4 on budget	212155		
37	not project.	337145		
38				
39				
40				

Produced - 5/22/2015

Exhibit Q

**Lyons Township Matter
PM Analysis
November 2007**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	1,000,000.00 <u>Calc Interest</u>	<u>Healy Interest</u>	<u>Diff</u>
101	7,863,650	5.59%	55,885	55,885	(0)
102	19,191,932	13.64%	136,393	136,393	(0)
103	10,949,226	7.78%	77,814	77,814	0
104	1,536,263	1.09%	10,918	10,918	0
105	5,268,050	3.74%	37,439	37,439	0
106	10,234,496	7.27%	72,735	72,735	0
107	9,224,464	6.56%	65,556	65,556	(0)
108	2,739,869	1.95%	19,472	19,472	0
109	12,962,539	9.21%	92,122	92,123	1
204	29,343,382	20.85%	208,538	208,538	0
204.5	2,870,984	2.04%	20,404	20,403	(1)
217	25,694,595	18.26%	182,606	182,606	(0)
999	2,156,756	1.53%	15,328	15,328	0
106.5	674,096	0.48%	4,791	4,790	(1)
Total	140,710,302	100.00%	1,000,000	1,000,000	0

Exhibit Q

QDT - Oct 2007.pdf

QUARTERLY DISTRIBUTION OF INTEREST

NOVEMBER 2007

11

Prepared By	Initials	Date
Approved By		

© WILSON JONES 67504 Columbia ©

DISTRICT	AVERAGE BALANCE		
101	7863649.68	558075	
102	19191992.43	136393	
103	10949225.79	77814	
104	1590262.84	10918	
105	5228249.74	37439	
106	10234485.67	72735	
107	9224464.21	6556	
108	2799868.76	19472	
109	12962598.85	92123	
204	2934388.75	20858	100000
204.5	2870984.38	20463	
217	25694585.30	182006.00	
999	2156715.00	15324	
106.5	674095.79	4790	
	16710300.75	1000000.00	

Exhibit R

**Lyons Township Matter
PM Analysis
June 2011**

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	4,000,000.00 <u>Calc Interest</u>	<u>Healy Interest</u>	<u>Diff</u>
101	11,205,926	4.44%	177,794	177,794	(0)
102	26,450,301	10.49%	419,663	419,663	(0)
103	16,320,013	6.47%	258,935	258,934	(1)
104	13,201,721	5.24%	209,460	209,459	(1)
105	26,866,717	10.66%	426,270	426,269	(1)
106	12,051,070	4.78%	191,203	191,203	(0)
107	14,395,590	5.71%	228,402	228,401	(1)
108	5,284,022	2.10%	83,837	83,836	(1)
109	22,262,047	8.83%	353,212	353,211	(1)
204	48,216,829	19.13%	765,013	565,012	(200,001)
204.5	6,247,281	2.48%	99,120	99,119	(1)
217	46,501,456	18.44%	737,797	737,796	(1)
999	2,676,929	1.06%	42,472	42,472	(0)
106.5	429,998	0.17%	6,822	6,831	9
Total	252,109,900	100.00%	4,000,000	3,800,000	

Prepared By	Initials	Date
Approved By		

© WILSON JONES 67204 GREEN

	1	2	3	4
	APRIL 2011			
	Avg. Balance			
1				
2	101	11203926	177794	✓
3				
4	102	26450301	4196123	
5				
6	103	16320013	258994	
7				
8	104	13201721	209458	✓
9				
10	105	26206717	426269	
11				
12	106	12051070	191203	
13				
14	107	14395590	228401	
15				
16	108	5284022	13896	✓
17				
18	109	22262047	353211	
19				
20	204	48416889	565012	
21				
22	204.5	6747271	99119	
23				
24	217	46501456	797736	
25				
26	999	2676929	42472	
27				
28	106.5	429995	6831	
29			204000	
30		252109900	400000	
31				
32			109	79920
33				
34			200000	
35	500.000 Jan 11		400000	
36	500.000 Jan 11			
37	500.000			
38		348		
39			200000	
40			260000	

Exhibit S

		Dr		Cr
100	BFB (Interest)			1,742,417
	Cash	1,742,417		

999	BFB (Interest)	<41,988>		
	Cash		<41,988>	

100	BFB (Interest)			55
	Cash	55		

204	BFB (Interest)	<1,512,451>		
	Cash		<1,512,451>	

2010 adjustment
but self-corrected in
2011

204.5 (close)	BFB (Interest)	<8,353>		
	Cash		<8,353>	

DESCRIPTION:

LO
~~Frank~~ to
 Frank
 Bob

To To
 ADJ
 Balance to
 talk
 Jim - what

PREPARED

DATE

ENTERED

DATE

Exhibit S

ONE SIDED

REQUEST FOR POSTING ENTRY

LYONS TOWNSHIP SCHOOL TREASURER

DISTRICT # 204 MONTH JUN -- 2011
6/2011

ACCOUNT NO. AST 1-999999 AST 1-101-3
VOUCHER
CHECK
AMOUNT
SUM CHECK <1,512,451.00> <1,512,451.00>

ACCOUNT NO.
VOUCHER
CHECK
AMOUNT
SUM

DESCRIPTION: Audit Adj - Interest

ENTERED IN EXCEL
BY: LO

PREPARED [Signature] DATE 6/11

ENTERED DATE

POSTED [Signature]

Exhibit S

DATE 10/10/2012

LYONS TOWNSHIP
*** DETAIL STATEMENT OF FUND ACCOUNTS ***

PAGE NO 1

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	O
ACCT# /AST/	1 999999		0	0	0	EDUCATIONAL	BEG FUND BAL			
5/30/2011	0		204	J	0			J/E AUDIT ADJUSTMENT INTEREST	1,512,451.00-	F
** TOTAL # TRANSACTIONS:	1							** ACCT \$ TOTAL:	1,512,451.00-	*

Exhibit S

DATE 10/09/2012

LYONS TOWNSHIP
 *** DETAIL STATEMENT OF FUND ACCOUNTS ***

PAGE NO 1

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP
ACCT# /AST/	1	101	3	0	0	EDUCATIONAL CASH &		POOLED INVST		
6/30/2011	0					204 J	0	J/E AUDIT ADJUSTMENT INTEREST	1,512,451.00-	FG
8/01/2012	0					204 J	0	SITE/CONSTRUCTION & LIFE SAFET	54.89	LC
** TOTAL #	TRANSACTIONS:		2					** ACCT \$ TOTAL:	1,512,396.11-	**
ACCT# /AST/	1	999999	0	0	0	EDUCATIONAL BEG FUND BAL				
6/30/2011	0					204 J	0	J/E AUDIT ADJUSTMENT INTEREST	1,512,451.00-	FG
8/01/2012	0					204 J	0	SITE/CONSTRUCTION & LIFE SAFET	54.89	LC
** TOTAL #	TRANSACTIONS:		2					** ACCT \$ TOTAL:	1,512,396.11-	**

Exhibit S

DATE 10/10/2012

LYONS TOWNSHIP
*** DETAIL STATEMENT OF FUND ACCOUNTS ***

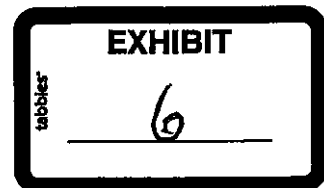
PAGE NO 2

	DISTRICT	DATE	ACCOUNT NUMBER	SPECIAL PARAMETERS
LOW PARAMS:	0204	6012011	0 0 0 0 0	BYP CASH ALL RESP BEG FLG=N
HIGH PARAMS:		6312011	999999 999999 999999 999 99999	J ONLY ALL ACCTS BUDG FLG=N
** TOTAL # TRANSACTIONS:		1		** ACCT \$ TOTAL: 1,512,451.00 *

**LYONS TOWNSHIP SCHOOL TREASURER
TOWNSHIP 38 NORTH, RANGE 12 EAST**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2003
AND
INDEPENDENT AUDITORS' REPORT**



LYONS TOWNSHIP SCHOOL TREASURER

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JUNE 30, 2003

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All Fund Types

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HISTORICAL PENSION INFORMATION (UNAUDITED)

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SCHEDULE

SUPPLEMENTARY SCHEDULE

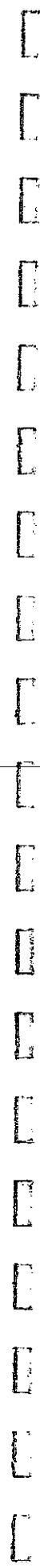
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INDEPENDENT AUDITORS' REPORT

October 17, 2003

To the Board of Trustees
Lyons Township School Treasurer
Township 38 North, Range 12 East
930 Barnsdale Road
LaGrange Park, Illinois 60525

We have audited the accompanying general purpose financial statements of Lyons Township School Treasurer as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of Lyons Township School Treasurer's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Lyons Township School Treasurer does not maintain detailed records of the historical cost of its fixed assets, primarily consisting of office furniture and equipment. The statement of general fixed assets required by generally accepted accounting principles is not included in the accompanying financial statements.

In our opinion, except that the omission of data described above results in an incomplete presentation as explained in the second paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lyons Township School Treasurer as of June 30, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit of the 2003 financial statements was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial information listed as a supplementary schedule and tables in the table of contents is presented for purposes of additional analysis and is not a required part of the aforementioned financial statements of Lyons Township School Treasurer. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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The historical pension information listed in the table of contents is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

William F. Gurrie & Co Ltd

WILLIAM F. GURRIE & CO., LTD.

LYONS TOWNSHIP SCHOOL TREASURER
ALL FUND TYPES
COMBINED BALANCE SHEET
JUNE 30, 2003

	GENERAL FUND	FIDUCIARY FUND TYPE AGENCY FUND	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>				
Pro-rata Billings Due	\$ 1,008,900	\$ -	\$ -	\$ 1,008,900
Interest Receivable	425,167	-	-	425,167
Prepaid Items	18,531	-	-	18,531
Investments maintained for participating school districts	-	142,431,568	-	142,431,568
Amount to be provided from future receipts	-	-	24,208	24,208
Total Assets	\$ 1,452,598	\$ 142,431,568	\$ 24,208	\$ 143,908,374

LIABILITIES AND FUND BALANCE**Liabilities**

Due to participating school districts	\$ -	\$ 142,431,568	\$ -	\$ 142,431,568
Cash Deficit	372,760	-	-	372,760
Accounts Payable	11,333	-	-	11,333
Salaries Payable	8,279	-	-	8,279
Deferred Revenue	1,154,675	-	-	1,154,675
Compensated Absences - long-term	-	-	24,208	24,208
Total Liabilities	1,547,047	142,431,568	24,208	144,002,823

Fund Balance

Fund Balance (Deficit)	(94,449)	-	-	(94,449)
Total Liabilities and Fund Balance	\$ 1,452,598	\$ 142,431,568	\$ 24,208	\$ 143,908,374

See Notes to Financial Statements

**LYONS TOWNSHIP SCHOOL TREASURER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2003**

**GENERAL
FUND**

RECEIPTS

Interest on Investments - net of distributions to school districts	\$	3,256,195
Pro-rata Billings		630,151
Other		<u>8,245</u>
Total Receipts		<u>3,894,591</u>

EXPENDITURES

Current:

Administrative:

Salaries		330,211
Benefits		97,744
Purchased Services		250,038
Supplies		62,265
Other		<u>26,478</u>

Total Expenditures		<u>766,736</u>
--------------------	--	----------------

EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES		3,127,855
FUND BALANCE, BEGINNING OF YEAR		<u>(3,222,304)</u>
FUND BALANCE, END OF YEAR	\$	<u>(94,449)</u>

See Notes to Financial Statements

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lyons Township School Treasurer (the "Treasurer") conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. The following is a summary of the more significant accounting policies of the Treasurer:

A. Reporting Entity

In evaluating how to define the Treasurer for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board. The definition of a component unit is a legally separate organization for which the Treasurer is financially accountable and other organizations for which the nature and significance of their relationship with the Treasurer are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Treasurer is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Treasurer. The Treasurer also may be financially accountable if an organization is fiscally dependent on the Treasurer, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. There are no component units, as defined by GASB, which are included in the Treasurer's reporting entity. Even though there are local government agencies within the geographic area served by the Treasurer, such as the various villages, schools, libraries and park districts, the agencies have been excluded from the report because they are legally separate and the Treasurer is not financially accountable for them.

Also, the Treasurer is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Treasurer are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

The Treasurer has the following fund types:

Governmental Funds are used to account for the Treasurer's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Treasurer considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest on investments and pro-rata billings are susceptible to accrual. Other receipts become measurable and available when cash is received by the Treasurer and are recognized as revenue at that time.

Governmental Funds include the following fund type:

General Fund - The General Fund is the general operating fund of the Treasurer. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund consists of the following:

Distributive Account - This account is used for most of the administrative aspects of the Treasurer's operations. The revenue consists primarily of interest on investments and pro-rata billings from member School Districts.

Fiduciary Fund Types (Trust and Agency Funds) - Fiduciary Funds (Trust and Agency Funds) are used to account for assets held by the Treasurer in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Fund - The Agency Fund includes cash and investments held and controlled by the Treasurer for the participating member districts.

General Fixed Assets and General Long-Term Debt Account Groups

An account group is used to establish accounting control and accountability for the Treasurer's general long-term debt. The accounting and financial reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus.

Long-Term Liabilities - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. The debt recorded in the District's General Long-Term Debt Account Group consists of compensated absences payable.

The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

C. Assets, Liabilities and Equity

Deposits and Investments

State statutes authorize the Treasurer to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items.

Compensated Absences

Employees who have completed at least 60 work days are entitled to be compensated for vacation time. Vacations are to be taken in the following year in which they are earned. Unused vacation time may be taken as comparable time off or paid at the discretion of the Treasurer. Employees who resign or whose employment is terminated for any reason will be paid for unused vacation time.

Sick leave of 10 days per year is provided on a pro-rata basis to all employees. Unused sick leave can accumulate up to 240 days. Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.

Long-Term Obligations

The Treasurer reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned as "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The amounts in these columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

Deficit Fund Equity

The General Fund had a deficit fund balance of \$94,449 as of June 30, 2003. The fund incurred expenditures that will be funded by future receipts from participating districts.

2. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Under the Illinois Compiled Statutes, the Lyons Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

The Treasurer's investment policies are established by the Lyons Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

At year-end, the Treasurer's cash and investments totaled \$142,058,808. For disclosure purposes, this amount is segregated into three components: 1) cash on hand 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; and 3) investments, which consist of all investments other than certificates of deposit. The carrying amount of cash on hand, deposits with financial institutions, and investments at year-end was \$200, \$23,883,401, and \$118,175,207, respectively.

At year-end, the bank balance of the Treasurer's deposits with financial institutions was \$28,295,042. Of this bank balance, \$10,019,932 was covered by federal depository insurance, or collateralized with securities held by the Treasurer or its agent in the Treasurer's name. Of the remaining balance, \$6,118,233 was collateralized with securities held by the pledging financial institution's trust department or agent in the Treasurer's name, and \$12,156,877 was uncollateralized, or collateralized with securities held by the pledging financial institution.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Treasurer or its agent in the Treasurer's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Treasurer's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent, but not in the Treasurer's name.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

At year-end, the Treasurer held the following investments for the school districts in the Township:

	<u>Category</u> <u>2</u>	<u>Carrying</u> <u>Amount</u>	<u>Market</u> <u>Value</u>
U.S. Government Securities	\$ 49,935,652	\$ 49,935,652	\$ 49,969,365
Money Market Funds	5,609,862	5,609,862	5,609,862
Commercial Paper	2,995,290	2,995,290	2,995,290
Mutual Funds	<u>59,600,690</u>	<u>59,600,690</u>	<u>59,600,690</u>
 Total	 <u>\$ 118,141,494</u>	 118,141,494	 118,175,207
 Illinois Funds		 <u>358</u>	 <u>358</u>
 Total Investments		 <u>\$ 118,141,852</u>	 <u>\$ 118,175,565</u>

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for.

3. LONG-TERM DEBT

Changes in General Long-term Liabilities. During the year ended June 30, 2003, the following changes occurred in liabilities which were reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1,</u> <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2003</u>
Compensated absences	\$ <u>24,289</u>	\$ <u>12,594</u>	\$ <u>12,675</u>	\$ <u>24,208</u>
Totals	\$ <u>24,289</u>	\$ <u>12,594</u>	\$ <u>12,675</u>	\$ <u>24,208</u>

The obligations for the compensated absences will be repaid from the General Fund.

4. RISK MANAGEMENT

The Treasurer's Office is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. The Treasurer has purchased insurance from private insurance companies for general liability, workers' compensation and other coverages not included below to mitigate these risks. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

5. ILLINOIS MUNICIPAL RETIREMENT

The Treasurer's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Treasurer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2002 was 9.22 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2002 was 30 years.

For December 31, 2002, the Treasurer's annual pension cost of \$26,267 was equal to the Treasurer's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging of 4.00% a year, attributable to inflation (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study.

However, the 2002 actuarial valuation information shown as required supplementary information is based on the assumptions derived from the 1999 - 2001 experience study. The effect of the assumption change increased the unfunded actuarial accrued liability by \$4,956.

6. RELATED PARTY TRANSACTIONS

The Lyons Township School Treasurer collects both pro-rata billings and insurance premiums from each member school district. Billings are used to pay for each District's pro-rata share of Township expenditures and insurance premiums are used to pay the insurance provider for monthly premiums to cover medical and dental claims. Due to the timing lag between billing each District and actual collections, some revenues collected after fiscal year end are considered receivable as of fiscal year end. As of June 20, 2003, the Treasurer's revenue receivables include the following:

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

Pro-Rata Billings Receivable

In prior years, certain participating districts failed to pay all or part of their pro-rata share of Township expenditures. The amount owed to the Lyons Township School Treasurer's Office at June 30, 2003 is \$1,008,900, which relates to billing periods through June 30, 2003. Approximately \$200,000 of this amount is expected to be collected within a year. The remainder relates to the pro-rata for 2003, which will be billed in 2004, but collected mostly in 2005.

7. PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED

GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, establishes financial reporting standards for state and local governments. Some of the more significant aspects of the new standard include: reporting the overall state of the government's financial health, not just individual funds; providing the most complete information available about the cost of delivering services to the citizens; including fixed asset accounting and depreciation; and including an introductory section analyzing the government's financial performance. The Treasurer is required to adopt this Statement for the fiscal year ending June 30, 2004. The adoption of this statement will have a material effect on the Treasurer's financial statements.

8. CHANGE IN BASIS OF ACCOUNTING

During the fiscal year ended June 30, 2003, the Treasurer changed its basis of accounting from the cash basis to the modified accrual basis for the General Fund. Prior period financial information presented in this report has also been restated to conform to the modified accrual basis of accounting. The following is the effect of restating prior years' fund balances to conform to the new basis of accounting:

	<u>General Fund</u>		<u>General Long Term Debt Account Group</u>
Fund Balance, 6-30-02, As Previously Reported	\$ (3,524,267)	Fund Balance, 6-30-02	\$ -
Effect of Conversion To Modified Accrual:		Effect of Conversion To Modified Accrual:	
Increase (Decrease) In Assets	1,556,391	Compensated Absences	<u>24,289</u>
(Increase) Decrease in Liabilities	<u>(1,254,428)</u>	Fund Balance, 6-30-02, As Restated	\$ <u>24,289</u>
Fund Balance, 6-30-02, As Restated	\$ <u>(3,222,304)</u>		

LYONS TOWNSHIP SCHOOL TREASURER

**ILLINOIS MUNICIPAL RETIREMENT FUND
ANALYSIS OF FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2003**

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/02	\$ 26,267	100%	\$ -
12/31/01	30,427	100%	-
12/31/00	29,074	100%	-
12/31/99	25,401	100%	-
12/31/98	26,443	100%	-
12/31/97	28,134	100%	-

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 531,233	\$ 752,261	\$ 221,028	70.62%	\$ 284,891	77.58%
12/31/01	410,594	634,461	223,867	64.72%	298,309	75.05%
12/31/00	712,436	753,591	41,155	94.54%	260,517	15.80%
12/31/99	590,235	674,109	83,874	87.56%	220,693	38.00%
12/31/98	452,816	583,432	130,616	77.61%	200,329	65.20%
12/31/97	380,210	525,989	145,779	72.28%	212,814	68.50%

On a market value basis, the actuarial value of assets as of December 31, 2002 is \$321,670. On a market basis, the funded ratio would be 42.76%.

***Digest of Changes**

2002 Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2002 are based on the 1999-2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early their career.
- For Regular members, fewer normal and early retirements are expected to occur.

LYONS TOWNSHIP SCHOOL TREASURER

COMBINED BALANCE SHEETS
JUNE 30, 2003

Total	#69	#101	#102	#103	#104	#105	#106	#107	
ASSETS									
Cash and Investments held by Treasurer	\$ 143,515,466	\$ 4,851,174	\$ 5,996,823	\$ 27,584,631	\$ 1,659,247	\$ 6,295,180	\$ 5,604,068	\$ 12,191,834	\$ 5,536,260
Cash and Investments held by District	1,457,104	25,110	96,594	143,523	68,645	51,121	12,145	56,804	22,290
Receivables (net of allowance for uncollectibles)									
Property taxes	81,669,089	1,755,150	5,339,213	10,176,065	5,762,535	4,995,399	5,253,694	4,691,644	3,848,045
Replacement taxes	1,017,198	16,713	104,738	-	204,345	77,041	111,697	6,133	39,220
Intergovernmental	5,134,154	37,076	99,282	615,372	490,805	378,625	117,894	146,825	104,710
Tuition	166,181	-	-	-	-	-	-	-	-
Interest	607,256	-	-	182,099	-	-	-	-	-
Other Current Assets	1,826,139	7,316	-	18,252	110,379	89,752	-	-	30,580
Due from Administrative Agent	144,600	-	-	-	-	-	-	-	-
Total Assets	\$ 235,337,187	\$ 6,692,539	\$ 11,636,648	\$ 38,719,932	\$ 8,296,056	\$ 11,887,118	\$ 11,099,498	\$ 17,093,040	\$ 9,581,130

LIABILITIES AND FUND BALANCE

Liabilities:

Payroll									
Deductions Payable	\$ 52,031	\$ 8,309	\$ (1,299)	\$ 9,889	\$ 17,703	\$ 4,021	\$ 544	\$ 21,552	\$ -
Due to Activity									
Fund Organizations	1,648,498	20,110	91,594	136,114	60,645	41,121	6,145	49,304	19,090
Accounts Payable	5,470,609	19,326	85,477	2,217,394	110,748	149,511	336,688	505,161	201,360
Salaries and Wages Payable	1,346,684	4,529	-	13,328	26,260	3,726	24,618	-	-
Compensated Absences	15,244	-	11,533	-	-	-	-	-	-
Deferred Revenue	83,376,215	1,683,976	5,435,934	10,252,013	5,787,876	5,128,393	5,253,694	4,691,644	3,858,066
Other Current Liabilities	1,686,269	-	27,280	144,600	89,207	-	-	12,744	21,400
Due to Joint Agreements	-	-	-	-	-	-	-	-	-
Total Liabilities	93,595,550	1,736,250	5,650,519	12,773,338	6,092,439	5,326,772	5,621,689	5,280,405	4,089,930

Fund Balance:

Total Fund Balance	141,741,637	4,956,289	5,986,129	25,946,594	2,203,617	6,560,346	5,477,809	11,812,635	5,491,200
Total Liabilities and Fund Balance	\$ 235,337,187	\$ 6,692,539	\$ 11,636,648	\$ 38,719,932	\$ 8,296,056	\$ 11,887,118	\$ 11,099,498	\$ 17,093,040	\$ 9,581,130

#108	#109	#204	#217	HEADSTART	BASE	WEST 40	LADSE	INSURANCE ACCOUNTS	TREASURER'S OFFICE
\$ 1,920,368	\$ 16,512,529	\$ 28,397,865	\$ 21,195,192	\$ -	\$ -	\$ 287,428	\$ 4,126,391	\$ 356,481	\$ -
26,374	198,609	523,539	228,848	-	-	-	3,500	-	-
1,206,773	5,770,400	22,066,384	10,804,787	-	-	-	-	-	-
8,046	51,574	304,778	94,906	-	-	-	-	-	-
67,698	496,742	267,101	239,842	-	-	-	1,063,375	-	1,008,900
-	-	-	-	-	-	-	166,181	-	425,167
-	-	-	-	-	-	-	-	-	-
10,863	-	914,633	425,831	-	-	-	-	-	18,531
-	-	-	-	57,851	86,749	-	-	-	-
<u>\$ 3,238,110</u>	<u>\$ 23,029,854</u>	<u>\$ 53,473,300</u>	<u>\$ 32,989,406</u>	<u>\$ 57,851</u>	<u>\$ 86,749</u>	<u>\$ 287,428</u>	<u>\$ 5,359,447</u>	<u>\$ 356,481</u>	<u>\$ 1,452,598</u>
\$ 2,076	\$ -	\$ (11,532)	\$ (5,982)	\$ -	\$ -	\$ -	\$ 6,750	\$ -	\$ -
24,873	66,735	953,917	178,848	-	-	-	-	-	-
21,228	498,094	312,056	276,193	-	-	-	726,032	-	11,333
-	1,082,337	164,819	18,788	-	-	-	-	-	8,279
3,711	-	-	-	-	-	-	-	-	-
1,206,773	5,680,222	22,276,480	10,868,233	-	-	-	98,238	-	1,154,675
-	204,862	804,757	-	-	-	-	365,135	-	16,279
-	-	-	-	-	-	-	-	-	-
<u>1,258,661</u>	<u>7,532,250</u>	<u>24,500,497</u>	<u>11,336,080</u>	-	-	-	<u>1,196,153</u>	-	<u>1,190,566</u>
1,979,449	15,497,604	28,972,803	21,653,326	57,851	86,749	287,428	4,163,294	356,481	262,032
<u>\$ 3,238,110</u>	<u>\$ 23,029,854</u>	<u>\$ 53,473,300</u>	<u>\$ 32,989,406</u>	<u>\$ 57,851</u>	<u>\$ 86,749</u>	<u>\$ 287,428</u>	<u>\$ 5,359,447</u>	<u>\$ 356,481</u>	<u>\$ 1,452,598</u>

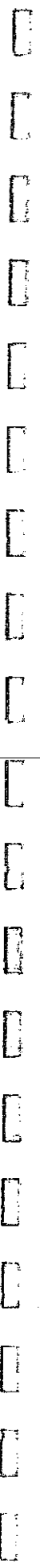
**LYONS TOWNSHIP SCHOOL TREASURER
INSURANCE ACCOUNTS
ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2003**

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL INSURANCE ACCOUNTS
<u>ASSETS</u>			
Cash and Investments	\$ 188,459	\$ 168,022	\$ 356,481
Total Assets	<u>\$ 188,459</u>	<u>\$ 168,022</u>	<u>\$ 356,481</u>
<u>ACCOUNT BALANCE</u>			
Account Balance	<u>188,459</u>	<u>168,022</u>	<u>356,481</u>
Total Liabilities and Account Balance	<u>\$ 188,459</u>	<u>\$ 168,022</u>	<u>\$ 356,481</u>

LYONS TOWNSHIP SCHOOL TREASURER
INSURANCE ACCOUNTS
CASH RECEIPTS, EXPENDITURES
AND CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2003

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL INSURANCE ACCOUNTS
<u>RECEIPTS</u>			
Contributions from Participating Districts	\$ 4,609,522	\$ 246,063	\$ 4,855,585
Net Interest on Investments	<u>11,940</u>	<u>6,856</u>	<u>18,796</u>
Total Receipts	<u>4,621,462</u>	<u>252,919</u>	<u>4,874,381</u>
<u>EXPENDITURES</u>			
Claims by Employees	2,898,143	240,881	3,139,024
Co-Insurance Costs	383,605	-	383,605
Consulting Costs	36,998	-	36,998
Administrative Costs	370,617	-	370,617
Alternative Insurance Costs	648,636	-	648,636
Other	<u>11,954</u>	<u>1,262</u>	<u>13,216</u>
Total Expenditures	<u>4,349,953</u>	<u>242,143</u>	<u>4,592,096</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	271,509	10,776	282,285
ACCOUNT BALANCE, BEGINNING OF YEAR	<u>(83,050)</u>	<u>157,246</u>	<u>74,196</u>
ACCOUNT BALANCE (DEFICIT), END OF YEAR	<u>\$ 188,459</u>	<u>\$ 168,022</u>	<u>\$ 356,481</u>

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

TOWNSHIP TRUSTEES OF SCHOOLS)
TOWNSHIP 38 NORTH, RANGE 12 EAST,)

Plaintiff-Counter Defendant,)

v.)

LYONS TOWNSHIP HIGH SCHOOL DIST. 204,)

Defendant-Counter Plaintiff.)

Case No. 13 CH 23386

Hon. Sophia H. Hall

FILED
 2017 JUL 10 PM 4:02
 CIRCUIT COURT OF COOK COUNTY, ILLINOIS
 CHANCERY DIVISION

**TTO'S AMENDED REPLY TO PARAGRAPH 44 OF
LT'S FIRST AMENDED AFFIRMATIVE DEFENSES**

Plaintiff and Counter-Defendant, Township Trustees of Schools Township 38 North, Range 12 East ("TTO"), by its undersigned counsel, MILLER, CANFIELD, PADDOCK & STONE, P.L.C., for its Amended Reply to Paragraph 44 of the First Amended Affirmative Defenses filed by Defendant and Counter-Plaintiff, Lyons Township High School Dist. 204 ("LT"), states as follows:

44. From 1992 through 2012, the payments that the TTO made for the annual audits of LT were part of the expenditures of the TTO, The TTO's expenditures, in turn, formed the basis of the TTO's pro rata expense invoices. During this period, LT's pro rata share was about 25 percent. Therefore, through the pro rata billing process, the TTO invoiced LT for about 25 percent of the costs of LT's own annual audit.

Reply: Admits the following:

FY	TTO Total Audit \$	LT Audit \$ Paid by TTO	TTO Total Expenses \$	TTO Pro-Rata Billed	Difference
94	\$59,900.00	\$31,845.00	\$564,883.57	\$504,884.00	(\$59,999.57)
95	\$43,646.00	\$9,506.00	\$670,448.19	\$570,448.19	(\$100,000.00)
96	\$60,890.00	\$17,240.00	\$632,072.28	\$582,072.28	(\$50,000.00)
97	\$59,365.00	\$15,800.00	\$673,056.25	\$623,056.25	(\$50,000.00)

EXHIBIT
7

98	\$48,010.00	\$9,300.00	\$695,227.34	\$670,228.00	(24,999.34)
99	\$66,716.00	\$14,400.00	\$634,841.84	\$691,245.00	\$56,403.16
00	\$73,578.95	\$25,331.95	\$765,518.84	\$765,518.84	-
01	\$59,220.00	\$14,380.00	\$756,403.26	\$756,403.00	(\$0.26)
02	\$90,333.19	\$16,800.00	\$799,314.28	\$799,314.00	(\$0.28)
03	\$100,708.77	\$18,143.75	\$794,294.00	\$794,294.00	-
04	\$106,498.00	-	\$936,777.26	\$811,777.26	(\$125,000.00)
05	\$77,068.00	-	\$828,069.14	\$828,070.14	\$1.00
06	\$105,762.92	\$45,266.19	\$855,186.49	\$855,186.47	(\$0.02)
07	\$113,256.00	\$44,047.50	\$855,350.13	\$855,350.13	-
08	\$170,625.82	\$55,800.00	\$1,152,033.07	\$1,152,033.06	(\$0.01)
09	\$195,586.49	\$49,687.55	\$1,318,693.06	\$1,315,693.06	(\$3,000.00)
10	\$127,293.40	\$59,500.00	\$1,186,421.16	\$986,421.16	(\$200,000.00)
11	\$104,130.56	\$35,270.56	\$1,172,639.70	\$1,022,639.70	(\$150,000.00)
12	\$104,045.00	\$48,750.00	\$1,355,768.95	\$1,208,039.88	(\$147,729.07)
		\$511,068.60			

On this basis, the TTO admits that for fiscal years 1999 through 2003 and 2006 through 2008, LT was invoiced for its proportionate share of LT's own annual audit.

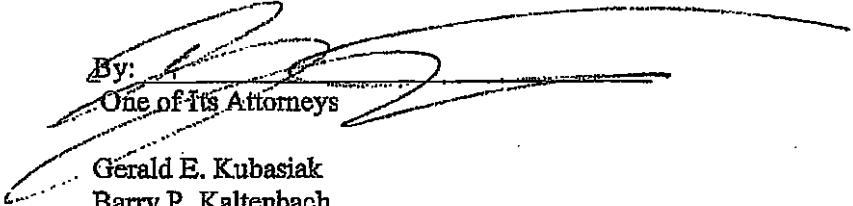
The TTO further admits that for fiscal years 1994 through 1998 and fiscal years 2009 through 2012, LT was invoiced for only a percentage of its proportionate share of LT's own annual audit. The TTO denies that this can be calculated simply as 25%.

For fiscal years 2004 and 2005, the TTO denies that LT was invoiced for its proportionate share of LT's own annual audit.

The TTO denies any remaining allegations, except to admit that as a general rule, LT's proportionate share was roughly 25%.

Respectfully,

TOWNSHIP TRUSTEES OF SCHOOLS,
TOWNSHIP 38 NORTH, RANGE 12 EAST

By: 
One of its Attorneys

Gerald E. Kubasiak
Barry P. Kaltenbach
Gretchen M. Kubasiak
Miller Canfield Paddock & Stone, PLC
225 W. Washington, Suite 2600
Chicago, Illinois 60606
(312) 460-4200
(312) 460-4201
Firm No. 44233

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

TOWNSHIP TRUSTEES OF SCHOOLS)
TOWNSHIP 38 NORTH, RANGE 12 EAST,)
)
Plaintiff-Counter Defendant,)
v.)
LYONS TOWNSHIP HIGH SCHOOL DIST. 204,)
)
Defendant-Counter Plaintiff.)

Case No. 13 CH 23386

Hon. Sophia H. Hall

CIRCUIT COURT OF COOK
COUNTY, ILLINOIS
CHANCERY DIV.

2017 JUL 21 PM 3:32

FILED-1

NOTICE OF FILING

TO: Jay R. Hoffman/Hoffman Legal
20 N. Clark Street, Suite 2500
Chicago, IL 60602

PLEASE TAKE NOTICE that on July 21, 2017, I have filed with the Clerk of the Circuit Court of Cook County, Illinois, the following: **Verification of Susan Birkenmaier to TTO'S Amended Reply to Paragraph 44 of LT's First Amended Affirmative Defenses**, a copy of which is hereby attached and served on you.

Respectfully,

TOWNSHIP TRUSTEES OF SCHOOLS,
TOWNSHIP 38 NORTH, RANGE 12 EAST

By: 

One of Its Attorneys

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

Plaintiff-Counter Defendant,)

v.)

LYONS TOWNSHIP HIGH SCHOOL DIST. 204,)

Defendant-Counter Plaintiff.)

Case No. 13 CH 23386

Hon. Sophia H. Hall

NOTICE OF FILING

TO: Jay R. Hoffman/Hoffman Legal
20 N. Clark Street, Suite 2500
Chicago, IL 60602

FILED
2017 JUL 10 PM 4:01
CIRCUIT COURT OF COOK
COUNTY, ILLINOIS
CHANCERY DIV.

PLEASE TAKE NOTICE that on July 10, 2017, I have filed with the Clerk of the Circuit Court of Cook County, Illinois, the following: **TTO'S AMENDED REPLY TO PARAGRAPH 44 OF LT'S FIRST AMENDED AFFIRMATIVE DEFENSES**, a copy of which is hereby attached and served on you.

Respectfully,

TOWNSHIP TRUSTEES OF SCHOOLS,
TOWNSHIP 38 NORTH, RANGE 12 EAST

By: 

One of Its Attorneys

Gerald E. Kubasiak
Barry P. Kaltenbach
Gretchen M. Kubasiak
Miller Canfield Paddock & Stone, PLC
225 W. Washington, Suite 2600
Chicago, Illinois 60606
(312) 460-4200
(312) 460-4201
Firm No. 44233

PROOF OF SERVICE

The undersigned, an attorney, certifies that a copy of the following document **TTO'S AMENDED REPLY TO PARAGRAPH 44 OF LT'S FIRST AMENDED AFFIRMATIVE DEFENSES**, has been served upon:

Jay R. Hoffman
Hoffman Legal
20 N. Clark Street, Suite 2500
Chicago, IL 60602

as follows:

	by personal service on July 10, 2017 before 4:00 p.m.
	by U.S. mail, by placing the same in an envelope addressed to them at the above address with proper postage prepaid and depositing the same in the U.S. Postal Service collection box at 225 W. Washington Street, Chicago, Illinois, on July 10, 2017 before 4:00 p.m.
	by facsimile transmission from 225 W. Washington Street, Suite 2600, Chicago, Illinois to the [above stated fax number/their respective fax numbers] from my facsimile number (312) 460-4201, consisting of ___ pages on July 10, 2017 before 4:00 p.m., the served [party/parties] having consented to such service.
	by Federal Express or other similar commercial carrier by depositing the same in the carrier's pick-up box or drop off with the carrier's designated contractor on July 10, 2017 before the pickup/drop-off deadline for next-day delivery, enclosed in a package, plainly addressed to the above identified individual[s] at [his/her/their] above-stated address[es], with the delivery charge fully prepaid.
<i>A</i>	by electronic mail, on July 10, 2017 before 5:00 p.m., the served [party/parties] having consented to such service.


Barry P. Kaltenbach, attorney

PROOF OF SERVICE

The undersigned, a non-attorney, certifies that a copy of the following document, **Verification of Susan Birkenmaier to TTO'S Amended Reply to Paragraph 44 of LT's First Amended Affirmative Defenses**, has been served upon:

Jay R. Hoffman
Hoffman Legal
20 N. Clark Street, Suite 2500
Chicago, IL 60602

as follows:

	by personal service on July 21, 2017 before 4:00 p.m.
	by U.S. mail, by placing the same in an envelope addressed to them at the above address with proper postage prepaid and depositing the same in the U.S. Postal Service collection box at 225 W. Washington Street, Chicago, Illinois, on July 21, 2017 before 4:00 p.m.
	by facsimile transmission from 225 W. Washington Street, Suite 2600, Chicago, Illinois to the [above stated fax number/their respective fax numbers] from my facsimile number (312) 460-4201, consisting of ___ pages on July 21, 2017 before 4:00 p.m., the served [party/parties] having consented to such service.
	by Federal Express or other similar commercial carrier by depositing the same in the carrier's pick-up box or drop off with the carrier's designated contractor on July 21, 2017 before the pickup/drop-off deadline for next-day delivery, enclosed in a package, plainly addressed to the above identified individual[s] at [his/her/their] above-stated address[es], with the delivery charge fully prepaid.
X	by electronic mail, on July 21, 2017 before 5:00 p.m., the served [party/parties] having consented to such service.



[X] Under penalties as provided by law pursuant to 735 ILCS 5/1-109, I certify that the statements set forth herein are true and correct

Verification

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that (s)he verily believes the same to be true.

Susan Birkenmaier 7/10/17
Date

FILED-1
JUL 12 21 PM 3:32
CIRCUIT COURT OF COOK
COUNTY, ILLINOIS
CHANCERY DIV.
CLEAN
BRUNN

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

www.lyonstts.org

BOARD OF SCHOOL TRUSTEES

Michael S. Thiessen, President
Karen M. Civinelli, Trustee
Theron G. Tobolski, Trustee

930 Barnsdale Road
La Grange Park, IL 60526-9346
Phone 708-352-4480
Fax 708-352-4417

November 7, 2013

Interest Income-Previously Undistributed

Recently the Lyons Township Treasurer's office completed the FY2013 audit field work. This work was done by, *Miller, Cooper, Ltd.*, the firm selected to complete the annual audit on behalf of the TTO.

During this audit process, Miller Cooper determined that there is undistributed investment income held over from prior years. While this interest income had been noted in the FY10-12 TTO audits, no action was taken to distribute this income to member districts. Prior year audits did not distinguish or identify this undistributed interest income.

As the Treasurer's office does not participate in interest income earnings allocations, it has been determined that this interest income should be distributed to the Township districts and agencies. We are therefore distributing \$500,000 in interest income from previous years. The calculation of revenue distribution will be based on the average FY13 annual revenues of each district/agency served by the TTO. Attached is a chart identifying the amount of prior year undistributed interest income that will be credited to your district. Allocation of this investment income was determined by averaging the fund balance for each district over the 2012-13 fiscal year and assigning the corresponding percentage of total interest income to each district based on the total fund balance of all TTO members. If an agency or district did not maintain a positive fund balance over the year, no interest income was paid out.

Please note that this is NOT FY13 or FY14 interest income. Further the amount distributed should not be used to trend for anticipated future interest earnings. This should be viewed as a one-time occurrence.

FY13 Interest Income

All FY13 interest earnings have been distributed. In FY13 the interest income distribution in the first three quarters was estimated with an expectation that any earnings settlements would be made in the final fiscal year quarter, Q4. There were no adjustments needed in Q4 related to FY13 interest income. All interest income has already been distributed. It should be noted, that districts, in fact, had monies much earlier in the fiscal year and were able to realize that benefit unlike previous years when earnings were not as timely or forthcoming.

FY14 Interest Income

Due to continued market volatility and a close to zero interest rate environment, limited interest was earned in the first quarter of FY14. We will continue to work with William Blair to maximize our investment earnings. The enclosed letter from Wm. Blair, the Lyons TTO investment manager, provides some additional information regarding this year's investments and specifically the current investment environment.



Portfolio Readjustment

During the first quarter of FY14 the portfolio realized a small loss as reflected in the quarterly summary attached. The TTO and William Blair are continuously realigning the portfolio and we will continue to be affected by market influences and volatility and other items beyond our control.

The Treasurer's office continues to work with William Blair to evaluate our investment portfolio and make adjustments to ensure all invested funds, as allowed in the Illinois School Code, maximize investment earnings. For example, the TTO Board recently made a slight adjustment to the Investment Policy Statement allowing the investment horizon on Corporate Bonds to extend to 270 days vs. 180 days. This action was taken to mirror the State of Illinois and provide greater flexibility to our money managers now and in the future. This process will take time and adjustments will be necessary to place us in the strongest investment position for the future.

Please contact me if you have any questions regarding this prior year interest earnings distribution.

Thank you,



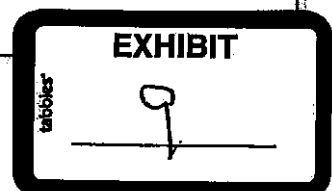
Susan L. Birkenmaier, Ed.D.
Lyons Township School Treasurer

STATE OF ILLINOIS)
) SS:
COUNTY OF C O O K)

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

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

The discovery deposition of
DR. SUSAN BIRKENMAIER and the discovery deposition
of the Plaintiff pursuant to a Rule 206(a)(1)
Notice, taken before KELLY ANN POTTS, CSR, pursuant
to the provisions of the Code of Civil Procedure of
the State of Illinois and the Rules of the Supreme
Court thereof pertaining to the taking of
depositions at 20 North Clark Street, Suite 2500,
Chicago, Illinois, commencing at the hour of
10:13 a.m. on February 27, 2017.



Page 2

1 APPEARANCES:

2

3 MILLER CANFIELD, by

4 MR. BARRY P. KALTENBACH

5 225 West Washington Street, Suite 2600

6 Chicago, Illinois 60606

7 (312) 460-4251

8 kalttenbach@millercanfield.com

9

10 Appeared on behalf of the

11 Plaintiff;

12

13 HOFFMAN LEGAL, by

14 MR. JAY R. HOFFMAN

15 20 North Clark Street, Suite 2500

16 Chicago, Illinois 60602

17 (312) 899-0899

18 jay@hoffmanlegal.com

19

20 Appeared on behalf of the

21 Defendant.

22

23

24 * * * * *

Page 4

1 Exhibit 13 Statement of Funds.....104

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12 Theissen Exhibit 8 9-15-13 Memo.....44

13 Theissen Exhibit 9 11-7-14 Letter.....45

14 Theissen Exhibit 10 Journal Entries.....182

15 Theissen Exhibit 12 8-18-99 Letter.....140

16 Theissen Exhibit 13 3-8-13 Letter.....90

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1 (Witness sworn.)

2 MR. HOFFMAN: Good morning.

3 THE WITNESS: Good morning.

4 MR. HOFFMAN: As you know, I am

5 Jay Hoffman. I am the attorney for the defendant

6 in this case. Sometimes we'll call it "LT," we may

7 even call it "District 204" –

8 THE WITNESS: Okay.

9 MR. HOFFMAN: – and you'll know who I

10 mean, right?

11 THE WITNESS: Yes.

12 MR. HOFFMAN: Have you had your

13 deposition taken before?

14 THE WITNESS: No.

15 MR. HOFFMAN: Welcome to the party.

16 THE WITNESS: Thank you.

17 MR. HOFFMAN: It's not as hard as it

18 sounds because "I don't know" or "I don't remember"

19 can be a correct answer, and so I just want you to

20 tell me the information that's available to you as

21 the representative of the plaintiff in this case

22 which, if it's okay with you, I'll refer to as "the

23 TTO."

24 THE WITNESS: Absolutely.

1 MR. HOFFMAN: Would you mark this as
2 Exhibit I, please?
3 (Whereupon, TTO Deposition
4 Exhibit No. 1 was marked for
5 identification.)
6 WHEREUPON:
7 DR. SUSAN BIRKENMAIER
8 called as a witness herein, having been first duly
9 sworn, was examined upon oral interrogatories and
10 testified as follows:
11 EXAMINATION
12 By Mr. Hoffman:
13
14 Q Doctor, I'm handing you what I've
15 marked as TTO Dep Exhibit 1.
16 (Whereupon, document
17 tendered.)
18 BY MR. HOFFMAN:
19 Q And you're familiar with this
20 document; am I correct?
21 (Whereupon, witness perusing
22 document.)
23 BY THE WITNESS:
24 A I am now.

1 MR. KALTENBACH: Well, take a look at
2 it.
3 BY THE WITNESS:
4 A Yes. This part, I have.
5 BY MR. HOFFMAN:
6 Q Okay. So you've seen Exhibit A which
7 has the subject matters of the deposition that I'm
8 taking of the TTO entity, right?
9 A Yes.
10 Q And you understand that you are the
11 representative of the TTO designated to testify on
12 the eight subject matters of Exhibit A, correct?
13 A Yes.
14 Q And let's go through the ground rules
15 of the deposition real quickly even though you have
16 a very fine lawyer, and I'm sure he did the same
17 with you beforehand.
18 If at any time you want to take a
19 break, that's fine. We'll just answer the pending
20 question, and we can take a break for any reason
21 that you want.
22 Is your cellphone off?
23 A It's on silent.
24 Q Okay. If you don't understand the

1 questions that I ask you, will you tell me that so
2 I can ask you a better question?
3 A Yes.
4 Q And what did you do to prepare for
5 your deposition today, please?
6 A I had an opportunity to meet with
7 Barry and Gerry Kubasiak just to have them explain
8 to me what would occur, show me the list of items
9 that I would be questioned about, and just general
10 conversation about what to expect.
11 Q Did you speak with anyone at the TTO
12 regarding the deposition in order to prepare to
13 testify?
14 A Not specifically for that purpose.
15 Q Did you talk to Mr. Theissen about his
16 deposition in this case?
17 A Very little.
18 Q What do you mean by "very little"?
19 A Just I knew that he was coming in to
20 be deposed. We didn't talk about the details of
21 it. We didn't talk about how it went or anything
22 like that.
23 Q Okay. Did you review any
24 documentation in order to prepare yourself to

1 testify here today on behalf of the TTO?
2 A Some.
3 Q What documentation did you review?
4 A Basically anything that was related to
5 the eight topics that I was going to be asked
6 about.
7 Q Okay. So tell me what you looked at,
8 please.
9 MR. KALTENBACH: I can't give you the
10 answer.
11 THE WITNESS: Okay.
12 MR. KALTENBACH: I will tell you it's
13 not privileged, so you can -- If you recall what
14 was looked at, you can tell him.
15 BY THE WITNESS:
16 A Can I take a look at the exhibit
17 again --
18 BY MR. HOFFMAN:
19 Q Of course you may.
20 A -- to help prompt me?
21 Q Of course you may.
22 (Whereupon, witness perusing
23 document.)
24

1 BY THE WITNESS:
 2 A I have seen information on the annual
 3 audit costs and the payment of the audit costs; so
 4 Item 1 and 2, I have seen that. TTO's payment of
 5 certain costs of the business functions, I am
 6 familiar with that paperwork, maybe not every
 7 single one in every great detail.
 8 I've seen the claim regarding the
 9 LT pro rata payment. I've seen documentation on
 10 investment income to LT, payment to LT. I'm
 11 familiar with the section of the claim on the TTO's
 12 payment of investment income. I'm familiar with
 13 the Bob Healy lawsuit, although not in great
 14 detail. That occurred before I started my
 15 employment. And I am familiar with the surety bond
 16 claims.
 17 BY MR. HOFFMAN:
 18 Q Okay. Thanks.
 19 What's your educational
 20 background, please?
 21 A Going backwards?
 22 Q Either way.
 23 A Okay. I have a doctorate in
 24 educational leadership with a minor in curriculum

1 from Indiana University. I have a Superintendency
 2 License that was received through Western Illinois
 3 University's superintendent training program.
 4 I have a Chief School Business
 5 Official Endorsement that I received through
 6 Northern Illinois University's Chief School
 7 Business Official program. I have a master's
 8 degree in public affairs from Northern Illinois
 9 University, and I have a bachelor's degree in
 10 political science from Northern Illinois University
 11 also.
 12 Q Okay. And tell me about your
 13 professional background prior to becoming the
 14 treasurer of the TTO, please?
 15 A Okay. Immediately prior to becoming
 16 the treasurer, I was the superintendent for Lemont
 17 Elementary School District 113A. Prior to that, I
 18 was business manager for LaGrange Highlands
 19 District 106 in LaGrange, Illinois.
 20 Prior to that, I was the business
 21 manager for the Lockport Area Special Education
 22 Cooperative. Prior to that, I was the business
 23 manager for the LaGrange Area Department of Special
 24 Education. And prior to that, I spent ten years in

1 municipal government.
 2 Do you want me to go through that
 3 detail?
 4 Q No.
 5 A Okay.
 6 Q When you say "the business manager for
 7 LaGrange," was that LADSE?
 8 A LADSE, yes.
 9 Q And, in Lockport, did you work
 10 under -- What was the position that you worked
 11 under Dr. Elise Grimes?
 12 A At LaGrange Highlands 106 and I worked
 13 for Elise for eight months; after that, I worked
 14 for Arlene Armanetti and then Bob Dyer.
 15 Q All right. Let's start with an easy
 16 one.
 17 MR. HOFFMAN: Mark this.
 18 (Whereupon, TTO Deposition
 19 Exhibit No. 2 was marked for
 20 identification.)
 21 BY MR. HOFFMAN:
 22 Q When did you become treasurer of the
 23 TTO?
 24 A October of 2013.

1 Q And you currently are treasurer of the
 2 TTO, correct?
 3 A Yes.
 4 Q Have you been a full-time employee for
 5 the entire time?
 6 A No.
 7 Q When did you -- Have you been a
 8 part-time employee for the entire time?
 9 A For a portion of the time.
 10 Q Okay. When did you become a part-time
 11 employee?
 12 A July 1st of 2015.
 13 Q Why did the TTO decide to have a
 14 treasurer that was part-time?
 15 A You're asking for my opinion on that?
 16 Q No. I'm asking for the TTO's opinion
 17 as an entity.
 18 MR. KALTENBACH: I'll object to the
 19 extent I don't think that was covered by the
 20 notice, so I don't think she is the spokesperson on
 21 that.
 22 But she can answer. I have no
 23 objection to her answering the question.
 24

1 BY MR. HOFFMAN:
 2 Q Do you know why the treasurer became
 3 part-time in 2015?
 4 A I can only tell you what I believe was
 5 the expectation of the trustee, school trustee.
 6 That was that I wanted to retire so that I could
 7 take my pension before there were any changes or
 8 pension reform that would adversely affect me.
 9 Given the state of things that
 10 were occurring at the TTO, we were going to be
 11 going through -- well, in addition to the lawsuit,
 12 we were also going to be going through a major
 13 transition of the financial software program, and
 14 we were going to be doing some staff transitioning.
 15 And so it was in everybody's best interest, I
 16 believe, to have continuity with my leadership.
 17 Q The TTO's office currently manages
 18 investment funds of about how much money?
 19 A Let me unpack that for you. There's
 20 about \$370 million that goes through the office
 21 in any given year. Of that, there's probably
 22 130 million that is in long-term investments, which
 23 is anything that's over two years.
 24 Other than that, the rest of it

1 is either in cash, which is immediately
 2 distributed, or in a short-time investment that
 3 would be less than two years.
 4 Q How are you, as a part-time employee,
 5 able to effectively manage all those
 6 responsibilities?
 7 A Okay. Well, the cash flow management,
 8 we have people assigned in our office to manage the
 9 money as it comes in. I make the decisions about
 10 whether the money is going -- where it's going on a
 11 short-term basis or if it's kept in a fluid
 12 account.
 13 We have a central depository,
 14 Amalgamated Bank, that collects most of the funds.
 15 Periodically, we do have some small amounts of
 16 funds that come in through other deposit accounts.
 17 In addition to that, we have a
 18 custodial bank that maintains a list of all of our
 19 investments, every investment, and they report that
 20 out to us on a monthly basis.
 21 In addition to that, with
 22 long-term investments, we have two investment
 23 advisor groups that manage our long-term
 24 investments.

1 Q When you say you're a part-time
 2 employee, what percentage of your time do you spend
 3 as a treasurer?
 4 A Well, I spend 100 percent of my time
 5 as treasurer. But if you're asking about my work
 6 schedule --
 7 Q Yes.
 8 A Okay. Under the Illinois Municipal
 9 Retirement Fund, I'm allowed to work 599 -- up to
 10 599 hours per year, and so that is distributed as
 11 needed and tracked via timesheet.
 12 Q And how many hours per year have you
 13 found yourself working since July of 2015?
 14 A Last year, I worked 597. This year,
 15 I'm also on track for 599.
 16 Q What's your primary state of
 17 residence?
 18 A Illinois; I'm required by School Code
 19 to live within the Township, and I live in
 20 Indian Head Park.
 21 Q Do you have another residence?
 22 A I have a retirement home.
 23 Q Where is that?
 24 A That's in Tennessee.

1 Q Let's take a look, please, at TTO
 2 Exhibit No. 2.
 3 (Whereupon, document
 4 tendered.)
 5 BY MR. HOFFMAN:
 6 Q This came from the documents TTO
 7 provided to us. It was in a file that was entitled
 8 "Month-End Report."
 9 So would you be kind enough to
 10 tell me what this document is and what it tells us?
 11 A I have never seen this document
 12 before. I am not familiar with it.
 13 Q Do you know what it is?
 14 A No.
 15 Q Do you know what month-end reports
 16 are?
 17 A I do.
 18 Q And what are month-end reports?
 19 A Month-end reports would be after you
 20 close out the financial transactions of every
 21 ending month, you would provide a monthly financial
 22 report that captures all the transactions that
 23 occurred in the month and the effect on the budget
 24 and fund balances.

1 Q This appears to suggest that month-end
2 reports are missing for various months during 1993
3 and 2013 by having an "N" instead of a "Y" on the
4 adjacent column to the month name.

5 A Okay.

6 Q Is that consistent with your
7 understanding as to the state of the TTO's records
8 for month-end reports during the 1993 to 2013
9 period?

10 A I couldn't verify that since I've
11 never seen this before and I'm not familiar.

12 Q Well, putting -- Aside from this
13 document itself, does the TTO have missing
14 month-end reports for this time period: "yes,"
15 "no," "I don't know"?

16 A I don't know.

17 Q Okay. What type of information would
18 be on the month-end reports if they were in
19 existence?

20 A The month-end report would typically
21 indicate to me the current state of the fund
22 balance. It would show the transactions of any
23 revenues that were received during the month and
24 the year-to-date.

1 It would also do the same for
2 expenditures, month and year-to-date expenditures.
3 It would show the ending fund balance or the
4 current ending fund balance.

5 Talking about the specific
6 reports, it might have a summary page that shows
7 the amount of taxes that were received. I mean,
8 but that's going to be a packet of information
9 that's provided. That's about it.

10 Q Am I correct that there are a number
11 of areas within the TTO's files that there are
12 missing documents during the 1993 to 2013 period?

13 A I don't have firsthand knowledge of
14 that. My understanding is there may be, but I
15 don't know what they are or why.

16 Q Why haven't you made an effort to
17 determine how complete the records of the TTO are
18 for the 1993 to 2013 time period?

19 A When I was hired, I was told that my
20 job was to work on moving forward in the
21 organization and helping the organization to be
22 prepared for its future work, and so I did not
23 spend the time looking at the historical records.

24 Q Well, the historical records are very

1 important for this lawsuit.

2 So who did spend the time looking
3 at the historical records? Was it your lawyers?

4 A I imagine that they have, but I would
5 think that they were collected through a variety of
6 people in the office. I think some of the
7 documents were probably pulled before I was even
8 hired.

9 Q Let's talk about the lawsuit that the
10 TTO filed against Bob Healy.

11 You're generally familiar there
12 was a lawsuit, right?

13 A I am familiar that there was one.

14 Q And the TTO obtained a judgment
15 against Bob Healy in the amount of about \$900,000,
16 correct?

17 A Yes.

18 Q Okay. And how much in attorney's fees
19 did the TTO spend to get that judgment about,
20 approximately?

21 A I don't recall.

22 Q You have no idea?

23 A A lot of that was done before I
24 started. I would have to go back and take a look.

1 Q How much did the TTO recover on that
2 lawsuit?

3 A Well, what we recovered via --

4 Q From Healy.

5 A Oh, from Healy?

6 Q Yes.

7 A I think it was about \$497, but, again,
8 that occurred before I started.

9 Q Okay. Let's take a look at --

10 MR. HOFFMAN: Let's mark this one.
11 (Whereupon, TTO Deposition
12 Exhibit No. 3 was marked for
13 identification.)

14 BY MR. HOFFMAN:

15 Q All right. I've marked as TTO Exhibit
16 3 an affidavit that you executed in connection with
17 this case in 2015. I'd like you to take a look at
18 that affidavit and refresh yourself as to its
19 contents, please.

20 (Whereupon, document
21 tendered.)

22 (Whereupon, witness perusing
23 document.)

24

1 BY MR. HOFFMAN:
 2 Q I'm not going to ask you any questions
 3 about the exhibits.
 4 A Oh, okay.
 5 Q So how much money did Bob Healy steal
 6 during his tenure at the TFO?
 7 A I'm not certain of the exact amount,
 8 but I -- And I want to make sure I understand.
 9 When you say "steal," there were two incidents of
 10 money taken from the Treasurer's Office. One was
 11 interest income, and one was salary, a cash payout
 12 for vacation and sick leave.
 13 Q Okay. How much money in interest
 14 income did Bob Healy steal?
 15 A I believe about a million dollars, but
 16 I'm not certain. It could have been 1.5. I'm
 17 sorry. I don't recall specifically.
 18 Q Who determined the amount of that
 19 theft?
 20 A That work was done before I got there,
 21 and I believe Kelly Bradshaw, our contract
 22 accountant, was the person who assembled those
 23 numbers.
 24 Q When you say that he stole money from

1 income interest, interest on what and who did it
 2 belong to?
 3 A Again, I'm not very familiar with the
 4 details, but what I understand was that there was
 5 interest income that was being sent -- being
 6 directed by Bob into personal accounts when it was
 7 being received from different investments, and I
 8 don't know who those brokers or companies might
 9 have been.
 10 Q This was money that belonged to the
 11 school districts, correct?
 12 A Yes.
 13 Q And did he make these transfers
 14 through wire transfers?
 15 A I don't know. I would assume that he
 16 directed through wire transfers.
 17 Q You also mentioned salary, theft
 18 involving salary, correct?
 19 A Yes.
 20 Q Was that salary as well as vacation
 21 and sick pay? Was that part of the same thing?
 22 A Not to my knowledge; to my knowledge,
 23 it was vacation and sick leave payout.
 24 Q So when you say "salary," you mean

1 vacation and sick leave payout, correct?
 2 A Yes.
 3 Q Okay. How much money did Healy steal
 4 in vacation and sick leave payouts?
 5 A I'm sorry. I --
 6 Q Approximately.
 7 A I'm not certain about that.
 8 Q You have no idea?
 9 A I don't recall.
 10 Q That's kind of an important point,
 11 isn't it?
 12 A Well --
 13 MR. KALTENBACH: Objection.
 14 Argumentative.
 15 You can answer.
 16 BY MR. HOFFMAN:
 17 Q Maybe it is a little.
 18 A It occurred before I started so, I
 19 mean, the settlement I think was in place before I
 20 even began at the TFO.
 21 Q Isn't it important, though, for you to
 22 understand, as the TFO's representative for this
 23 case, what happened during the period of Healy's
 24 tenure?

1 MR. KALTENBACH: Objection.
 2 Argumentative.
 3 You can answer, Dr. Birkenmaier.
 4 BY THE WITNESS:
 5 A I don't know that that's my
 6 responsibility to know that.
 7 BY MR. HOFFMAN:
 8 Q Whose responsibility is it?
 9 MR. KALTENBACH: Same objection.
 10 BY THE WITNESS:
 11 A I couldn't tell you. I mean, the man
 12 intended to deceive. I don't know that -- I mean,
 13 ultimately, the responsibility would be for, I
 14 would assume, probably the trustees in an oversight
 15 capacity. But Bob worked fairly independently as
 16 the treasurer. I couldn't say with any certainty.
 17 BY MR. HOFFMAN:
 18 Q All right. And that's because your
 19 focus from the trustees as the trustees directed
 20 you was to have a forward-looking focus, correct?
 21 A Absolutely.
 22 Q Okay. So let's talk about the
 23 recovery on the fidelity bonds and the amount, as
 24 is stated in Paragraph 7, if you'll look at that,

1 of your --
 2 A Sure.
 3 Q And that's your signature on the
 4 affidavit?
 5 A Yes.
 6 Q So the TTO recovered \$1,040,000 from
 7 fidelity bonds, correct?
 8 A Yes, correct.
 9 Q And the money that was recovered,
 10 whose money was it that was stolen that the
 11 fidelity bond money was partially replacing?
 12 A Collectively, that money would have
 13 been part of the investment pool for all of the
 14 entities that are served by the TTO.
 15 Q When you say "the investment pool,"
 16 that's the money of all of the districts within the
 17 TTO, correct?
 18 A The districts and some agencies, yes.
 19 Q Okay. Including District 204?
 20 A Yes.
 21 Q And they have a roughly 25 percent
 22 share of that investment pool, correct?
 23 A It depends on the day, yes.
 24 Q Okay.

1 A But that's generally in the area.
 2 Q Okay. So it says in this affidavit
 3 from June of 2015 that the money you recovered on
 4 the fidelity bonds has been set aside.
 5 Do you see that?
 6 A I'm sorry. You're --
 7 Q Paragraph 8.
 8 A Paragraph 8, okay.
 9 Q Do you see the money has been set
 10 aside as of June of 2015?
 11 A Yes.
 12 Q Okay. Where is that money now?
 13 A Okay. Part of the money -- Well, all
 14 the money has been used to offset the costs of the
 15 TTO and thereby reducing the bills to all of the
 16 districts and agencies that pay the fees for the
 17 TTO services.
 18 Q What allowed the TTO to use the
 19 recoveries on the bonds to offset the TTO's costs?
 20 MR. KALTENBACH: Objection. It calls
 21 for a legal conclusion from the witness.
 22 But you can answer, if you have
 23 personal knowledge, Dr. Birkenmaier.
 24 MR. HOFFMAN: No. She can answer

1 based on the knowledge of the TTO.
 2 BY MR. HOFFMAN:
 3 Q Go ahead. What allowed the TTO to do
 4 what it did?
 5 MR. KALTENBACH: Same objection.
 6 BY MR. HOFFMAN:
 7 Q You're here to testify as a
 8 representative of the TTO. So why don't you tell
 9 me?
 10 MR. KALTENBACH: Hold on a minute,
 11 Jay. Don't argue with the witness. I stated my
 12 objection. You can answer your question and get
 13 answers, but -- ask your questions and get answers.
 14 Don't argue with the witness or imply that my
 15 objection isn't valid or is valid.
 16 MR. HOFFMAN: Your objection is not
 17 valid because --
 18 MR. KALTENBACH: I don't care if you
 19 think it's valid or not.
 20 MR. HOFFMAN: -- she's here as a
 21 representative on that issue, and you saying she
 22 can answer -- instructing the witness to answer
 23 based on her personal knowledge is defeating the
 24 purpose of the notice.

1 So you're coaching the witness in
 2 an inappropriate way, and I wish you would not do
 3 that.
 4 MR. KALTENBACH: I'm not coaching the
 5 witness. Please identify where on the topic list
 6 it said she should be prepared to testify as to the
 7 legal basis for the TTO's right to do something.
 8 MR. HOFFMAN: I'm not required to list
 9 every question that I intend to ask on the subject
 10 matter, just the subject matter itself, which is,
 11 in fact, listed.
 12 BY MR. HOFFMAN:
 13 Q Dr. Birkenmaier, what, in your view as
 14 a representative of the TTO, allowed the TTO to
 15 take the \$1,040,000 it recovered on the fidelity
 16 bonds and use it to pay the TTO's costs?
 17 MR. KALTENBACH: Same objection.
 18 BY THE WITNESS:
 19 A In my opinion, the proceeds that we
 20 received were used to offset the costs to the
 21 school districts and agencies. So a portion of the
 22 proceeds went towards the payment of litigation
 23 fees, which were never billed to the districts and,
 24 in addition, anything above that was used in -- to

1 offset the cost of the pro rata bills. And on each
2 pro rata bill that was sent out, it showed the
3 amount of revenue that was applied to reduce the
4 total cost of the pro rata billing to the districts
5 and agencies.

6 BY MR. HOFFMAN:

7 Q How much of the \$1,040,000 was used to
8 pay legal costs about?

9 A I'm sorry. I don't recall that at
10 this point. I would have to look that up. I mean,
11 I could tell you if I looked back to see what was
12 applied towards pro rata reduction.

13 Q Well, when you say "legal costs," do
14 you mean the fees of the lawyers who are
15 representing you in this case?

16 A Yes.

17 Q Okay. And there have been statements
18 made by you and Mr. Theissen in the press about the
19 expenses at certain points, and one of them stated
20 that you'd spent in excess of \$900,000 on legal
21 fees in this case.

22 Does that help you to remember
23 the amount of money?

24 A I'm sorry. I believe you were talking

1 Q Correct. We're not talking about the
2 monies --

3 A Okay. So to date --

4 Q -- spent on Bob Healy's case.

5 A -- currently the District 204 case is
6 over a million dollars.

7 Q Okay. And when you say the -- How
8 much over a million dollars is it?

9 A I don't know that right now.

10 Q And when you say that some or all of
11 the \$1,040,000 from the bond recoveries have been
12 spent on litigation costs, do you mean the costs of
13 the Bob Healy case, or do you mean the costs of the
14 District 204 case, or do you mean both?

15 A I mean the treasury bond proceeds were
16 applied to the losses incurred through Bob Healy's
17 actions. Nothing has been applied to the legal
18 fees for this case with District 204. Those costs
19 have been billed out to the districts.

20 Q Including District 204?

21 A Including District 204.

22 Q What is the justification of the TTO
23 for asking District 204 to pay a portion of the
24 legal fees that you've incurred in order to sue

1 about Bob Healy's case.

2 Q No. I don't mean Bob Healy's -- I
3 asked you -- There was a \$900,000, approximately,
4 award for the TTO against Bob Healy; yes? But I'm
5 talking about a different \$900,000 figure; and that
6 is, what we have seen in the press is an estimate
7 of the -- how much in legal fees has the TTO spent
8 in this case?

9 A I'm sorry. I need clarification.

10 Are we talking about the case
11 against Bob Healy?

12 Q Okay. When I say "this case" -- Let
13 me be clear.

14 When I say "this case," I mean
15 the case that involves 204. Bob Healy is not a
16 party to this. So the case that we're here on
17 today --

18 A Okay.

19 Q The 204 case --

20 A Uh-huh.

21 Q -- how much money has the TTO spent on
22 that?

23 A So moving away from Bob Healy's case
24 altogether --

1 District 204?

2 A School Code indicates that we bill to
3 each district based on a School Code-designated
4 formula any expenses incurred by the TTO.

5 Q So in your testimony, the \$1,040,000
6 recovery in the bonds is all gone, correct?

7 A Yes. That was applied to the losses
8 incurred through Bob Healy's actions, and it's
9 totally unrelated to this case.

10 Q So how much in -- So when you say "the
11 losses incurred through Bob Healy's actions," are
12 you talking about the legal fees that were spent to
13 chase Bob Healy for money?

14 A Yes.

15 Q And how much was that --

16 A Oh, that --

17 Q -- approximately?

18 A I'm sorry. That I'm not certain of.
19 Again, that occurred before I was hired.

20 Q So what legal fees --

21 A I'm assuming so.

22 Q So what legal fees are you talking
23 about --

24 A Only --

1 Q -- in terms of the 1,040,000 being
 2 spent?
 3 A **Only in the recovery of losses because**
 4 **of Bob Healy's actions.**
 5 Q Okay. And recovery from whom and in
 6 what context?
 7 A **Recovery through the treasurer's**
 8 **bonds, the surety bonds.**
 9 Q So the money that you spent on legal
 10 fees from the bond recoveries were legal fees to
 11 get the bond recoveries?
 12 A **Yes, some.**
 13 Q Okay. And what were the other legal
 14 fees that you spent the bond recoveries on?
 15 A **Filing claim against Bob Healy to**
 16 **recover fees and to get the -- get whatever**
 17 **recovery we could of the claim that we were**
 18 **authorized to recover fees.**
 19 Q Any other legal fees?
 20 A **Not to my knowledge; they were very**
 21 **specific to Bob Healy's actions.**
 22 Q So the two sets of legal fees that
 23 came out of the bond recoveries were for the
 24 lawsuit against Healy and for the bond recovery --

1 A **Yes.**
 2 Q Did you recover from anyone else?
 3 A **Not at this time, no.**
 4 Q Okay. The 1,040,000, how much of it
 5 went to fees and how much of it went to offsets to
 6 the districts, approximately?
 7 A **I'm sorry. I don't know that.**
 8 Q You have no idea?
 9 A **I would have to look that up. I don't**
 10 **recall --**
 11 Q You couldn't even --
 12 A -- **that.**
 13 Q -- ballpark it?
 14 A **I couldn't. I'm sorry.**
 15 Q Okay. That's fine.
 16 Now, in 2013, the TTO found money
 17 that was undistributed in interest income on its
 18 pooled investments, correct?
 19 A **I'm not sure what you mean we "found**
 20 **money."**
 21 Q Okay. In 2013, the TTO became aware
 22 that there were funds that were interest income
 23 that had not been distributed to the districts,
 24 correct?

1 A **Yes, and any --**
 2 Q -- legal work?
 3 A **Any additional revenues that were**
 4 **received were used to offset the annual TTO**
 5 **operating costs to reduce the bills to the**
 6 **district.**
 7 Q So how did you split the 1,040,000
 8 between the legal fees and the offsets that you're
 9 talking about, approximately?
 10 A **The million-forty was applied to the**
 11 **legal fees, plus the recovery of lost income,**
 12 **whether that would have been -- I mean, we didn't**
 13 **break it down to any great detail about where it**
 14 **was applied, but --**
 15 Q Well, that's what I'm asking you now.
 16 In other words, give me your best recollection --
 17 and I don't want specific numbers because I know
 18 you can't have them, but you've got a -- you
 19 recovered 1,040,000 --
 20 A **Yes.**
 21 Q -- on the bonds?
 22 A **Yes.**
 23 Q And you recovered about \$400 from
 24 Healy?

1 A **I think it's difficult to just**
 2 **categorize it in that way because at the time that**
 3 **there was undistributed funds that were identified,**
 4 **we were uncertain as to why the funds were**
 5 **undistributed, and that required auditor assistance**
 6 **and accounting assistance to make a determination**
 7 **of the undistributed funds.**
 8 Q Okay. How much --
 9 A **I don't think you can just assume that**
 10 **that was an interest income specifically. There**
 11 **was money in the investment pool that was**
 12 **undistributed, but the purpose of that money or how**
 13 **it needed to be applied was unclear at that time.**
 14 Q Okay. And when -- Did it become clear
 15 at any future time?
 16 A **We believe that in this last audit**
 17 **that we were able to make a determination of the**
 18 **funds and, with greater clarity, have an**
 19 **understanding now of how those funds needed to be**
 20 **applied.**
 21 Q Okay. What did you learn, when did
 22 you learn it? Start there.
 23 A **Probably somewhere in the timeframe of**
 24 **about December of 2016, and, I'm sorry, because I**

1 am not an accountant, I don't understand the
 2 technical portions of it and I would have to refer
 3 back to the income -- or back to the audit, but I
 4 know that also with market variation that that
 5 number can move.
 6 Q Well, what did you -- So what did you
 7 learn?
 8 A We had a greater clarity that the
 9 income that was there was not necessarily interest
 10 income, and the question became what -- how was
 11 that money intended to be used or what is the
 12 purpose of that money or why do we have that kind
 13 of an accumulation and, oftentimes, it's because of
 14 movement in the market and the value of investments
 15 and, again --
 16 Q Well, how much money are we talking
 17 about?
 18 A Again, that would vary from day to
 19 day, but I believe at the time, I think that number
 20 varied, and I think it could have been anywhere
 21 from a million seven up. And I'm sorry --
 22 Q To what?
 23 A I'm not certain and that's --
 24 Technically, I don't feel prepared to answer that

1 question --
 2 Q Well --
 3 A -- because I don't understand --
 4 Q You're the treasurer --
 5 A -- the accounting of it.
 6 Q Wait a second.
 7 You're the treasurer of the TTO
 8 and the one who's the point person for these
 9 issues, and you're telling me that there's some
 10 amount of money but you don't know how much it is
 11 and you don't really know what it is, and I -- I'm
 12 having difficulty understanding what your testimony
 13 is and why you don't know.
 14 A Right.
 15 MR. KALTENBACH: Hold on. Objection.
 16 I don't believe that's a question. I think it's a
 17 statement. So I'm going to object on the basis
 18 it's not a question.
 19 And, Dr. Birkenmaier, you don't
 20 need to respond to his statements.
 21 I also object on the basis that
 22 it's argumentative.
 23 BY MR. HOFFMAN:
 24 Q Here's my question: There's some

1 issue with a large pool of money.
 2 What is the amount of -- I
 3 understand that money varies over time. I have
 4 accounts myself. But what amount of money are we
 5 talking about in terms of trying to figure out its
 6 purpose and what to do with it, the historical
 7 basis and what we do with it now? How much money
 8 is it, roughly?
 9 A I would have to look in the audit to
 10 give you that number specifically.
 11 Q I didn't ask for a specific number.
 12 A Even a ballpark, I would have to --
 13 Q I was very clear in my question that
 14 I'm asking for an approximate number.
 15 A I would have to look at the audit to
 16 tell you that number.
 17 Q Is it \$30 million?
 18 A No.
 19 Q Is it \$10 million?
 20 A No.
 21 Q Is it \$5 million?
 22 A No.
 23 Q Is it more like one to \$2 million?
 24 A I don't know the answer.

1 Q And where is this money physically?
 2 A Any revenues that we have held are
 3 either in our brokerage accounts, our depository
 4 account, or in investments.
 5 Q And what led the TTO to try to figure
 6 out what the historical origin of this money was?
 7 In other words, how did it come about that there
 8 was a question about what is this money and where
 9 did it come from?
 10 A Through the audit process.
 11 Q Okay. And what did you determine as
 12 to where this money came from and what it is?
 13 A The determination was made by our
 14 auditors, and I would have to look that information
 15 up. I am not that familiar with accounting
 16 explanations to be able to explain to you why that
 17 money was there.
 18 Q So what's going to, then, happen to
 19 this pool of money? What is the TTO going to do
 20 with it?
 21 A First of all, the reason that's a
 22 difficult question to answer is, I don't know if
 23 that has to be applied towards something. I don't
 24 know if that will be distributed. Ultimately, at

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1 the Treasurer's Office, we don't have a fund
 2 balance. We have a zero-based balance.
 3 And so the TTO is not keeping
 4 that money. If that money needs to be distributed,
 5 it will be distributed. If there needs to be
 6 accounting entries to account for that money, those
 7 accounting entries will be taken care of.
 8 Q Well, who's going to make that
 9 decision and when is that going to be made?
 10 A We would need the direction of our
 11 independent auditors to assist with that.
 12 Q And when is that decision going to be
 13 made?
 14 A I think that the decision to be made
 15 is -- you know, we just became familiar with this,
 16 and I think the question -- and, of course, keep in
 17 mind that this is a moving target. If we
 18 distribute and the market declines, then we may be
 19 in a position of attempting to recover funds.
 20 So there's always some money that
 21 is kept in a fluid situation so that we can meet
 22 whatever market conditions or cash flow needs or
 23 whatever we may have. So it's not a clean answer.
 24 I can't tell you that, and the answer could change

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1 from day to day.
 2 Q So you have no idea what the TPO is
 3 going to do with this pool of money right now
 4 sitting here today?
 5 A Ultimately, any funds that we have
 6 that -- will be distributed. It's a question of --
 7 Q When?
 8 A I don't know when.
 9 Q Well, I understand --
 10 A I don't --
 11 Q -- the concept of reserving money to
 12 change in market conditions.
 13 A Sure.
 14 Q But assuming that you did that, when
 15 is this money going to get distributed?
 16 MR. KALTENBACH: I'm going to object
 17 to --
 18 BY THE WITNESS:
 19 A I can't tell you.
 20 MR. KALTENBACH: Hold on.
 21 I'm going to object.
 22 MR. HOFFMAN: There's no pending
 23 question.
 24 MR. KALTENBACH: I'm just stating my

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1 objection which she gave -- she answered as I began
 2 speaking.
 3 I'm objecting that it is beyond
 4 the scope of this deposition.
 5 MR. HOFFMAN: Okay.
 6 BY MR. HOFFMAN:
 7 Q Please take a look at Theissen Exhibit
 8 No. 8.
 9 (Whereupon, Theissen Exhibit
 10 No. 8, previously marked,
 11 was tendered to the witness.)
 12 BY THE WITNESS:
 13 A Okay.
 14 BY MR. HOFFMAN:
 15 Q Now, this is a document that we marked
 16 in Mr. Theissen's deposition. It's a
 17 September 15th, 2013 memo, so it's just before you
 18 arrived.
 19 A Okay.
 20 Q And it says in the third paragraph,
 21 "... in reviewing prior year financial
 22 statements, there appears to be some undistributed
 23 funds. We have been actively communicating with
 24 our new auditors regarding the possibility of

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1 distributing these funds to the School Districts.
 2 We want a better understanding and their signoff on
 3 the issue before distributing these funds."
 4 Do you see that?
 5 A I do.
 6 Q Are those the same types of funds that
 7 we're talking about in terms of the auditors making
 8 some kind of study of this as recently as
 9 December 2016?
 10 A Not being able to speak for the
 11 treasurer or the president of the trustees at the
 12 time, it would appear so.
 13 Q Well, here. I'll let you speak for
 14 yourself.
 15 A Okay.
 16 (Whereupon, Theissen Exhibit
 17 No. 9, previously marked,
 18 was tendered to the witness.)
 19 BY MR. HOFFMAN:
 20 Q We've got Theissen Exhibit No. 9.
 21 This is a letter you wrote --
 22 A Okay.
 23 Q -- November 7th of 2013.
 24 A Okay.

1 Q And it says in the third paragraph.
2 Once again, "As the Treasurer's Office" – No. I'm
3 sorry.

4 In the second paragraph, it
5 talks about the audit process, and it says,
6 "... Miller Cooper determined that there is
7 undistributed investment income held over from
8 prior years."

9 Do you see that?

10 A I do.

11 Q So earlier, you said you didn't think
12 it was investment income.

13 Isn't that exactly what it says
14 here in your letter?

15 A Yes.

16 Q And so you've now, since writing this
17 letter, determined that it may not be investment
18 income?

19 A That's correct.

20 Q Okay. So --

21 MR. KALTENBACH: I'm going to
22 object --

23 BY MR. HOFFMAN:

24 Q -- what is your -- So what is your

1 therefore distributing \$500,000 in interest income
2 from previous years."

3 Do you see that?

4 A I do.

5 Q Is that what the TTO did?

6 A Yes, it is.

7 Q Okay. And it's \$500,000 of what
8 amount at that time that you believed was in
9 undistributed interest income?

10 A I believe at that time -- and, again,
11 I would have to verify this by looking it up --
12 that it might have been 1.3 million at that point,
13 1.2.

14 Q So why did the -- I understand about
15 the reserve for market changes.

16 But why did the TTO, in November
17 of 2013, decide to distribute only 500,000 out of
18 approximately 1.3 million?

19 A We distributed some of it. It was --
20 We didn't know exactly what it was, and so we
21 distributed what we felt that we could comfortably
22 distribute.

23 Q And what happened with the rest of the
24 money?

1 understanding of what it is?

2 MR. KALTENBACH: I'm going to object
3 to this line of questioning, unless you want me to
4 do it question by question, as being outside the
5 scope of the notice, but I'm not going to instruct
6 the witness not to answer.

7 MR. HOFFMAN: Fine.

8 BY THE WITNESS:

9 A I can't tell you. Since this was
10 written, there has been more work and more
11 involvement from the auditors to take a look at
12 this pool of undistributed funds and, I'm sorry,
13 technically, I don't understand or know. I will
14 take my direction from the auditors on that. I
15 know that we have exercised caution to make sure
16 that we don't distribute money prematurely that
17 shouldn't be distributed.

18 MR. HOFFMAN: Barry, the notice has to
19 do with claims of overpaid interest income to
20 District 204, and this is part and parcel of that.
21 This involves interest income, payments that
22 apparently were not made.

23 BY MR. HOFFMAN:

24 Q It says in your letter, "We are

1 A It's still sitting.

2 Q Okay. And why didn't you tell the
3 districts in your November 7, 2013 letter what the
4 total amount was, and why did you only tell them
5 what the amount was that you were distributing?

6 A At any given time, that number could
7 have changed.

8 Q Is that why you didn't tell them that,
9 because the number might have varied slightly based
10 on interest levels?

11 A Certainly, and another reason was
12 because we were uncertain what it was.

13 Q Well, where in this letter did you
14 express an uncertainty as to what the amount was?

15 A I think the only place I probably
16 would have said that is in Paragraph -- let's
17 see -- Paragraph 2 where it said, "Prior years
18 audits did not distinguish or identify the
19 undistributed interest income."

20 Q So you're aware that in the annual
21 audits of the TTO prior to 2007, there were line
22 items for the amounts of interest income
23 distributed to the districts and the amounts that
24 were not distributed?

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1 A I'm sorry. Can you repeat that?

2 Q Actually, you know what? I'll show

3 you those audits later.

4 A Okay.

5 Q And it will be easier to --

6 A Okay.

7 Q -- talk about in the context of the

8 actual audits.

9 So I'm clear, this amount of

10 money that we're talking about in your November

11 2013 letter, this is the same account or the same

12 pool of money that is still being discussed and

13 debated at the TTO and at its auditors as to what

14 to do with it, correct?

15 A Yes.

16 Q Okay. And why has that taken over

17 three years to do?

18 A I think it's just taken time to go

19 that far back into the records and try to establish

20 the links. The recordkeeping and auditing has

21 evolved over the years, and so it's just taken time

22 to get that done.

23 Q But how come after three years, you're

24 unable to tell me what the amount is, what it's

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1 Are you talking about revenues? Are you talking

2 about expenditures? Are you talking about

3 month-ends?

4 Q What do you think "reconciliation

5 work" means?

6 A It's -- It can be all of the above.

7 So reconciliation would be an accounting of -- and

8 verification to ensure that all financial

9 transactions are recorded correctly and that

10 there's supporting documentation for those

11 transactions, and then reconciliation would be

12 investigating any differences.

13 Q In the context of 204, does that

14 involve making sure that the TTO's records and

15 District 204's records match up?

16 A Yes.

17 Q Okay. And whose responsibility is it

18 to do the reconciliation work?

19 A The TTO has assumed that

20 responsibility. According to School Code, each

21 quarter, school districts and the Treasurer's

22 Office are expected to reconcile and make certain

23 that if there's any differences in the records that

24 those are worked through.

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1 from, and what the TTO intends to do with it?

2 MR. KALTENBACH: Argumentative.

3 BY MR. HOFFMAN:

4 Q That's my question.

5 MR. KALTENBACH: Objection.

6 Argumentative.

7 BY MR. HOFFMAN:

8 Q You can answer.

9 A I think that I've tried to explain

10 that to you, that that number can vary. And

11 without any certainty of what the purpose of the

12 funds were, we're not comfortable distributing that

13 income.

14 Q All right. We've been going about

15 45 minutes.

16 Do you want to keep rolling --

17 A Sure.

18 Q -- or do you want to take a break?

19 You're okay?

20 A Yes.

21 Q All right. Tell me about the

22 reconciliation work that the TTO does for the

23 districts.

24 A Can you be more specific about that?

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1 Q Is this process also known as

2 balancing?

3 A Yes, it can be.

4 Q During your tenure, have the outside

5 auditors of the TTO ever been involved in

6 reconciliation or balancing work?

7 A Let me ask for clarification on that

8 question.

9 If there is a difference that is

10 noted by the auditors, they will advise us that

11 they need the supporting documentation, and we will

12 go back and provide that to them.

13 So on a monthly basis, the TTO

14 would do the reconciliation work. When we turn

15 that over to the auditors, if they find something

16 that needs to be followed up on or some sort of

17 discrepancy or something that needs to be

18 explained, then they would work with us on that and

19 collect that information.

20 Q Is it the responsibility of the TTO to

21 pay the auditors for the work the auditors do on

22 reconciliation and balancing?

23 MR. KALTENBACH: I'll object to the

24 extent it might call for a legal conclusion.

1 You can answer.
 2 BY THE WITNESS:
 3 A If it's in conjunction with the annual
 4 audit, yes; it would be part of the process, and
 5 that is based on whatever their annual audit work
 6 fee is.
 7 BY MR. HOFFMAN:
 8 Q Okay. So that's the -- Okay. Fair
 9 enough.
 10 And then prior to 2013 and your
 11 arrival, is it correct that the TTO's -- Strike
 12 that.
 13 Are you aware from looking at
 14 historical records prior to your arrival that
 15 Baker Tilly performed reconciliation and balancing
 16 work for the TTO during the time period that's
 17 relevant to this lawsuit?
 18 A Not specifically, no.
 19 Q Okay. Your claim -- The TTO's claim
 20 against District 204 in this case with respect to
 21 Baker Tilly's fees are for the costs of the annual
 22 audits, correct?
 23 A So far as I know, yes.
 24 Q Okay. And so that doesn't include any

1 work that Baker Tilly did on reconciliation or
 2 balancing, does it?
 3 A You're talking about the period before
 4 I started my employment?
 5 Q Yes.
 6 A I am not that familiar with the
 7 details of the work that they did.
 8 Q Well, this is the deposition of the
 9 TTO, and the TTO has a claim for approximately a
 10 half a million dollars against District 204 for the
 11 Baker Tilly fees --
 12 A Oh, okay.
 13 Q -- that were incurred from 1993 to
 14 2012, I believe.
 15 Are you aware of that?
 16 A I am.
 17 Q Okay. And so that's why I'm asking
 18 you questions about it even though it's before your
 19 time.
 20 A I'm sorry. I did not make that
 21 connection.
 22 Q Okay. So the claim in this case of
 23 about a half a million dollars that the TTO has
 24 against District 204 relating to Baker Tilly

1 invoices and the invoices of Baker Tilly's
 2 predecessor firms, that's for annual audit work,
 3 correct?
 4 A Yes.
 5 Q Okay. So that claim does not include
 6 work that Baker Tilly did for reconciliation and
 7 balancing work, correct, because that was the TTO's
 8 responsibility, right?
 9 A So far as I would expect, yes.
 10 Q Okay.
 11 A Could they have --
 12 Q Let me --
 13 A I want to make sure that I'm clear on
 14 this, though. It's possible that they may have
 15 assisted with reconciliation in some form that I'm
 16 not familiar with. I mean, typically, an auditor
 17 will sit down and ask you to explain why there's
 18 differences in amounts or changes year over year,
 19 so I want to make sure that we're talking about the
 20 same thing.
 21 Q Well, let me ask you this: Do you
 22 have any knowledge as to what reconciliation or
 23 balancing work Baker Tilly performed for the TTO?
 24 Because that all comes before your time.

1 A I can't speak specifically to the
 2 TTO's audit work. I'm sorry. I can't.
 3 Q During that time period?
 4 A Correct.
 5 Q Okay. Fair enough.
 6 So you don't know from going back
 7 and doing any sort of investigation exactly what
 8 types of accounting work Baker Tilly did during
 9 that time period, correct?
 10 A Not in any great detail.
 11 Q All right. Let's take a look at this
 12 exhibit which we'll mark, please.
 13 (Whereupon, TTO Deposition
 14 Exhibit No. 4 was marked for
 15 identification.)
 16 (Whereupon, document
 17 tendered.)
 18 BY MR. HOFFMAN:
 19 Q Doctor, would you look at TTO
 20 Deposition Exhibit No. 4 and confirm this is a
 21 letter that you sent to Dr. Kilrea on or about
 22 November 21st, 2014, please?
 23 (Whereupon, witness perusing
 24 document.)

1 BY THE WITNESS:
 2 A That's my signature.
 3 BY MR. HOFFMAN:
 4 Q And this is a letter that you sent to
 5 Dr. Kilrea on or about November 21st of 2014?
 6 A Um-hmm.
 7 Q "Yes"?
 8 A Yes.
 9 Q Okay. Just as a -- I know you haven't
 10 been deposed before, so the "um-hmms" and "un-uns"
 11 are very --
 12 A It needs to be words.
 13 Q -- difficult for Kelly Ann here to
 14 write down. So "yes" or "no" is much more
 15 preferable.
 16 A Absolutely.
 17 Q All right. And you see in
 18 Paragraph 2, it says, "Reconciliation work is
 19 performed for all districts as required in School
 20 Code."
 21 A Um-hmm.
 22 Q Right?
 23 A Yes.
 24 Q And that's a correct statement of --

1 A I don't have an understanding of why
 2 they did that.
 3 Q Do you think that that's important?
 4 MR. KALTENBACH: Objection.
 5 Argumentative.
 6 BY MR. HOFFMAN:
 7 Q You can answer.
 8 A The only thing that I can tell you
 9 from personal experience, when I was at LaGrange
 10 106, I always had a copy of the -- the audit costs.
 11 Q But isn't it a fact that the TTO,
 12 during the time period relevant to this lawsuit,
 13 was knowingly and deliberately paying the audit
 14 costs for District 204?
 15 A That is my understanding.
 16 Q What is your understanding based on?
 17 A I have printed out the reports from
 18 our financial computer system that show how
 19 payments were posted for all of the school
 20 districts.
 21 Q What do you understand as to why the
 22 TTO was paying for these costs?
 23 A I don't have any understanding of why
 24 they would be paying for the cost of 204's audit

1 A That is a correct statement.
 2 Q -- how it works?
 3 A Um-hmm.
 4 Q Okay. "Yes"?
 5 A Yes.
 6 Q Okay. We are going to talk a little
 7 bit about the -- You understand that Baker Tilly
 8 used to be known as Virchow Krause and used to be
 9 known before that as William F. Gurrie, correct?
 10 A Yes.
 11 Q Okay. So when I call the firm "Baker
 12 Tilly," you'll understand that I mean the three
 13 iterations of the firm; yes?
 14 A Okay.
 15 Q Okay. Now, you're aware that during
 16 the time period relevant to this lawsuit, that
 17 Baker Tilly sent to the TTO the invoices for the
 18 annual audit for District 204, correct?
 19 A Yes.
 20 Q They were physically sent to the TTO,
 21 right?
 22 A Yes.
 23 Q And what is your understanding as to
 24 why Baker Tilly did that?

1 because every other districts' audit fees were
 2 charged to their district accounts.
 3 Q Did you think it was important for you
 4 to figure out why District 204, in your testimony,
 5 was being treated differently during this time
 6 period than the others?
 7 MR. KALTENBACH: Objection.
 8 Argumentative.
 9 BY MR. HOFFMAN:
 10 Q Than the other districts.
 11 A I would have no idea why.
 12 Q Did you talk to anybody at the TTO
 13 about this issue?
 14 A Not in any detail other than an
 15 awareness that the payments were being made out of
 16 TTO funds.
 17 Q Who did you talk to at the TTO about
 18 this issue?
 19 A My assistant, Lauralee Conway.
 20 Q Okay. And what did she tell you about
 21 why the TTO was paying for District 204's annual
 22 audits?
 23 A I don't believe she knows why they
 24 were paying for it either.

1 Q Did she tell you -- And you talked to
 2 her back when about this? When did this
 3 conversation take place, approximately?
 4 A We've had conversations over the
 5 years, probably when I got there and read the
 6 lawsuit that was -- the claim that was being filed
 7 against District 204, just as recently as a couple
 8 of months ago when she and I were working on
 9 looking through records to show that each district
 10 had paid their own invoice with the exception of
 11 204.
 12 Q Okay. And how many months ago did you
 13 go back to look at the payments to --
 14 A November.
 15 Q November of 2016?
 16 A Yes.
 17 Q Okay. And you and Lauralee
 18 Connelly --
 19 A Conway.
 20 Q Excuse me. I'm sorry.
 21 A Sure.
 22 Q Let me start over.
 23 In November of 2016, you and
 24 Lauralee looked at the records of payments made for

1 A District 108, Willow Springs.
 2 Q Okay. And how much of the
 3 documentation in terms of your search that you did
 4 in November of 2016 -- how much of the
 5 documentation was available versus missing?
 6 A The documentation that showed the
 7 postings to each of the individual district's sets
 8 of accounts was available in our computer system,
 9 and I personally pulled that information out.
 10 If you're asking about the
 11 invoices, I'm not sure. We went down to
 12 District 108. We received copies of the invoices
 13 that they had. We received copies of any contracts
 14 that they had for providing audit services
 15 specifically with the auditors.
 16 Q Okay. And did Lauralee tell you why
 17 the TTO paid for District 204's audits?
 18 A No.
 19 Q Did you ask her?
 20 A I don't specifically remember asking
 21 her, but I can tell you that I do recall that she
 22 did not know why.
 23 Q Did you ask anybody else at the TTO as
 24 to why the TTO was paying for District 204's

1 Baker Tilly audits for the other districts' audits,
 2 correct?
 3 A Yes.
 4 Q Okay. And what did you find out?
 5 A We found that the charges for annual
 6 audit fees for all of the other districts were
 7 charged against the district, the specific district
 8 funds, the respective district funds.
 9 Q Okay. And why did you conduct that
 10 investigation in November of 2016?
 11 A I believe that we were asked to find
 12 supporting documentation about the origin of
 13 payment.
 14 Q Okay. And who asked you?
 15 A I think that that was part of the
 16 discovery items that were done. In addition to
 17 that, one of the superintendents from one of the
 18 districts advised that he had copies of the
 19 invoices that he received and paid out of his
 20 district funds --
 21 Q Okay.
 22 A -- that were available to us, if we
 23 wanted them.
 24 Q Which district was that?

1 audits?
 2 A No, not that I can recall.
 3 Q Did you ever contact Judge Russell
 4 Hartigan, who was a trustee of the TTO during the
 5 time period we're talking about?
 6 A No.
 7 Q Why not?
 8 A I don't know him.
 9 Q Why didn't you think it was -- And
 10 there's another living trustee, Donna Milich.
 11 Have you ever contacted her about
 12 anything?
 13 A No.
 14 Q Why didn't you contact the two living
 15 trustees to get their recollections on this or any
 16 other issue in this case?
 17 MR. KALTENBACH: Objection.
 18 Argumentative, assumes facts.
 19 You can answer.
 20 BY THE WITNESS:
 21 A I didn't feel that was my place.
 22 BY MR. HOFFMAN:
 23 Q Okay.
 24 A I don't know these individuals.

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1 Q Whose place do you think it was?
 2 MR. KALTENBACH: Objection.
 3 Argumentative.
 4 BY MR. HOFFMAN:
 5 Q Whose place do you think it was?
 6 A At that point, I believe that it would
 7 be something that would come up during the lawsuit.
 8 Q Okay. So it was your lawyer's
 9 responsibility, as far as you saw it?
 10 A I don't know that it was their
 11 responsibility, but I assumed that we would be
 12 required to provide some documentation about it.
 13 Q Well, I'm not talking just about
 14 documentation. I'm talking about why certain
 15 things happened 20 years ago, and it doesn't seem
 16 like you made any effort, as the treasurer, to go
 17 back and talk to either the prior treasurer or the
 18 trustees.
 19 So my question is why not?
 20 A My job is make sure that I take care
 21 of the current operations of the Township --
 22 Q Have you ever --
 23 A -- Treasurer's Office?
 24 Q -- spoken with Bob Healy about what he

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1 did during his tenure in any respect?
 2 A Only when I was a business manager.
 3 Q Okay.
 4 A Not since he's left the TTO.
 5 Q And in your conversations with
 6 Bob Healy when you were business manager, did any
 7 of those conversations have to do with payment for
 8 District 204's audits?
 9 A No.
 10 Q Were you aware when you were a
 11 business manager at another district that the TTO
 12 was paying for District 204's audits?
 13 A No.
 14 Q Did Bob Healy tend to provide a lot of
 15 information or disclosures to the districts during
 16 the time he was treasurer?
 17 A No.
 18 Q What was your experience with
 19 Bob Healy's supplying of information or
 20 documentation from your perspective as a business
 21 manager?
 22 A Are you asking across the board?
 23 Q Across the board.
 24 A The information that we received out

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1 of Bob's office was, we received our financial
 2 reports, any -- we would receive a pro rata bill
 3 from him annually that didn't necessarily have any
 4 supporting documentation. We would receive our
 5 interest income via journal entry.
 6 Q Did the interest income journal entry
 7 provide enough documentation for you to be able to
 8 determine whether the amount of money that was paid
 9 to your district in interest income was, in fact,
 10 the amount that you should have received?
 11 A No.
 12 Q Why not?
 13 A I don't know.
 14 Q I mean, what was missing? Why
 15 couldn't you tell if the interest income number was
 16 right when you got it from Healy?
 17 A Well, we didn't have access to the
 18 financial records or the amount of interest that
 19 was earned, market conditions. There was -- There
 20 was no documentation. That was his work to do.
 21 Q Did you ever express to Bob Healy at
 22 any time your concern about lack of information or
 23 documentation about your district's investments?
 24 A Not that I recall specifically.

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1 Q Are you aware that 204 repeatedly
 2 tried to get more information on investments from
 3 Bob Healy?
 4 A I am now; but at the time that I was a
 5 business manager in another district, I was not.
 6 Q Did you ever have any discussions with
 7 Dr. Dennis Kelly when you were at LADSE about the
 8 issue of investment income and the information that
 9 the districts were getting from Healy on investment
 10 income?
 11 A None that I recall.
 12 MR. KALTENBACH: It's been a little
 13 over an hour. Do you want to take a --
 14 MR. HOFFMAN: Let's do it.
 15 MR. KALTENBACH: -- quick break?
 16 (Whereupon, a brief recess
 17 was had from 11:19 a.m. to
 18 11:27 a.m.)
 19 MR. HOFFMAN: Let's go back on the
 20 record.
 21 BY MR. HOFFMAN:
 22 Q One of the things that we should cover
 23 before we get too far in the deposition is that, as
 24 your lawyer probably already told you, it's

1 important for you not to guess or make assumptions
 2 in the course of this deposition.
 3 What I'm asking for is actual
 4 knowledge of you and the TTO on the issues we're
 5 discussing.
 6 Do you understand that?
 7 **A I do.**
 8 **Q** Okay. Let's talk a little more about
 9 the claim that the TTO has in this case for the
 10 return of money related to payment of Baker Tilly
 11 audit fees. All right?
 12 **A Okay.**
 13 **Q** So do you have any knowledge
 14 whatsoever as to why the TTO paid for
 15 District 204's audits for certain years?
 16 **MR. KALTENBACH:** Objection. Asked and
 17 answered.
 18 You can answer.
 19 **BY MR. HOFFMAN:**
 20 **Q** You can answer again.
 21 **A No.**
 22 **Q** Okay. And you did see in the files of
 23 the TTO a document showing that the TTO knew it was
 24 getting bills for District 204's audits and paid

1 them knowing what they were for, right?
 2 **A I have seen evidence of that, yes.**
 3 **Q** Okay. And so there's no question here
 4 that somehow the TTO accidentally paid these
 5 invoices, right?
 6 **A I don't think it was an accident.**
 7 **Q** Okay. Well, then I won't bother
 8 showing you the documentation --
 9 **A Okay.**
 10 **Q** -- that we're talking about.
 11 Are you also aware from seeing
 12 documentation in the TTO's files that Bob Healy
 13 told District 204 that the TTO was paying for the
 14 audits of all of the districts?
 15 **A I don't know that.**
 16 **Q** Okay. Let's take a look at a document
 17 which we'll mark here.
 18 (Whereupon, TTO Deposition
 19 Exhibit No. 5 was marked for
 20 identification.)
 21 (Whereupon, document
 22 tendered.)
 23 **BY MR. HOFFMAN:**
 24 **Q** This was an April 29, 1999 letter from

1 Bob Healy to Lisa Beckwith at District 204.
 2 Do you see that?
 3 **A I do.**
 4 **Q** And you know who Lisa Beckwith is?
 5 **A I do.**
 6 **Q** Did you read her deposition testimony
 7 in this case?
 8 **A No.**
 9 **Q** Did you read any of the deposition
 10 transcripts of depositions taken in this case
 11 before coming here today?
 12 **A I have seen Bob Healy's.**
 13 **Q** Did you read the whole --
 14 **A I didn't read it.**
 15 **Q** Why didn't you read all of Bob Healy's
 16 testimony?
 17 **A It wasn't offered to me to read.**
 18 **Q** Okay. Let's turn to Page 6 of what
 19 has been marked as TTO Deposition No. 5.
 20 **A Okay.**
 21 **Q** And it says under "Annual Audit," "The
 22 trustees hire and pay for the audit of the school
 23 districts" -- plural -- "and the Treasurer's office
 24 in Lyons Township."

1 Do you see that?
 2 **A I do.**
 3 **Q** Do you know why Bob Healy made this
 4 representation to District 204?
 5 **A I do not.**
 6 **Q** Do you believe that it was factually
 7 inaccurate at the time he made it?
 8 **A I would have no way to know.**
 9 **Q** So it may or may not have been the
 10 case in 1999 that the TTO hired and paid for the
 11 audits of the school districts, plural?
 12 **A I don't have firsthand knowledge of**
 13 **that.**
 14 **Q** And --
 15 **A Because you're asking me in reference**
 16 **to this statement. Is that correct?**
 17 **Q** Well, the statement is a statement of
 18 fact. It's saying the trustees -- meaning the
 19 TTO --
 20 **A Yes.**
 21 **Q** -- hire and pay for the audit of the
 22 school districts; yes? Do you see that?
 23 **A Yes, I do.**
 24 **Q** And my question is -- You've never

1 seen this letter before, right?
 2 **A I have seen this letter before --**
 3 **Q Okay.**
 4 **A -- but not at that time.**
 5 **Q When did you see this letter?**
 6 **A When we were pulling records for**
 7 **discovery.**
 8 **Q Okay. And is the statement in this**
 9 **letter that Bob Healy wrote which says, "The**
 10 **trustees hire and pay for the audit of the school**
 11 **districts" a true or untrue statement, or you don't**
 12 **know?**
 13 **A I can read what was written.**
 14 **Q Yes.**
 15 **A Do I have firsthand knowledge that**
 16 **this was an accurate statement? No.**
 17 **Q Okay. Who would know?**
 18 **A I would assume Bob Healy or Lisa**
 19 **Beckwith, who wrote the letter.**
 20 **Q Okay. Now, I did tell you about three**
 21 **minutes ago not to make assumptions. Right?**
 22 **A Yes.**
 23 **Q Okay. So can you answer that question**
 24 **without making assumptions?**

1 **A Can you repeat the question?**
 2 **Q Who would know whether Healy's**
 3 **statement in this 1999 letter that says "The**
 4 **trustees hire and pay for the audit of the school**
 5 **districts" -- who would know whether or not that is**
 6 **true?**
 7 **A I don't know.**
 8 **Q Okay. I'm going to show you another**
 9 **letter. This was marked as Conway Exhibit No. 2**
 10 **already, and I'm just going to refer you to a**
 11 **specific portion of it. It's a January 12, 2001**
 12 **letter from Bob Healy to Dr. Dennis Kelly.**
 13 **(Whereupon, Conway Exhibit**
 14 **No. 2, previously marked,**
 15 **was tendered to the witness.)**
 16 **BY MR. HOFFMAN:**
 17 **Q On the page that's Bates numbered 189**
 18 **in the corner, it says under "Annual Audit," "The**
 19 **trustees hire and pay for the audit of the school**
 20 **districts and the Treasurer's office in Lyons**
 21 **Township."**
 22 **Do you see that?**
 23 **A Yes.**
 24 **Q Is your testimony about this statement**

1 from 2001 the same as your testimony about Healy's
 2 statement that he made, which is identical, in the
 3 1999 letter? Then I won't have to ask you all the
 4 same questions.
 5 **A Can you repeat that question?**
 6 **Q Okay. The statement that Healy made**
 7 **in this 2001 letter, which says --**
 8 **A That we just --**
 9 **Q -- "The trustees" -- I'm sorry.**
 10 **A This letter (indicating)?**
 11 **Q The 2001 letter that's in front of**
 12 **you --**
 13 **A Okay.**
 14 **Q -- in Conway Exhibit No. 2 --**
 15 **A Okay.**
 16 **Q -- it says, "The trustees hire and pay**
 17 **for the audit of the school districts and the**
 18 **Treasurer's office in Lyons Township."**
 19 **A Okay.**
 20 **Q Was that statement true as of**
 21 **January 12th, 2001?**
 22 **A No.**
 23 **Q Why do you say "no"?**
 24 **A In 2001?**

1 **Q Right, 2001, just like the Kubrick**
 2 **movie.**
 3 **A Oh, January of 2001. I'm sorry. I**
 4 **could not answer that.**
 5 **Q And why can't you answer that?**
 6 **A I was not in the Township at that**
 7 **time.**
 8 **Q Okay. And you don't have sufficient**
 9 **familiarity with the records of the TTO in 2001 to**
 10 **be able to answer that question, correct?**
 11 **A Correct.**
 12 **MR. KALTENBACH: I'm going to -- Hold**
 13 **on. I'm going to object.**
 14 **MR. HOFFMAN: Just a second. She just**
 15 **answered.**
 16 **MR. KALTENBACH: And I'm --**
 17 **MR. HOFFMAN: Did you get it?**
 18 **THE REPORTER: Yes.**
 19 **MR. HOFFMAN: Okay.**
 20 **MR. KALTENBACH: Great. And I'm**
 21 **getting my objection in.**
 22 **MR. HOFFMAN: That's fine. I just**
 23 **want to make sure we got the answer.**
 24 **MR. KALTENBACH: That's fine.**

1 MR. HOFFMAN: Say what you want to
 2 say.
 3 MR. KALTENBACH: I object on the basis
 4 I believe this information was already asked of the
 5 witness, and she answered with respect to prior
 6 testimony.
 7 MR. HOFFMAN: Okay. Thanks. That's
 8 an interesting objection. I'm not sure what
 9 category that falls under other than coaching, but
 10 thanks so much.
 11 MR. KALTENBACH: Asked and answered; I
 12 don't --
 13 MR. HOFFMAN: It wasn't answered
 14 because I've never shown her this letter before.
 15 MR. KALTENBACH: That doesn't mean she
 16 didn't answer the subject matter.
 17 MR. HOFFMAN: All right. Nice try.
 18 BY MR. HOFFMAN:
 19 Q Okay. The complaint filed in this
 20 case in talking about the audit fees makes a
 21 reference to part of the School Code. Let me just
 22 get the right page in front of me.
 23 Okay. Paragraph 48 of the
 24 pending complaint of the TTO, which I'd be happy to

1 show you -- although you're familiar with the
 2 complaint, right?
 3 A **The current complaint?**
 4 Q Yes.
 5 A Yes.
 6 Q Okay. So Paragraph 48 talks about
 7 Article 3, Section 7 of the School Code, and it
 8 says that that legal provision, quote, "Requires
 9 that each school district have an audit of its
 10 accounts completed at least once a year," et
 11 cetera, et cetera.
 12 Are you familiar with that
 13 provision of the School Code?
 14 A Yes.
 15 MR. HOFFMAN: Okay. Let's mark it.
 16 (Whereupon, TTO Deposition
 17 Exhibit No. 6 was marked for
 18 identification.)
 19 (Whereupon, document
 20 tendered.)
 21 BY MR. HOFFMAN:
 22 Q Dr. Birkenmaier, I'm showing you TTO
 23 Exhibit No. 6. It's a copy of Section 5/3-7 of the
 24 School Code that's referred to in Paragraph 48 of

1 the amended complaint, and this is the part of the
 2 School Code, you believe, that requires
 3 District 204 and all of the other school districts
 4 to have an annual audit performed, correct?
 5 A **That's what you're telling me, yes.**
 6 Q Well, is --
 7 A **Based on what I've seen, but I haven't**
 8 **read this.**
 9 Q Okay. Well, you said you were
 10 familiar with the legal provision, and this is the
 11 legal provision, so --
 12 A **I want to clarify. I'm familiar with**
 13 **the requirement that we do an annual audit.**
 14 Q Right.
 15 A **I would not say that I am familiar**
 16 **with the legal requirement --**
 17 Q Okay.
 18 A -- **in great detail.**
 19 Q Fair enough.
 20 Is there any requirement in the
 21 School Code that requires District 204 to pay for
 22 its own audit?
 23 MR. KALTENBACH: I'm going to object
 24 to the extent it calls for the witness to make a

1 legal conclusion.
 2 BY MR. HOFFMAN:
 3 Q You can answer.
 4 A **I would say based on my knowledge of**
 5 **what's in there, it has no indication of who pays**
 6 **for an audit, just that one must be completed.**
 7 Q Okay. Fair enough.
 8 Is there any legal requirement
 9 that applies to the TTO or to you, as a treasurer,
 10 that prohibits the TTO from paying for
 11 District 204's audits?
 12 MR. KALTENBACH: Objection. Calls for
 13 a legal conclusion.
 14 You can answer.
 15 BY THE WITNESS:
 16 A **I wouldn't understand what the legal**
 17 **requirement would be. My understanding -- I don't**
 18 **have that level of understanding about who pays.**
 19 BY MR. HOFFMAN:
 20 Q Okay. So you're not aware sitting
 21 here today of any part of the School Code or other
 22 law that would, as far as you know, prohibit the
 23 TTO from paying for District 204's audits, correct?
 24 MR. KALTENBACH: Same objection.

1 BY THE WITNESS:
 2 A I don't believe it's referred to or
 3 discussed, so I will say no.
 4 MR. HOFFMAN: All right. Let's mark
 5 this.
 6 (Whereupon, TTO Deposition
 7 Exhibit No. 7 was marked for
 8 identification.)
 9 (Whereupon, document
 10 tendered.)
 11 BY MR. HOFFMAN:
 12 Q All right. I've marked as exhibit --
 13 TTO Deposition Exhibit 7 a letter that I got from
 14 Gretchen Kubasiak at your law firm attaching a
 15 series of printouts. This also came with a disk of
 16 electronic documents.
 17 And the letter says that "These
 18 documents concern audit payments that we intend to
 19 rely on. We requested these documents from our
 20 client with respect to your client's assertion that
 21 our client paid for all districts' audits.
 22 Included in these documents are ones we received
 23 voluntarily from District 108 regarding their audit
 24 payments."

1 That's the file --
 2 A Yes.
 3 Q -- for District 108?
 4 And let's look at the prior page,
 5 one before the end, and this file is for "Audit GL
 6 Detail Invoices."
 7 Do you see that?
 8 A I do.
 9 Q And this is the TTO's general ledger,
 10 correct? When it says "GL," that means "general
 11 ledger," right?
 12 A Is it appropriate to assume here?
 13 MR. KALTENBACH: I'm going to object.
 14 I think there's a compound question there, so I'm
 15 not sure --
 16 MR. HOFFMAN: Okay.
 17 BY MR. HOFFMAN:
 18 Q Do you have any understanding of what
 19 the "Audit GL Detail Invoices" are?
 20 A I understand what they are. There's
 21 nothing that's referenced here that would indicate
 22 to me whose they are.
 23 Q Okay. Do you know why these files
 24 only go back to 1998?

1 Do you see that?
 2 A I do.
 3 Q Is that the documentation you were
 4 testifying about earlier that you pulled at your
 5 lawyer's request?
 6 A Yes.
 7 Q And you pulled that in November
 8 of 2016?
 9 A Yes.
 10 Q Okay. Do you know why it took until
 11 the end of February 2017 to -- for the lawyers to
 12 send these documents on to us?
 13 MR. KALTENBACH: I object. It's
 14 beyond the scope.
 15 You can answer.
 16 BY MR. HOFFMAN:
 17 Q You can answer.
 18 A I'm not familiar if this information
 19 was requested earlier. The reason that we went in
 20 and did such a detailed pulling of documents was
 21 District 204 offered up that they had documentation
 22 that showed that they paid their own fees.
 23 Q Well, the last page of this document,
 24 TTO 7, has the District 108 information, right?

1 A I don't.
 2 Q Is there anyone other than you at the
 3 TTO who sends documentation to your lawyers when
 4 they request it, let's say, in the past six months,
 5 or are you the point person for sending documents
 6 to the lawyers?
 7 A Kelly Bradshaw.
 8 Q Kelly Bradshaw is the person who does
 9 that?
 10 A She would also. I would. I don't
 11 know if Lauralee necessarily would be a frontline
 12 for that. She might send something on my behalf.
 13 Q Okay. The documents from the --
 14 MR. HOFFMAN: Let's mark this.
 15 (Whereupon, TTO Deposition
 16 Exhibit No. 8 was marked for
 17 identification.)
 18 (Whereupon, document
 19 tendered.)
 20 BY MR. HOFFMAN:
 21 Q Deposition Exhibit No. 8 is a printout
 22 of the documents we just saw a hard copy of the
 23 file and PDF listing of. It's for the Audit GL
 24 Detail. This is what the actual documents are.

1 A Okay.

2 Q And so it's TTO Exhibit No. 8.

3 A Okay.

4 Q Are these printouts for -- Well, what

5 are these printouts?

6 A Well, the --

7 Q What are these? What are we looking

8 at?

9 A The first page would be the detail of

10 all the transactions that were made by the

11 Treasurer's Office. I can tell you from this that

12 it's for the period of '97 through '98 made to

13 William Gurrie as the vendor.

14 Q Right.

15 A These are the TTO expenditures.

16 Q And why does this only go back to the

17 1998 fiscal year?

18 A This indicates to me that this is one

19 fiscal year. I don't know --

20 Q This is the first one, as you can see

21 from the list of -- As you can see from the list

22 that came with the production, this is the first

23 one, and so I printed it out so you could see what

24 they look like.

1 My question is, how come they

2 start in the 1998 fiscal year and don't go back any

3 further?

4 A I don't know.

5 Q Are the documents missing from the

6 TTO's files for the 1997 and earlier fiscal years

7 for the general ledger printouts?

8 A I don't know that.

9 MR. HOFFMAN: Let's mark this.

10 (Whereupon, TTO Deposition

11 Exhibit No. 9 was marked for

12 identification.)

13 (Whereupon, document

14 tendered.)

15 BY MR. HOFFMAN:

16 Q I'm showing you TTO Exhibit No. 9.

17 A All right.

18 Q This is a printout from the document

19 production we just referenced, and it's just a

20 portion of it. These were all the printouts that

21 had to do with 104.

22 And so my question to you is,

23 does the column in the middle on the first page

24 that says "104" -- does that mean that it relates

1 to District 104?

2 A Yes.

3 Q Okay. And do you see over time that

4 the look of these printouts -- there's a run from

5 1993 through 2005. Then there's a run from 2005 to

6 2006. Then there's a run from 2006 to 2012.

7 Why are there three different

8 sets of documents for this general ledger printout

9 for District 204?

10 A Probably based on the way that they're

11 archived.

12 Q They're archived differently, and so

13 you need to go in the system and run different

14 reports for different years?

15 A Absolutely.

16 Q And do you see in the last -- the

17 third to last page, the final set of printouts,

18 there is an account number for 1-2310-317-1-0?

19 A Yes.

20 Q What does that mean?

21 A Well, "1" would indicate the fund that

22 the bill is being paid out of, and that means

23 education fund. And that's set up based on the tax

24 levy structure, so we know that those are education

1 tax levy funds.

2 "2310" would indicate the

3 function, so 2310 -- And I have to refer back here

4 to tell you. 2310 would indicate that it is the

5 Board of Education function within the school

6 District.

7 "317" would be the object code

8 number, and that would relate specifically to the

9 fact that these are audit fees.

10 Q What's "318"?

11 A "318" is legal fees.

12 Q Okay.

13 A And you can see that --

14 Q Why are there legal fees or anything

15 from 318 included in this printout that was

16 provided to us?

17 A I think the reason that it was

18 provided is that because William F. Gurrie is

19 listed as a vendor, and it was charged to the

20 "legal fee" line, which could indicate that it was

21 something directly related to a legal service or

22 that it was a misplaced payment that would have had

23 to require a journal entry to collect later.

24 Q Well, do you know?

1 A I don't know for certain. I would
 2 have to look at the detail on the documentation to
 3 support it. Typically, if I could look through
 4 here, I might be able to explain it, but I can't
 5 just from looking at this alone.
 6 Q We're going to look at a document that
 7 was previously marked as Theissen Exhibit No. 13.
 8 (Whereupon, Theissen Exhibit
 9 No. 13, previously marked,
 10 was tendered to the witness.)
 11 BY THE WITNESS:
 12 A Okay.
 13 BY MR. HOFFMAN:
 14 Q It's from March 8, 2013.
 15 That's before your time as
 16 treasurer, correct?
 17 A Yes.
 18 Q Okay. And you see that there's a
 19 statement of audit and accounting fees for
 20 District 204 for the years 2006 to 2012, right?
 21 A Yes.
 22 Q Okay. And even though you weren't
 23 there at the time, I'm asking, as TTO's
 24 representative, why was the initial claim from the

1 BY THE WITNESS:
 2 A On Page 33?
 3 BY MR. HOFFMAN:
 4 Q Correct.
 5 A Okay.
 6 Q So Ms. Bradshaw testified that
 7 Baker Tilly had invoices from at least 2006 on and
 8 maybe sometime prior to that, but she did not know.
 9 A Can you help me understand where
 10 you're at in this document, what line?
 11 Q Sure. Page 33, Lines 2 through 15.
 12 A Oh, okay.
 13 Q Why don't you read that testimony?
 14 (Whereupon, witness perusing
 15 document.)
 16 BY MR. HOFFMAN:
 17 Q My question to you is, does that
 18 testimony of Ms. Bradshaw help refresh your memory
 19 as to how far back Baker Tilly's invoices were kept
 20 and provided to the TTO?
 21 A I'm sorry. Can you hold that question
 22 for a minute while I finish reading?
 23 Q Sure. Go ahead.
 24 A Thank you.

1 TTO to District 204 for these audits fees limited
 2 to the 2006 to 2012 time period?
 3 A I don't know.
 4 MR. KALTENBACH: I'm going to object
 5 as to vague. That's fine.
 6 BY THE WITNESS:
 7 A I don't know.
 8 BY MR. HOFFMAN:
 9 Q Isn't it correct that Baker Tilly's
 10 documents on its invoicing that the TTO asked for
 11 and got from Baker Tilly at some point only went
 12 back to 2006?
 13 A I don't know.
 14 MR. HOFFMAN: I'll be right back.
 15 (Whereupon, there was a
 16 brief interruption.)
 17 BY MR. HOFFMAN:
 18 Q Okay. Theissen Exhibit No. 4 is the
 19 deposition of Kelly Bradshaw taken in this case.
 20 I'm going to show you her testimony on Page 33.
 21 Your counsel can look over your shoulder.
 22 (Whereupon, Theissen Exhibit
 23 No. 4, previously marked,
 24 was tendered to the witness.)

1 Q I'll start over.
 2 A Okay. Thanks.
 3 (Whereupon, witness perusing
 4 document.)
 5 BY THE WITNESS:
 6 A Okay.
 7 BY MR. HOFFMAN:
 8 Q So does Ms. Bradshaw's testimony about
 9 how far back Baker Tilly's copies of invoices went
 10 help refresh your memory on the subject of how far
 11 back did Baker Tilly's invoices go when the TTO
 12 asked to get them?
 13 A That doesn't help me.
 14 Q Okay. So you have no idea how far
 15 back Baker Tilly's invoices go, right?
 16 A I did not look at the Baker Tilly
 17 invoices back that far. That would have been work
 18 she would have worked on.
 19 Q How far back did the TTO's copies of
 20 invoices go for its payments for District 204's
 21 audits?
 22 A I don't know.
 23 Q There were many years in which the TTO
 24 did not have copies of invoices for these costs,

1 correct?
 2 **A I don't know.**
 3 **Q** So you have no idea why in Theissen's
 4 letter, Exhibit No. 13, the claim only went back to
 5 2006?
 6 **A No.**
 7 **MR. KALTENBACH:** I'll object as vague.
 8 **BY MR. HOFFMAN:**
 9 **Q** Let's take a look at --
 10 **MR. KALTENBACH:** Hold on.
 11 Can you pause for a minute so I
 12 have a chance to state my objection?
 13 **THE WITNESS:** I'm sorry.
 14 **MR. KALTENBACH:** That's okay.
 15 **MR. HOFFMAN:** Let's mark this.
 16 (Whereupon, TTO Deposition
 17 Exhibit No. 10 was marked for
 18 identification.)
 19 (Whereupon, document
 20 tendered.)
 21 **BY MR. HOFFMAN:**
 22 **Q** The document that I marked as TTO
 23 Deposition Exhibit No. 10 is a document that comes
 24 from the files produced to us in this case. It

1 mind.
 2 And you've never seen this in the
 3 files of your --
 4 **A I have not, no.**
 5 **MR. HOFFMAN:** Let's mark this as 11
 6 and this as 12.
 7 (Whereupon, TTO Deposition
 8 Exhibit No. 11 and TTO
 9 Deposition Exhibit No. 12 were
 10 marked for identification.)
 11 (Whereupon, documents
 12 tendered.)
 13 **BY MR. HOFFMAN:**
 14 **Q** All right. I'm going to provide you
 15 with two tables of charts. These appear to be a
 16 list of audit fees for which the TTO is making a
 17 claim in this case. The first one, which has the
 18 larger font and has a grand total of 473,000 and
 19 change, is TTO Deposition Exhibit No. 11.
 20 The second one with the smaller
 21 font has a grand total of 511,068.60, which also
 22 corresponds to the amount stated in the amended
 23 complaint.
 24 **A Okay.**

1 appears to be a printout that runs through
 2 August 31st, 2013, that provides backup or at least
 3 correlates with the amount --
 4 **A Okay.**
 5 **Q** -- that is in Mr. Theissen's letter,
 6 Theissen Exhibit 13. I'll show that to you, so you
 7 understand the same thing that I understand.
 8 (Whereupon, document
 9 tendered.)
 10 **BY THE WITNESS:**
 11 **A Okay.**
 12 **BY MR. HOFFMAN:**
 13 **Q** And you see that the amounts are the
 14 same, yes?
 15 **A Yes.**
 16 **Q** Are you familiar with this document,
 17 TTO Deposition Exhibit No. 10?
 18 **A I don't recall seeing this before.**
 19 **Q** Do you know why this is limited to the
 20 2006 to 2012 period noting that this was created
 21 during the time you were treasurer?
 22 **A No. And I didn't begin as treasurer**
 23 **until October of 2013.**
 24 **Q** Oh, I'm sorry. My mistake. Never

1 **Q** I just want to make sure that you
 2 understand what I understand, and there's no hiding
 3 of the ball here.
 4 **A Okay.**
 5 **Q** So are you familiar with these
 6 printouts?
 7 **A I have not seen this before until you**
 8 **just handed it to me.**
 9 **Q** Is this Kelly Bradshaw's work, to the
 10 best of your knowledge?
 11 **A I don't know.**
 12 **Q** Well, who did this? Who created these
 13 charts?
 14 **A I don't know.**
 15 **Q** Are these charts the basis for the
 16 claim that the TTO has made in this case for
 17 repayment of audit fees from District 204?
 18 **A I don't have firsthand knowledge of**
 19 **that.**
 20 **Q** You really don't know what that is?
 21 **A I can understand what it is by looking**
 22 **at it.**
 23 **Q** Okay.
 24 **A I know that the --**

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1 Q That's good.
 2 A **- \$511,000 number is a number I am**
 3 **familiar with.**
 4 Q Right. That's the amount of the
 5 claim, right?
 6 A Yes.
 7 Q Okay. So this is the backup which
 8 details all the invoices that add up to the 511,000
 9 number, correct? Yes?
 10 A **Are you asking me if it appears that**
 11 **way?**
 12 Q Yes.
 13 A Yes.
 14 Q I mean, you are the treasurer of the
 15 TTO and --
 16 A Yes.
 17 Q -- you're the designated
 18 representative here, so --
 19 A **It would appear that way.**
 20 Q Okay. Great. Terrific.
 21 And you see in the -- Do you know
 22 why the claim amount increased in this case from
 23 473,000 to 511,000?
 24 A **If I look through it, I might be able**

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1 Copy." And for the first 20 or so entries, it says
 2 "No"?
 3 Do you see that?
 4 A I do.
 5 Q Does that correctly reflect that the
 6 TTO does not have the actual invoices from the
 7 Baker Tilly firm for District 204's audits for
 8 those time periods?
 9 A **I don't know.**
 10 Q Well, do they or don't they? With
 11 respect -- Without regard to this document, does
 12 the TTO have a copy of the invoices sent from
 13 Baker Tilly to the TTO for District 204's audits
 14 for the 1993 through 1995 time period?
 15 A **If you're asking me --**
 16 **THE WITNESS: Okay.**
 17 **MR. KALTENBACH: If you want to**
 18 **consult with me on if it's privileged or not, we**
 19 **can discuss that.**
 20 **THE WITNESS: No.**
 21 **MR. KALTENBACH: But otherwise --**
 22 **Okay.**
 23 **BY THE WITNESS:**
 24 A **If you're asking me to speculate that**

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1 **to explain that.**
 2 Q Well, presumably, there are a few more
 3 invoices that got thrown on that added up to a
 4 bigger number. I think I can figure that out.
 5 A Okay.
 6 Q What I'm asking is, do you know of
 7 any -- Why did the claim amount increase in this
 8 case? What happened to make it increase?
 9 A **I believe your explanation would be**
 10 **the appropriate explanation.**
 11 Q Well, who went back and looked through
 12 what records to find additional invoices to add on
 13 to your claim?
 14 A **Kelly Bradshaw.**
 15 Q And at whose direction?
 16 A **I don't know.**
 17 Q When did that take place?
 18 A **I don't know.**
 19 Q Okay. And you have no idea when these
 20 documents were created?
 21 A **There is no reference date, no.**
 22 Q Okay. Do you see on the bottom
 23 right-hand -- or excuse -- the far right-hand
 24 column of TTO Exhibit No. 11, it says, "Invoice

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1 **we have these or don't have these, I cannot**
 2 **speculate. I can only tell you, I don't know**
 3 **because I don't have firsthand knowledge of these**
 4 **documents.**
 5 **BY MR. HOFFMAN:**
 6 Q Okay. And you see that the answer
 7 for -- Well, the answer for "No" for "Invoice Copy"
 8 went from "No" into the next document, it says
 9 "GL," which is "general ledger," correct?
 10 A Yes.
 11 Q And so is it true that the TTO is
 12 relying on general ledger entries for some of the
 13 audit costs that it's claiming in this case?
 14 A **It would appear that they were**
 15 **recorded in the general ledger, yes.**
 16 Q Do you know why the TTO appears to be
 17 missing records from its files?
 18 A No.
 19 Q Are you aware of a flood that occurred
 20 or that Bob Healy claimed occurred at the TTO's
 21 offices?
 22 A **I have heard that, but I don't know**
 23 **anything about it.**
 24 Q What have you heard about it?

1 A **I heard that there was a flood that**
 2 **damaged records.**
 3 Q When was that?
 4 A **I don't know.**
 5 Q Who told you that?
 6 A **Lauralee.**
 7 Q When did she tell you that?
 8 A **When I first started.**
 9 Q Okay. And what did she say -- What
 10 records were lost as a result of the flood?
 11 A **We didn't have a detailed conversation**
 12 **about that.**
 13 Q Didn't you think it was important to
 14 know what records were missing from your files --
 15 MR. KALTENBACH: Object --
 16 BY MR. HOFFMAN:
 17 Q Didn't you think it was important to
 18 know what records were missing from your files?
 19 A **Okay.**
 20 MR. KALTENBACH: Objection.
 21 Argumentative.
 22 BY MR. HOFFMAN:
 23 Q Didn't you think it was important to
 24 know what documents were missing from the TTO's

1 files?
 2 MR. KALTENBACH: Objection.
 3 Argumentative. You've asked it twice.
 4 MR. HOFFMAN: I haven't gotten an
 5 answer.
 6 MR. KALTENBACH: Because I objected.
 7 MR. HOFFMAN: Because you keep
 8 interrupting.
 9 MR. KALTENBACH: I'm objecting.
 10 BY MR. HOFFMAN:
 11 Q Go ahead. You can answer.
 12 MR. KALTENBACH: You can answer based
 13 on my objection. Go ahead.
 14 BY THE WITNESS:
 15 A **No.**
 16 BY MR. HOFFMAN:
 17 Q Why didn't you think it was important?
 18 A **Historical documents didn't have**
 19 **relevance to the current operation.**
 20 Q Well, they do have relevance to this
 21 lawsuit, don't they?
 22 A **Understood.**
 23 Q And you're seeking \$4.6 million from
 24 District 204 based on things that happened in the

1 past, some as far back as 20 years ago, aren't you?
 2 A **Yes.**
 3 Q And so isn't it important to have an
 4 understanding as to what documents the TTO does and
 5 doesn't have from that relevant time period?
 6 A **I understand that when there was a**
 7 **flood that they salvaged as much of the**
 8 **documentation as they could by drying it out. If**
 9 **the documents don't exist, I don't know why. And I**
 10 **don't question why they were lost or what was lost**
 11 **because they're historical documents, and they were**
 12 **not relevant to the operations when I was there.**
 13 MR. HOFFMAN: Let's mark this, please.
 14 (Whereupon, TTO Deposition
 15 Exhibit No. 13 was marked for
 16 identification.)
 17 (Whereupon, document
 18 tendered.)
 19 BY MR. HOFFMAN:
 20 Q TTO Exhibit No. 13 is another set of
 21 documents that came from the production that we
 22 received in this case from the TTO.
 23 A **Okay.**
 24 Q These appear to be a series of general

1 ledger printouts or portions of general ledger
 2 printouts that relate to amounts for your claim
 3 against the TTO as to audits fees.
 4 Is that what this looks like to
 5 you?
 6 A **Yes.**
 7 Q Okay. And who provided this -- who
 8 provided this -- I'm sorry.
 9 Who was the person who selected
 10 these particular items to capture in a report to
 11 form the basis of the TTO's claim?
 12 A **I'm not certain.**
 13 Q So you don't know who did this work
 14 that's reflected in TTO Exhibit No. 13, do you?
 15 A **I'm not --**
 16 MR. KALTENBACH: Objection. Vague.
 17 You can answer.
 18 BY THE WITNESS:
 19 A **I'm not certain.**
 20 BY MR. HOFFMAN:
 21 Q Okay. Do you know the parameters for
 22 which -- Now, the work was done, it says in the
 23 upper left-hand corner, on May 11th of 2015.
 24 Do you see that?

1 A **I do.**
 2 Q And that was during the time you were
 3 treasurer, right?
 4 A **Yes.**
 5 Q Okay. And so do you remember having
 6 any discussions with Kelly Bradshaw or anybody
 7 else, Lauralee, whoever it might have been, around
 8 that time about going back through the general
 9 ledger entries for the TTO and finding things that
 10 might be related to the annual audits of
 11 District 204?
 12 A **I know that we've been pulling**
 13 **documents for a long time.**
 14 Q Okay. But specific with respect to
 15 the District 204 annual audits and these general
 16 ledger entries, do you know who was assigned that
 17 job and what they were told to do with respect to
 18 that job?
 19 A **I don't recall.**
 20 Q Okay. And so when you look at the
 21 first page of TTO Deposition Exhibit No. 13, there
 22 is a listing for -- the first one says "Business
 23 Services" -- it says "S-e-r," but that's short for
 24 "Business Services," correct?

1 A **Yes.**
 2 Q And it says, "Annual Audi," A-u-d-i,
 3 but we can make sense of that and say it's "Annual
 4 Audit," right?
 5 A **Yes.**
 6 Q Okay. So that's something that the
 7 TTO believes was for the annual audit of
 8 District 204, correct?
 9 A **Yes.**
 10 Q Okay. And then you see the second --
 11 Now, that's an entry dated July 1 of 1993, correct?
 12 A **Correct.**
 13 Q And the second entry is basically the
 14 same, although the amount is different.
 15 The third entry is for July 15th
 16 of 1993.
 17 Do you see that?
 18 A **I do.**
 19 Q And then it also says "Business
 20 Services Annual Audit"; but unlike the last two
 21 entries, there's no reference to District 204 in
 22 the "Business Services" column, correct?
 23 A **Correct.**
 24 Q Okay. So how did somebody know that

1 that \$8,000 charge had to do with District 204 and
 2 not the TTO or some other entity's audit?
 3 A **I don't know.**
 4 Q We see from the chart that we looked
 5 at in TTO Deposition Exhibit No. 11 and 12 that the
 6 1993 general ledger entries didn't have supporting
 7 invoices.
 8 And so how does the TTO know that
 9 this \$8,000 charge was for District 204's audits in
 10 light of that fact?
 11 A **I don't know.**
 12 Q There's another listing on this for
 13 September 15th of 1993 and, like the last one we
 14 just looked at, there's no indication this has
 15 anything to do with District 204.
 16 How does the TTO know that this
 17 has to do with District 204's audits?
 18 A **I don't know.**
 19 Q There's another listing for
 20 November 15, 1993, the second entry, with that
 21 date, and instead of "District 204" in the prior
 22 entry, it says "All," and it's for \$800.
 23 Do you see that?
 24 A **I do.**

1 Q How does the TTO know that that entry
 2 has to do with District 204's annual audit?
 3 A **I don't know.**
 4 Q Why if this related to "all" something
 5 would this amount then be specific to District 204?
 6 A **I could only answer that based on**
 7 **practice, not on certainty with my personal**
 8 **knowledge.**
 9 Q Okay. Now, let's take a look at the
 10 entry for May 13th, 1994.
 11 A **Okay.**
 12 Q It says, "District 204 Balancing."
 13 A **Okay.**
 14 Q "Yes"?
 15 A **Yes. I see that.**
 16 Q Why does -- Why does the TTO take the
 17 position that this invoice for balancing work was
 18 actually for the District 204 annual audit?
 19 A **You're asking me why the TTO has this**
 20 **listed as annual audit work?**
 21 Q Right. And if you see, if you look at
 22 TTO Deposition Exhibit No. 12 which has the
 23 \$511,000 claim figure that adds up to --
 24 A **Okay.**

1 MR. KALTENBACH: Make sure that's
2 correct.

3 BY MR. HOFFMAN:

4 Q -- [continuing] that adds up to the
5 amount of the claim, do you see here -- just a
6 second -- do you see here where my thumb is
7 (indicating) that there's an entry for 5/13/1994
8 for District 204 balancing?

9 A Yes.

10 Q And that that is a part of the
11 ultimate claim for \$511,000 contained in the
12 complaint?

13 A Yes. I see that.

14 Q And my question is, why is an invoice
15 that's clearly marked as balancing part of your
16 claim for fees that you're seeking to recover for
17 District 204's annual audits?

18 A Are you asking for my opinion?

19 Q I'm asking for your testimony as the
20 designated representative of the TTO.

21 A Balancing would be part of the annual
22 audit.

23 Q Okay. We talked earlier about
24 balancing being part of the TTO's responsibilities

1 to what it might mean, what exactly is that charge
2 for \$2,343 that you're asking District 204 to pay
3 you back for?

4 A I would have to see the documents, and
5 I'd have to understand the work papers. I'm
6 telling you that, based on my experience, my
7 professional experience, that this could be part of
8 the annual audit.

9 Q It could be, but you're not sure?

10 A Unless I see the source documents, no.

11 Q And when you say "the source
12 documents," you mean the bill from Baker Tilly?

13 A Not necessarily; it might require
14 something more than that. I may have to see the
15 work papers.

16 Q Okay. Has anybody looked at the work
17 papers to make sure that this is a proper part of
18 your claim?

19 A I don't know that we'd have those work
20 papers. They may be the auditor's work papers. I
21 do not know what the source documents would be.

22 Q There is also a claim for -- There's
23 an entry on TTO Exhibit No. 13 dated March 3, 1994.

24 A Yes.

1 in connection with reconciliation work.

2 Why is your testimony different
3 now?

4 A I don't think my testimony is
5 different.

6 Q Explain why balancing work is not the
7 responsibility of the TTO. You said that -- You
8 said earlier that balancing work was the
9 responsibility of the TTO and that the auditors,
10 from time to time, helped out with that function.

11 A Yes.

12 Q So why would you seek in this case to
13 recover an amount of money that had to do with
14 balancing work?

15 A If balancing -- If there were numbers
16 that the auditors discovered that did not match and
17 they needed to do the research to understand why
18 they didn't match, that may be referred to as
19 balancing.

20 Q Well, you say "it may be," but you
21 don't have a copy of the invoice. All you have to
22 go on is the general ledger entry as reflected in
23 Exhibit No. 12.

24 So aside from your speculation as

1 Q And it says it's for audit, and it's
2 in the amount \$4,655, right?

3 A Yes.

4 Q How do you know that that's the audit
5 of District 204 that we're talking about here?

6 A I don't know.

7 Q And isn't it true that the entry --
8 Let me just make sure I've got my numbers right.
9 Give me one second.

10 A Sure.

11 (Whereupon, counsel perusing
12 document.)

13 BY MR. HOFFMAN:

14 Q I don't want to run through every page
15 of this document.

16 So is it fair to say if I asked
17 you the same sorts of questions with respect to
18 other years that are set forth in TTO Deposition
19 Exhibit No. 13, your answers would be the same,
20 which is that you don't have any information about
21 particular entries in this document?

22 MR. KALTENBACH: I'm going to object
23 as to vague and that it mischaracterizes.

24 You can answer, Dr. Birkenmaier.

1 BY THE WITNESS:
 2 A Based on the description that's
 3 provided and absent the source documents to
 4 understand fully what the charges are, at this
 5 time, in this room, I could not tell you.
 6 BY MR. HOFFMAN:
 7 Q Now, you also have printouts for the
 8 318 category, which is Legal Fees, correct, if you
 9 turn to Page 3 of Exhibit 13?
 10 A Yes.
 11 Q And you see that the very last entry
 12 dated June 30, 1994, for William F. Gurrie --
 13 A Yes?
 14 Q -- has a reference for District 204,
 15 and it says "Business Services, Legal Services."
 16 Do you see that?
 17 A I do.
 18 Q Did William F. Gurrie provide legal
 19 services, to your knowledge?
 20 A Not to my knowledge.
 21 Q Okay. Do you know why this entry and
 22 there's a number of other entries like it for
 23 William F. Gurrie are listed under Source Code 318?
 24 A I do not.

1 (Whereupon, TTO Deposition
 2 Exhibit No. 14 was marked for
 3 identification.)
 4 BY MR. HOFFMAN:
 5 Q Dr. Birkenmaier, I'm handing you TTO
 6 Exhibit No. 14.
 7 (Whereupon, document
 8 tendered.)
 9 BY MR. HOFFMAN:
 10 Q This is a document that came from the
 11 files that were produced to us. I didn't print out
 12 the whole series of printouts that date back to
 13 March 9th of 2015 according to the date in the
 14 upper left-hand column.
 15 A Okay.
 16 Q This is just the first set of
 17 printouts for the first few years involved in the
 18 TTO's claim.
 19 A Okay.
 20 Q Have you seen this document before,
 21 please?
 22 A Not that I recall.
 23 Q Okay.
 24 A It's possible.

1 Q Are those entries included in the
 2 TTO's claim in this case or you don't know?
 3 A I don't know.
 4 Q Do you see on TTO Exhibit No. 12,
 5 which contains the amount that TTO is seeking to
 6 recover in this case on this issue -- do you see
 7 that there are a number of descriptions for
 8 "Business Services, Legal Services" listed in the
 9 "Description" column?
 10 A I do.
 11 Q Do you know why those exist?
 12 A I do not.
 13 Q Do you know what type of work
 14 William F. Gurrie was performing when the
 15 description placed in the general ledger for the
 16 TTO was listed as "Business Services, Legal
 17 Services"?
 18 A I do not.
 19 Do you want that back?
 20 Q You can place it right here
 21 (indicating).
 22 A Okay.
 23
 24

1 Q And do you see that somebody went
 2 through and apparently made some -- Oh, what is
 3 this document?
 4 A This would be the Statement of Fund
 5 Accounts.
 6 Q Which I know it says that at the top.
 7 A Right.
 8 Q What does that mean?
 9 A It would identify any expenditures
 10 that were made.
 11 Q From which fund and on what basis?
 12 A I cannot specifically tell that this
 13 was distributed among funds. The only thing that I
 14 can tell you is that it appears to only be the
 15 education fund based on the account number at the
 16 top of this document.
 17 Q When you say "the education fund,"
 18 that's Fund No. 100?
 19 A No. That's Fund 1. "2520" would be
 20 the business services. "317" would be audit
 21 services up on the very top line where it says
 22 "Account."
 23 Q Oh, I see. Thank you. Got it.
 24 A In addition to that, if you flip to

1 the next page where it says the low and high
 2 parameters --
 3 Q Yes.
 4 A -- it shows that it was run from
 5 July 1st, '93, to 10/31 of 1996 with a single
 6 account that would be audit services in fiscal
 7 services in the education fund.
 8 Q What does the column that says "100"
 9 mean?
 10 A That means that that is the general
 11 ledger that the expenditure was posted to.
 12 Q And what is 100?
 13 A The TTO.
 14 Q Okay. And who made the selections
 15 indicated by the arrows on the right?
 16 A I don't recall. I don't think I know.
 17 Q Thank you.
 18 MR. HOFFMAN: We're at 12:20. Why
 19 don't we check and see if your food is here? And
 20 we'll knock it out.
 21 THE WITNESS. Thank you. I appreciate
 22 that.
 23
 24

1 BY MR. HOFFMAN:
 2 Q All right. TTO Deposition Exhibit
 3 No. 15, Dr. Birkenmaier --
 4 A All right.
 5 Q -- is a recent article in which you
 6 are quoted.
 7 A Yes.
 8 Q Have you seen this before?
 9 A I have.
 10 Q And it says here on the second page,
 11 "TTO officials argue that the March 21, 2000 vote
 12 is inconclusive and that the meaning of the word
 13 'accept' is unclear."
 14 Is that a correct statement --
 15 A I'm sorry. Where are you?
 16 Q I'm sorry, in the middle of the page.
 17 A Middle of the page.
 18 Q Do you see at the top of the page,
 19 there's a reference to the March 21, 2000 meeting
 20 of the Lyons TTO Board?
 21 A I do, yes. Okay. So you're going
 22 down to my quote?
 23 Q It says up above that the three-member
 24 board voted two to nothing to, quote, "accept the

1 (Whereupon, a lunch recess
 2 was had from 12:20 p.m. to
 3 12:58 p.m.)
 4 BY MR. HOFFMAN:
 5 Q Let us shift gears to the issue
 6 involving the TTO's claim in this case for what it
 7 views as unpaid pro rata expenses --
 8 A Okay.
 9 Q -- and LT's response that the parties
 10 had agreed to have the TTO funds for business
 11 functions of LT.
 12 You're familiar with that issue;
 13 yes?
 14 A I am familiar with their claim.
 15 Q Okay. And you're here to testify for
 16 the TTO on that issue, correct?
 17 A All right. Terrific.
 18 MR. HOFFMAN: Let's mark this, please.
 19 (Whereupon, TTO Deposition
 20 Exhibit No. 15 was marked for
 21 identification.)
 22 (Whereupon, document
 23 tendered.)
 24

1 proposal given to the Lyons Township Trustees of
 2 Schools by Cook County High School District 204,"
 3 end quote, according to the minutes of the meeting.
 4 Do you see that?
 5 A I do see that.
 6 Q Okay. And you're familiar with that
 7 meeting and the minutes from that meeting, aren't
 8 you?
 9 A I am.
 10 Q Okay. This case was filed in 2013,
 11 and you became the treasurer in October of 2013.
 12 When did you first review the
 13 minutes of the TTO board meeting from March 21,
 14 2000?
 15 A I don't recall the specific date.
 16 Q Was it back around the time the
 17 lawsuit was filed, or was it more recently, like in
 18 the last few months?
 19 A It hasn't been in the last few months,
 20 but it wasn't initially when I was hired either.
 21 Q Okay. So was it more like 2016?
 22 A If I was going to guess, I would say
 23 it was somewhere in my tenure, maybe 2015. I don't
 24 know.

1 Q Okay.

2 A I can't be specific.

3 Q Okay. And who at the TTO was charged

4 with the task of trying to go back and look at the

5 minutes and other documents of the TTO to get a

6 handle on this issue?

7 A There were a variety of people. I

8 would do some of the work, and I believe Laureale

9 did some of the work. Kelly has done some of the

10 work. More recently, we've had other staff.

11 Q Now, it says, "TTO officials argue

12 that the March 21, 2000 vote is inconclusive."

13 Is that a correct statement of

14 the TTO's position?

15 A Yes.

16 Q And it also says, "and that the

17 meeting of the word 'accept' is unclear."

18 Is that a correct statement of

19 the --

20 A Yes.

21 Q -- TTO's position?

22 "Yes"?

23 A Yes.

24 Q Okay. And what is it about the

1 March 21, 2000 vote that the TTO believes to be

2 inconclusive?

3 A Okay. There's no documentation that

4 is set forth in an intergovernmental agreement or

5 any sort of formal agreement. There is no action

6 that was taken by the LT Board of Education.

7 The specific minutes say

8 "accept," which can have multiple meanings as

9 opposed to a more definitive use of the word

10 "approve."

11 In addition to that, the minutes

12 also reflect that there were additional questions

13 that needed to be answered and issues that had to

14 be researched.

15 Q Does the parties' 12-year course of

16 dealing with respect to the payment for the

17 TTO's -- the TTO's payment of LT's business

18 expenses have any impact on your view as to the way

19 in which the March 21, 2000 meeting minutes should

20 be interpreted?

21 MR. KALTENBACH: I'll object to the

22 extent it may call for a legal conclusion.

23 But you can answer,

24 Dr. Birkenmaier.

1 BY THE WITNESS:

2 A Can you ask that question again? I'm

3 not sure I'm following you clearly.

4 BY MR. HOFFMAN:

5 Q Okay. You understand that from 2000

6 to 2012, the parties, meaning the TTO and LT, had a

7 course of dealing by which the TTO provided

8 pro rata invoices, and LT responded with a

9 memorandum setting forth the costs of their

10 business services and any net payment that might be

11 due offsetting the second against the first?

12 A I am aware of those documents.

13 Q Yes. And are you aware of any time

14 between 2000 and 2012 that anybody associated with

15 the TTO ever said in words or substance to LT, "We

16 do not accept this statement of the cost of your

17 business services, and we won't pay it"?

18 A I have no knowledge of that.

19 Q Does the course of dealing of the

20 parties in any way influence how you look at the

21 March 21st, 2000 minutes and attempt to decide what

22 they mean?

23 MR. KALTENBACH: Same objection.

24 You can answer, Dr. Birkenmaier.

1 BY THE WITNESS:

2 A No.

3 BY MR. HOFFMAN:

4 Q Why not?

5 A Again, the word "accept" doesn't

6 indicate to me that it was a conclusive action.

7 Q Okay. And it would have to use the

8 word "approve" in order to be conclusive to you,

9 correct?

10 A That would be the appropriate

11 practice, yes.

12 Q Okay. Why would -- When I deposed

13 Mr. Theissen, he said it was his view that "accept"

14 meant "acknowledge the receipt of."

15 Are you aware of that testimony?

16 A I'm not aware of his testimony.

17 Q Are you aware that it is

18 Mr. Theissen's position that the word "accept" as

19 used in the March 21st, 2000 minutes means that the

20 TTO was acknowledging the receipt of a proposal?

21 A Yes. I'm aware of that.

22 Q Is that the TTO's position or just

23 Mr. Theissen's?

24 A I believe it's the TTO's position.

1 Q Okay. And are you aware of any other
2 instance at any time between 2000 and 2012 that the
3 trustees of the TTO ever held a vote on whether or
4 not they should acknowledge the receipt of a
5 proposal?

6 A Not to my knowledge.

7 Q Wouldn't that seem a little strange to
8 vote two to nothing to acknowledge the receipt of
9 something that they already had?

10 A Are you asking for my opinion?

11 Q Yes.

12 A No.

13 Q Why do you think that's not unusual?

14 A I think that, oftentimes, you can take
15 a concept and you can follow through and realize
16 that it's not a good concept and just abandon the
17 pursuit.

18 Q Okay. And in this particular
19 instance, what evidence do you have, if any, that
20 the TTO decided not to pursue this agreement with
21 LT and abandoned it or didn't think it was a good
22 agreement, as you just said?

23 A Well, I think there's multiple things
24 that occurred. No. 1, the things that were

1 pro rata bills that went out to all of the
2 districts.

3 Q Was the amounts that the TTO paid for
4 LT's business services included within the TTO's
5 expenses?

6 A Not to my knowledge; there were no
7 payments to LT for services.

8 Q How do you know that they weren't
9 included?

10 A Because when you would receive the
11 pro rata bill, it wasn't -- every year, it was
12 consistent. There was no indication -- and since
13 I've been there, I've seen that there was no
14 evidence where those TTO costs would have been
15 added on top of.

16 Q You went back and looked at the
17 pro rata files, the files at the TTO relating to
18 receipt of payments for the pro rata expenses,
19 right?

20 A Yes.

21 Q And you saw that, in some instances,
22 the TTO had acknowledged receipt of partial payment
23 and checked off District 204's partial payment or
24 net payment in some of the years that we're talking

1 identified in that set of minutes, meaning
2 follow-up with the workers' comp issue, insurance
3 issues, employee evaluations, the fact that the
4 pro rata invoices to all of the districts on an
5 annual basis did not include any of the costs that
6 LT was proposing be absorbed into the TTO
7 operation; I think all of those factors --

8 Q What do you mean by the last one you
9 just said?

10 A The letter from Lisa Beckwith
11 indicated that they were proposing that they
12 would -- that the TTO would pay for the cost of
13 business service operations.

14 Q Right. And --

15 A And there's no evidence that that was
16 ever undertaken at the TTO.

17 Q What do you mean "undertaken," that
18 there never an actual --

19 A There was never any --

20 Q -- payment made?

21 A There was no payment made and the
22 cost, if it had been a cost to the TTO, would have
23 been reflected in the TTO expenditures and,
24 therefore, would have been reflected in the

1 about.

2 You did see that, correct?

3 A I'm familiar with one year.

4 Q Okay.

5 A The very first year, I think I recall
6 that. I believe it was 1999.

7 Q Do you recall a year in which -- The
8 first year --

9 A Or maybe 2000.

10 Q -- of this agreement is 2000.

11 A Okay, perhaps.

12 Q And what did you see in that respect?

13 A I saw that there was a partial payment
14 of about \$59,000.

15 Q And you saw that it was checked off by
16 the TTO?

17 A As received?

18 Q Well, what do you -- There was a
19 checkmark next to it?

20 A I mean, it was listed that it was
21 received and that it was paid, and it was logged as
22 paid.

23 Q Do you see any year in which someone
24 wrote something like "Bob said it was okay" --

1 A I have not.
 2 Q -- where there was no payment?
 3 A I have not.
 4 Q If someone made a notation like that,
 5 what would that mean to you? I'll show it to you
 6 later.
 7 A I don't know what it would mean.
 8 Q Okay. Did you read the testimony
 9 taken in this case of Judge Hartigan, who was a
 10 trustee and who voted at the March 21st, 2000 board
 11 meeting?
 12 A I think -- I believe I saw that.
 13 Q Okay. And what did you -- What, to
 14 your understanding, did Mr. -- or actually, I
 15 should say "Judge Hartigan" say?
 16 A That I would need to see the
 17 documentation. I don't recall that specifically.
 18 Q Did it have any significance to you in
 19 terms of what the trustee who voted in favor of
 20 that said happened at the meeting?
 21 A Based on my recollection of what I saw
 22 in the minutes, but not in the transcript, it
 23 indicated to me that there were follow-up things
 24 that needed to be taken care of and researched.

1 that.
 2 Can you help me with where to
 3 find that?
 4 Q Go ahead. Do your best.
 5 You'd have to read the whole
 6 thing in order to see what he said?
 7 A No, no, no. I'm looking for -- You're
 8 asking me about the March 20th action?
 9 Q You are asserting a claim against --
 10 You, the TTO, is asserting a claim against LT for
 11 millions of dollars --
 12 A Yes.
 13 Q -- relating to this issue --
 14 A Yes.
 15 Q -- right?
 16 A Yes.
 17 Q And I'm asking you whether your
 18 position is in any way affected by the testimony of
 19 the trustee who voted at that meeting along with
 20 another trustee who's dead.
 21 So the sole living trustee who
 22 voted at that critical meeting, I'm asking you
 23 whether your position is impacted in any way by
 24 what he said at the deposition?

1 Q Okay. But I'm talking about the
 2 transcript of his testimony.
 3 What did --
 4 A You would have to show me that
 5 transcript. I'm sorry. I don't recall it.
 6 Q Sure. It's Theissen Exhibit 7.
 7 (Whereupon, Theissen Exhibit
 8 No. 7, previously marked,
 9 was tendered to the witness.)
 10 BY THE WITNESS:
 11 A Okay. Thank you.
 12 BY MR. HOFFMAN:
 13 Q So would that -- So given that he was
 14 the trustee of the TTO and given that you read his
 15 testimony -- Right?
 16 A I didn't read it. I kind of --
 17 Q Did your lawyer show --
 18 A -- have seen --
 19 Q -- you part of it?
 20 A Parts of it, yes.
 21 Q So with that, what's your
 22 understanding based on your review of what your
 23 former trustee said about that meeting?
 24 A I would need some help referring to

1 A And I will be happy to answer that as
 2 soon as I can take a look and see what the
 3 deposition says because I do not recall the details
 4 of that.
 5 Q So if you don't know what the details
 6 are, how can you -- how could this have any impact
 7 on your position?
 8 MR. KALTENBACH: Objection.
 9 Argumentative.
 10 BY THE WITNESS:
 11 A You asked me based --
 12 BY MR. HOFFMAN:
 13 Q No, no, no. I'm asking --
 14 A -- on the testimony --
 15 MR. HOFFMAN: Fine.
 16 BY MR. HOFFMAN:
 17 Q Go ahead.
 18 A You asked me based on the testimony --
 19 Q Yes.
 20 A -- of Judge Hartigan, and I'm saying
 21 to you I --
 22 Q No. That's not what I asked you.
 23 A I'm sorry.
 24 Q Let me ask you a better --

1 A **I must have misunderstood.**
 2 Q Let me ask you a better, clearer
 3 question.
 4 A **Okay.**
 5 Q We know that Judge Hartigan is the
 6 only living trustee who voted at that 2000 meeting.
 7 A **Okay.**
 8 Q Right?
 9 A **I don't know, but you told me. I**
 10 **belive you.**
 11 Q Well, Joseph Nekola is the other one,
 12 and he's dead.
 13 A **Okay.**
 14 Q You don't know that Joseph Nekola is
 15 dead?
 16 A **I never knew Joseph Nekola. I do know**
 17 **he's dead.**
 18 Q Well, I never knew Joseph Nekola
 19 either, but I did an internet search, and I found
 20 out that he's dead.
 21 A **Okay.**
 22 Q Are you telling me that you, until
 23 this moment, were not aware --
 24 A **I have heard that he --**

1 Q -- that Joseph Nekola was dead?
 2 A **I've heard that he has passed.**
 3 Q Okay. Well, those reports are
 4 accurate.
 5 A **Okay. Thank you.**
 6 Q So the only person at that meeting who
 7 voted who's alive is Russell Hartigan.
 8 A **Okay.**
 9 Q And he testified in this case.
 10 A **Okay.**
 11 Q And I'm asking you whether the TTO's
 12 position on what happened at that meeting is in any
 13 way impacted or affected by his testimony in this
 14 case? That's a "yes" or "no" question. I'm not
 15 asking what he's testified to.
 16 I'm asking whether your position
 17 is affected, guided, shaped, or in any way based on
 18 or impacted by his testimony?
 19 MR. KALTENBACH: I'm going to object.
 20 I think that level of detail may be beyond the
 21 scope.
 22 But you can answer the question,
 23 Dr. Birkenmaier.
 24

1 BY THE WITNESS:
 2 A **I am not driven by my perspective on**
 3 **this based on Judge Hartigan's testimony or**
 4 **interpretation.**
 5 BY MR. HOFFMAN:
 6 Q Why is that?
 7 A **Because the evidence that I've seen**
 8 **and the claim that we've put forward, I believe**
 9 **that there's enough substance to support the**
 10 **current interpretation of my trustees and myself.**
 11 Q So in your view, it doesn't matter
 12 what Judge Hartigan said about the meeting, you've
 13 got other facts and information that you view as
 14 critical?
 15 A **I don't know what Judge Hartigan said.**
 16 **That's why I asked to see the testimony.**
 17 Q Let me go back to TTO Exhibit No. 15,
 18 please, Dr. Birkenmaier.
 19 A **Okay.**
 20 Q And on Page 2 in the middle, you're
 21 quoted as saying, quote, "The language that our
 22 board has in their minutes says that the proposal
 23 they presented was accepted, so the interpretation
 24 of the word accept is what is at crux of the

1 disagreement, I believe," quote.
 2 Is that an accurate quotation
 3 from you? Did you say that?
 4 A **Yes.**
 5 Q Okay. And we've already said that the
 6 TTO believes that the meaning of word "accept" is
 7 unclear.
 8 So what are the two different
 9 interpretations, or maybe there are more than two
 10 interpretations, of what you believe the word
 11 "accept" could mean in this context?
 12 A **You're asking for my opinion on the**
 13 **word "accept," what I believe the meanings could**
 14 **be?**
 15 Q I'm not asking for your opinion. I'm
 16 not asking for a "could be."
 17 A **Okay.**
 18 Q I'm asking for the TTO's position as
 19 to the meaning of the word "accept," and you've
 20 testified that the TTO believes that the meaning of
 21 word "accept" is unclear and that the word
 22 "approved" would be --
 23 A **Sure.**
 24 Q -- clearer, but, because it's

1 "accept," it's unclear. And when I see "unclear,"
 2 I think that means it could be subject to different
 3 meanings --
 4 A Yes.
 5 Q -- right?
 6 MR. KALTENBACH: Okay. I was going to
 7 say I'm going to object. I think that was a long
 8 question, and I'm not sure if it was compound or
 9 not, but --
 10 BY MR. HOFFMAN:
 11 Q So yes?
 12 MR. KALTENBACH: -- I think the
 13 witness seemed to understand it.
 14 MR. HOFFMAN: Did she answer?
 15 THE REPORTER: Yes.
 16 MR. HOFFMAN: Okay.
 17 MR. KALTENBACH: That's fine.
 18 BY MR. HOFFMAN:
 19 Q Terrific.
 20 And so what are the different --
 21 A I'm sorry. I answered "yes" to the
 22 question of multiple meanings.
 23 Q Yes.
 24 A Yes. Okay.

1 any other minutes of the TTO board in which they
 2 used the word or phrase "accept" or some form of
 3 that word, correct?
 4 A Not that I recall.
 5 Q Okay. Let me show you a document that
 6 previously was marked as Theissen Exhibit No. 12.
 7 (Whereupon, Theissen Exhibit
 8 No. 12, previously marked,
 9 was tendered to the witness.)
 10 BY MR. HOFFMAN:
 11 Q It's an August 19th letter from Healy
 12 to Beckwith.
 13 Have you seen that document
 14 before?
 15 A Yes.
 16 Q Okay. And so you're familiar with the
 17 five proposals that Healy laid out in this letter?
 18 A Yes.
 19 Q What is your understanding as to why
 20 Healy was making these proposals?
 21 A I believe that he was laying out
 22 responses and options to the request from the high
 23 school.
 24 Q What is that belief based on?

1 Q And so what are those multiple
 2 meanings in the TTO's view as to the word "accept"
 3 as used in the 2000 minutes?
 4 A It means to receive. This is my
 5 personal understanding. The other meanings could
 6 be to be resigned to, to be tolerant. I mean, to
 7 accept, in this particular context, I would say it
 8 means to receive.
 9 If it was intended to say "I
 10 approve," we specifically, as a best practice, use
 11 the word "as approved" when there is an action that
 12 is endorsed and followed.
 13 Q So when you say "it's a best practice"
 14 and "we" using of the word "approved," what do you
 15 mean?
 16 A When I say "it's a best practice," I
 17 believe that across the board as an administrator,
 18 as a superintendent, as a business manager, if a
 19 board approves something, then I know I have their
 20 endorsement to move forward on it.
 21 If we accept something, that may
 22 just mean that we're taking it under consideration.
 23 We're receiving something.
 24 Q And you've never seen any instance in

1 A The way that they're laid out and the
 2 variety of options that are provided; and it also
 3 says based on the understanding of the board's
 4 concerns.
 5 Q Okay. You don't have any information
 6 about this letter other than what you read in the
 7 letter, correct?
 8 A Correct.
 9 Q You've never spoken with Lisa Beckwith
 10 or with Bob Healy about this letter, have you?
 11 A No.
 12 Q Did you read Dr. Beckwith's testimony
 13 given in this case?
 14 A No.
 15 Q And is there a reason you thought her
 16 testimony -- Is there a reason you didn't read her
 17 testimony? Did you think it wasn't important?
 18 A It wasn't given to me as an
 19 opportunity to read it.
 20 Q Okay. And you see there are five
 21 proposals laid out?
 22 A I do.
 23 Q Based on the information that's been
 24 produced in this case, do you have any

1 understanding as to which of the proposals the
 2 parties focused their efforts on following the
 3 issuance of this letter?
 4 **A When you say "parties," I'm assuming**
 5 **that there might be different focuses and**
 6 **approaches on the information that's laid out.**
 7 Q Let me ask you a better question.
 8 **A Okay.**
 9 Q Based on the five proposals listed in
 10 the August 18, 1999 letter, and all of the
 11 information that's available to us in this case to
 12 look at what happened in this time period, do
 13 you -- what is your understanding as to which of
 14 the five proposals the TTO and LT moved forward
 15 with in some manner?
 16 MR. KALTENBACH: I object as to
 17 foundation and the form of the question.
 18 You can answer.
 19 BY MR. HOFFMAN:
 20 Q You can answer.
 21 **A Okay. I would not indicate that any**
 22 **of these were necessarily followed.**
 23 Q With respect to Proposal No. 2, isn't
 24 that the proposal that led to the issuance of

1 discussing Proposal No. 2, the funding by the TTO
 2 of some of the district functions?
 3 **A If you're asking what I believe --**
 4 Q Yes.
 5 **A -- I believe that 204 chose to pursue**
 6 **Proposal No. 2. I don't know that that was**
 7 **necessarily accepted by anybody else other than**
 8 **204.**
 9 Q Okay. And when and how did 204 accept
 10 that proposal?
 11 **A I have no idea. I haven't seen any**
 12 **evidence that they did have any formal action to**
 13 **accept that.**
 14 Q Is it your position on the June 2000
 15 LT board minutes at which the LT board was
 16 presented with a proposal of LT on this issue -- is
 17 your position that that did not constitute an
 18 acceptance by the LT board?
 19 **A I couldn't speak to that.**
 20 Q Why can't you speak to that?
 21 **A I don't know what they were thinking.**
 22 Q Okay. So would it be fair to say that
 23 LT would be in a better position to tell you what
 24 their board did in 2000 with respect to this issue?

1 Dr. Beckwith's February 29th, 2000 memorandum
 2 listing the positions involved and the business
 3 functions that she proposed the TTO would assume?
 4 MR. KALTENBACH: Same objection.
 5 BY THE WITNESS:
 6 **A I was going to say, can you ask me**
 7 **that question again? I'm not sure I'm following**
 8 **you.**
 9 BY MR. HOFFMAN:
 10 Q Sure. You're familiar with the
 11 subsequent -- You know that there were subsequent
 12 meeting between LT and the TTO and that there was a
 13 memorandum that Lisa Beckwith sent to Bob Healy in
 14 February of 2000 listing various positions and a
 15 cost associated with the business functions --
 16 **A Okay.**
 17 Q -- right?
 18 **A Yes.**
 19 Q "Yes"?
 20 **A Yes.**
 21 Q Okay. And so whether or not you feel
 22 that there was a final agreement reached, and it
 23 seems like you don't, will you agree that LT and
 24 the TTO, after the date of this letter, were

1 **A Ask me that question again, please.**
 2 Q So is it fair to say that LT and the
 3 people who were there at the time, like Todd
 4 Shapiro, who was the president of the board, and
 5 Lisa Beckwith, who was the business manager, would
 6 be in a better position to tell us what action LT's
 7 board took in June of 2000 with respect to the
 8 business functions agreement?
 9 MR. KALTENBACH: Objection as to form
 10 and foundation.
 11 BY MR. HOFFMAN:
 12 Q You can answer.
 13 MR. KALTENBACH: You can answer.
 14 BY THE WITNESS:
 15 **A I'm not really sure how to answer**
 16 **that. I mean, I think that they could tell me that**
 17 **they accepted, as you said, a proposal to provide**
 18 **this cost information to the TTO. Whether that**
 19 **constituted an approval of an agreement, I would**
 20 **not draw that conclusion.**
 21 BY MR. HOFFMAN:
 22 Q Why not?
 23 **A Because there's no formal**
 24 **documentation that says that there was an agreement**

1 or that it had been approved by the LT board.
 2 Q Okay. Have you read the testimony of
 3 Todd Shapiro, the president of LT's board, that was
 4 taken in this case?
 5 A I have not.
 6 Q Was that because no one gave it to you
 7 to read?
 8 A Correct.
 9 Q Did you ever -- Even though nobody's
 10 given you the documents, given that you're the
 11 representative of the TTO, did you ever ask to get
 12 the testimony that was taken in this case by key
 13 witnesses?
 14 A No.
 15 Q Why not?
 16 A I don't believe that that's my place
 17 to be doing that. I think that that's the
 18 attorney's role.
 19 Q Okay.
 20 (Whereupon, TTO Deposition
 21 Exhibit No. 16 was marked for
 22 identification.)
 23 BY MR. HOFFMAN:
 24 Q Doctor, I'm handing you TTO Deposition

1 \$39,000 for District 204?
 2 A I do see that.
 3 Q Okay. And then also included in that
 4 file was the May 29th, 2001 letter from Healy to
 5 Dennis Kelly with the amount of pro rata, as well
 6 as the February 29th, 2000 memo from Lisa Beckwith
 7 to Bob Healy on the payment of LT's business
 8 functions.
 9 Do you see that?
 10 A I see that.
 11 Q Okay. Can you tell me why the 2001
 12 letter and the February 29th, 2000 letter were in
 13 the pro rata -- Strike that question.
 14 Can you tell me why
 15 Lisa Beckwith's February 29, 2000 memo was
 16 contained in the TTO's pro rata file for the year
 17 2000?
 18 A I cannot.
 19 Q Did you ever talk to anybody at the
 20 TTO regarding that issue?
 21 A Of why it was kept there?
 22 Q Correct.
 23 A No.
 24 Q Well, your position is that there was

1 Exhibit No. 16.
 2 (Whereupon, document
 3 tendered.)
 4 BY THE WITNESS:
 5 A Okay.
 6 BY MR. HOFFMAN:
 7 Q This was part of the production we
 8 received from the TTO, and these contain excerpts
 9 from a series of what looks like manila files for
 10 pro rata --
 11 A Okay.
 12 Q -- for the various districts.
 13 Is that what this document is?
 14 A It looks like it to me.
 15 Q Okay.
 16 A The first two state that's what it is.
 17 Q Right. We talked about this a little
 18 bit earlier.
 19 You see that there are a series
 20 of checkmarks for the 1999 pro rata payments on the
 21 first page?
 22 A I see that.
 23 Q And then on the second page, you see
 24 there's a listing of the net payment of about

1 no agreement to -- for the TTO to pay LT's business
 2 function costs, right?
 3 A Yes.
 4 Q Okay. And so why then would this
 5 written memorandum on that issue be included within
 6 the pro rata file, which also reflects a net
 7 payment to the TTO?
 8 A Not only do I not know why it would be
 9 there, I would not know when it would have been put
 10 in there.
 11 Q So are you testifying that this --
 12 that somebody might have snuck back into this file
 13 years later and put the February 29th, 2000 memo in
 14 the file?
 15 A No. I'm not indicating that at all.
 16 Somebody may have just included it in there as part
 17 of the evidence of what occurred that year.
 18 Q Okay. Are you aware of -- Have you
 19 ever seen a single shred of paper to suggest that
 20 anybody at the TTO ever contacted LT and said, "We
 21 didn't get full payment of the 2000 pro rata. You
 22 can't make a net payment. You have to give us the
 23 entire amount of the pro rata expense" ?
 24 A I have not seen anything other than

1 this letter that you're showing me that says the
 2 District's share is \$165,000.
 3 Q Right. But --
 4 A I haven't seen any other documentation
 5 that says that --
 6 Q Do you have any understanding as to
 7 why, through the year 2012, the TTO never, ever
 8 disputed the net payment or the netting out of the
 9 two things we're talking about, the pro rata
 10 expenses and the cost of business functions?
 11 A No.
 12 Q Is that in any way significant to you,
 13 that that course of --
 14 A That I don't have knowledge of why
 15 that occurred?
 16 Q Yes. I mean, don't you think that
 17 12-year course of dealing has some significance
 18 here?
 19 A No, I don't. I mean, that's -- What
 20 their operational practices are are not my current
 21 concerns.
 22 Q So the way in which the TTO did things
 23 in 2000 and 2001 are not important for you in
 24 deciding the way things should have been done in

1 A Okay.
 2 Q -- that there was a memorandum for
 3 that year, for 2010, from LT to the TTO for the
 4 cost of business functions which wiped that out
 5 through an offset, right? You understand that
 6 that's what happened in 2010?
 7 A I don't know that that's an offset.
 8 Q Well, you're aware that -- you're
 9 aware -- Let me start over. Let's see if we can
 10 make this more understandable.
 11 You're aware that, for 2010, the
 12 TTO sent a pro rata expense bill to LT in the
 13 amount of about \$215,000, right?
 14 A Based on what you're showing me here,
 15 yes.
 16 Q Well, based on anything, isn't that
 17 what happened? Don't you know what happened --
 18 MR. KALTENBACH: Hold on. Compound --
 19 BY MR. HOFFMAN:
 20 Q --in 2010?
 21 MR. KALTENBACH: Compound and
 22 argumentative.
 23 BY MR. HOFFMAN:
 24 Q You know what the facts are in this

1 2000 and 2001, correct?
 2 A What I am saying is that I think that
 3 the people who were responsible for the operation
 4 made the decisions about what was relevant and what
 5 wasn't, and I'm not in a position to second-guess
 6 their actions or intentions.
 7 Q And those are people at the TTO we're
 8 talking about, right?
 9 A Yes.
 10 Q Let's take a look at the second to
 11 last page, and this is in the -- I'm sorry. Strike
 12 that.
 13 Let's take a look at the pro rata
 14 folder -- Yeah. Let's look at the second to last
 15 page, which has the pro rata billing folder for
 16 2010.
 17 A Okay.
 18 Q And you see there's a statement or
 19 there's a listing in a row for District 204.
 20 There's amounts stated for \$215,973.48, correct?
 21 A I see that.
 22 Q And you know that there was a billing
 23 in the amount of about 215,000 for pro rata from
 24 the TTO and --

1 case, correct?
 2 A I know --
 3 MR. KALTENBACH: Argumentative.
 4 BY MR. HOFFMAN:
 5 Q Correct?
 6 MR. KALTENBACH: Same objection.
 7 BY THE WITNESS:
 8 A Yes.
 9 BY MR. HOFFMAN:
 10 Q Yes. So in 2010, the TTO sent a
 11 pro rata bill of about 215,000, and then LT sent
 12 one of its series of memos saying what the costs of
 13 their business functions were in an amount that
 14 equaled or exceeded the 215,000 amount, correct?
 15 A If that's what you're telling me, yes.
 16 I have -- Yes. Okay.
 17 Q Well, do you need me to tell you that,
 18 or do you not know?
 19 A You're asking me to draw a conclusion
 20 from a piece of paper that you gave me here.
 21 Q No, no, no. I'm not asking about the
 22 piece of paper.
 23 A Okay.
 24 Q I'm asking you, do you know what

1 happened in 2010 with respect to the pro rata
 2 expense billing –
 3 **A I would --**
 4 **Q -- as a matter of fact?**
 5 **A -- assume that they sent a memo, but**
 6 **I'm not seeing evidence of that.**
 7 **Q Well, you've seen a memo in each and**
 8 **every year from 2000 to 2012, correct?**
 9 **A I believe so.**
 10 **Q Right. There is one for every year?**
 11 **A Okay.**
 12 **Q Yes?**
 13 **A Okay.**
 14 **Q Okay. And so do you know what it**
 15 **means when we see on this document, TTO Deposition**
 16 **Exhibit 16, where there's a checkmark next to the**
 17 **amount of the pro rata billing and it says, "Bob**
 18 **said okay"? Do you know what that means?**
 19 **A No.**
 20 **Q Okay. Do you know who wrote that?**
 21 **A No.**
 22 **Q Do you know who Bob is?**
 23 **A I do.**
 24 **Q Would that be Bob Healy?**

1 **A I do not.**
 2 **MR. HOFFMAN: Let's mark this.**
 3 **(Whereupon, TTO Deposition**
 4 **Exhibit No. 17 was marked for**
 5 **identification.)**
 6 **(Whereupon, document**
 7 **tendered.)**
 8 **BY MR. HOFFMAN:**
 9 **Q All right. This should be an easy**
 10 **one.**
 11 **Tell me what TTO Exhibit No. 17**
 12 **is, please.**
 13 **A This is a listing of the history of**
 14 **the pro rata billing to District 204 from fiscal**
 15 **year '96 through fiscal year '13, the amount that**
 16 **was billed, the amount that was paid, and any**
 17 **amount that is unpaid to date.**
 18 **Q Okay. And who prepared this document?**
 19 **A Kelly Bradshaw.**
 20 **Q And the \$2,628,807 million figure**
 21 **that's at the bottom of the "Receivable" column is**
 22 **the amount of money that the TTO is claiming it's**
 23 **owed in this lawsuit for this particular issue,**
 24 **correct?**

1 **A Yes.**
 2 **Q Okay. At the time, in 2010, do you**
 3 **have any knowledge as to whether the TTO believed**
 4 **that it was owed \$215,000 by LT and that that**
 5 **amount had not been properly accounted for?**
 6 **A I want to break that down. I am aware**
 7 **that they billed two hundred fifteen and believed**
 8 **that they were owed that amount. I cannot attest**
 9 **to the other part of the question.**
 10 **Q Okay. So in terms of what the TTO did**
 11 **in 2010, not today here in this lawsuit, but in**
 12 **2010 --**
 13 **A Okay.**
 14 **Q -- have you ever seen any evidence to**
 15 **suggest that the TTO, in 2010, believed that it was**
 16 **due and owing \$215,000 without any respect to, you**
 17 **know, setoffs or anything like that?**
 18 **A The only evidence I have is this**
 19 **amount here that said, "You owe" -- "204 owes**
 20 **\$215,000." That's the only evidence I would have.**
 21 **Q Okay. And it also says, "Bob said**
 22 **okay."**
 23 **Do you know what Bob was saying**
 24 **"okay" to there?**

1 **A Through FY3.**
 2 **Q Right, correct. Through FY13. Yes?**
 3 **A Through FY13, yes.**
 4 **Q Okay.**
 5 **A It's been amended, I believe, since**
 6 **then with additional bills.**
 7 **Q Let's see about that. We're going to**
 8 **look at Bradshaw Exhibit No. 4, which is the**
 9 **amended complaint.**
 10 **(Whereupon, Bradshaw Exhibit**
 11 **No. 4, previously marked,**
 12 **was tendered to the witness.)**
 13 **BY MR. HOFFMAN:**
 14 **Q So I want you to take a look at that,**
 15 **and you can tell me what amount in this complaint,**
 16 **which is the current complaint that's on file for**
 17 **the TTO, the TTO is seeking to recover with respect**
 18 **to its pro rata expense billing.**
 19 **(Whereupon, witness perusing**
 20 **document.)**
 21 **BY MR. HOFFMAN:**
 22 **Q If it helps you, I'm looking at**
 23 **Paragraph 35.**
 24 **A Thank you.**

1 Q You're welcome.
 2 (Whereupon, witness perusing
 3 document.)
 4 BY THE WITNESS:
 5 A Okay.
 6 MR. KALTENBACH: Just for the record,
 7 I think you said this is the complaint. This is
 8 the answer to the complaint, but --
 9 MR. HOFFMAN: It contains the
 10 complaint.
 11 MR. KALTENBACH: Just so there's not
 12 confusion later and we're trying to piece it
 13 together.
 14 BY THE WITNESS:
 15 A Okay. This says the years 2000
 16 through 2013.
 17 BY MR. HOFFMAN:
 18 Q Yep.
 19 A The numbers are the same.
 20 Q Right.
 21 A What I am saying to you is that, in
 22 addition, FY14 and FY5 would have been added to
 23 this amount since this document.
 24 Q Well, you said "to your claim." This

1 is the document that -- This document we're looking
 2 at, Bradshaw Exhibit No. 4 --
 3 A Okay.
 4 Q -- this is the claim of the TTO which
 5 is set forth in the context of our answer to it.
 6 And where in here is there any reference to the
 7 fiscal year 2014 or 2015 pro rata invoices? I know
 8 there's --
 9 A There's nothing in here.
 10 Q Excuse me.
 11 A Um-hmm.
 12 Q I know it's an open issue between the
 13 parties.
 14 A Okay.
 15 Q But I don't see it as part of the
 16 claim you made in this case.
 17 A Okay.
 18 Q And I want you to tell me if I'm
 19 wrong.
 20 A I believe that there was a filing
 21 after December of 2014, but I may be mistaken.
 22 MR. HOFFMAN: Okay. Barry, because
 23 this is an issue that involves pleadings, I don't
 24 see the 2014 or 2015 pro rata billing expenses part

1 of your claim in this case.
 2 MR. KALTENBACH: I --
 3 MR. HOFFMAN: Am I wrong?
 4 MR. KALTENBACH: I don't think -- You
 5 know, I'd have to go back and check. I think this
 6 is our most recent complaint.
 7 MR. HOFFMAN: It is.
 8 MR. KALTENBACH: I don't think --
 9 THE WITNESS: Okay.
 10 MR. KALTENBACH: -- there was another
 11 one, so I don't think we are seeking recovery of
 12 the deficit amount from 204 as part of this
 13 pleading.
 14 MR. HOFFMAN: Okay.
 15 BY MR. HOFFMAN:
 16 Q Does your counsel's statement help to
 17 clarify your view of --
 18 A Yes.
 19 Q -- what it is that you're seeking in
 20 this case?
 21 A Yes.
 22 Q So TTO Deposition Exhibit No. 17 is a
 23 complete statement of the amounts that the TTO is
 24 seeking with respect to pro rata expenses at this

1 time in this case?
 2 A Okay.
 3 Q Yes?
 4 A Yes.
 5 Q Okay. Terrific.
 6 Let's take a look at the fiscal
 7 year 2006.
 8 A On this sheet?
 9 Q On Exhibit No. 17.
 10 A Okay.
 11 Q And what does it say there on the far
 12 right-hand corner under the column "Invoice Copy"?
 13 A "Missing our bill."
 14 Q Okay. And what does that mean?
 15 A It means they were not able to find
 16 the paper copy.
 17 Q Okay. Do you know why that is?
 18 A I do not.
 19 Q Is that typical of the challenges that
 20 you've faced in terms of going back and trying to
 21 get records from the old days?
 22 A I wouldn't say that it's typical but,
 23 occasionally, it will happen.
 24 Do you want this one back?

1 (Whereupon, document
 2 tendered.)
 3 BY MR. HOFFMAN:
 4 Q Thank you very much.
 5 (Whereupon, Conway Exhibit
 6 No. 3, previously marked,
 7 was tendered to the witness.)
 8 BY MR. HOFFMAN:
 9 Q So Conway Exhibit No. 3 is a
 10 collection of memoranda. I'm not going to ask you
 11 a lot of detailed questions about it.
 12 A Okay.
 13 Q But these are -- Do you remember we
 14 talked from memos going from LT to the TTO from
 15 2000 to 2012 listing out the business functions
 16 expenses?
 17 A Yes.
 18 Q Okay. Have you seen these memorandum
 19 before, which are collected in Conway Exhibit
 20 No. 3?
 21 A I have seen many. I don't know that
 22 I've seen all, but, yes; I am -- You're talking
 23 about this cover (indicating)?
 24 Q I'm not talking about the cover.

1 Q Oh, you haven't?
 2 A I don't -- No.
 3 Q Okay.
 4 A I don't think I have.
 5 MR. KALTENBACH: I can't help you.
 6 BY THE WITNESS:
 7 A I don't think I have. I may have. I
 8 don't recall that.
 9 BY MR. HOFFMAN:
 10 Q And so what you have here is, if you
 11 turn the page, there's a 2000 memo, there's a 2001
 12 memo --
 13 A Yes.
 14 Q -- there's a 2002 memo --
 15 A Yes.
 16 Q -- and so on and so forth all the way
 17 for each and every year --
 18 A Okay.
 19 Q -- through 2012? Yes?
 20 A All right. Yes.
 21 Q Have you seen these documents before?
 22 A I have -- Like I said, I've seen some
 23 of these. I don't necessarily recall seeing all of
 24 these. I don't recall seeing, like, invoices. I'm

1 A Okay.
 2 Q The cover is the first memorandum.
 3 You've see this before, February 29th of 2000.
 4 A I have.
 5 Q This is the document that was attached
 6 to the TTO's minutes dated March 21st, 2000,
 7 correct?
 8 A Yes.
 9 Q This is the proposal that was --
 10 A Yes.
 11 Q -- not only discussed at the meeting,
 12 but actually in the hands of the trustees?
 13 A Yes.
 14 Q Okay. And this was also the
 15 memorandum that was attached to the June 2000 board
 16 minutes for LT, correct?
 17 A I don't know about LT, but I would say
 18 yes, that this is -- I know that this was part of
 19 the TTO's minutes.
 20 Q Okay. So you don't know whether or
 21 not LT's board, in June of 2000, was presented with
 22 a copy of this February 29th, 2000 memorandum?
 23 A I haven't -- I have not seen the
 24 minutes.

1 not sure that I've seen every memo --
 2 Q Okay. But you --
 3 A -- that's come through, but I'm
 4 familiar with the format.
 5 Q Have you ever seen any document in the
 6 TTO's files through the 2012 year in which anyone
 7 at the TTO ever took any issue with the memorandums
 8 in Conway Exhibit No. 3?
 9 A Have I ever seen any memos? Yes.
 10 Have they taken issue with it? I'm not sure what
 11 you mean.
 12 Q What memos are you talking about?
 13 A You asked me if I've seen these --
 14 Q No, no. I didn't ask you that. Let
 15 me ask you a better question --
 16 A Okay.
 17 Q -- because you weren't answering my
 18 question.
 19 A Okay.
 20 Q In the files of the TTO --
 21 A Yes?
 22 Q -- through the year 2012 --
 23 A Yes?
 24 Q -- have you ever seen any documents in

1 which anyone at the TTO took issue with these LT
 2 memos which are collected in Conway Exhibit No. 3?
 3 A When you say "take issue with," are
 4 you saying refuting, accepting, or --
 5 Q Either claiming that they wouldn't pay
 6 these amounts, complaining about the amounts,
 7 anything -- anything responding to these
 8 memorandum?
 9 A No.
 10 Q Okay. Terrific.
 11 A Okay.
 12 MR. KALTENBACH: Do you need a --
 13 THE WITNESS: I'm sorry.
 14 BY MR. HOFFMAN:
 15 Q All right. I am moving on to another
 16 subject, so if you want to take a minute --
 17 A No. I'm fine. Thank you.
 18 MR. KALTENBACH: I'm fine too.
 19 MR. HOFFMAN: Are you good?
 20 MR. KALTENBACH: I didn't make a note
 21 of when we started after lunch.
 22 MR. HOFFMAN: I did. 12:58.
 23 MR. KALTENBACH: Okay. Fair enough.
 24 MR. HOFFMAN: So we've been --

1 THE WITNESS: I'm sorry.
 2 MR. HOFFMAN: -- going --
 3 THE WITNESS: 40 minutes, 50 minutes.
 4 MR. HOFFMAN: Okay. Let's roll.
 5 Sounds good.
 6 BY MR. HOFFMAN:
 7 Q Let's talk a little bit about the
 8 claims in the complaint, and I'm going to hand you
 9 back Bradshaw Exhibit No. 4, which is --
 10 A Okay.
 11 (Whereupon, document
 12 tendered.)
 13 BY MR. HOFFMAN:
 14 Q -- LT's answer and affirmative
 15 defenses to the claim. But as you can tell, the
 16 answers are set out in bold, and the claim that the
 17 TTO makes is in regular face. Yes?
 18 A I see that, yes.
 19 Q Okay. Terrific.
 20 The TTO asked for a declaratory
 21 judgment, as you can see on Page 16 where it says,
 22 "The Township Trustees seek a declaratory
 23 judgment." Yes?
 24 A I'm not quite --

1 (Whereupon, witness perusing
 2 document.)
 3 BY THE WITNESS:
 4 A Yes. Got it.
 5 BY MR. HOFFMAN:
 6 Q I do understand you're not a lawyer,
 7 and so I am not asking you for a legal conclusion,
 8 but I'm trying to get information about the claim
 9 that the TTO is asserting on several issues and
 10 what it's based on.
 11 A Okay.
 12 Q But it may be the answer is, "I don't
 13 know. Talk to my lawyer." And if that's the
 14 answer, you can give me that answer. Fair enough?
 15 A Sure.
 16 Q Okay. So what is the legal basis for
 17 the TTO's claim for the return of approximately
 18 \$500,000 of audit fee payments?
 19 MR. KALTENBACH: I will object as it's
 20 calling for a legal conclusion.
 21 Subject to that, Dr. Birkenmaier,
 22 you can answer.
 23 MR. HOFFMAN: It doesn't call for a
 24 legal conclusion. I asked her if she knows what

1 legal claim is being made. I mean, something like
 2 breach of contract or fraud or some legal theory
 3 that would support it because, to me, it's unclear.
 4 BY MR. HOFFMAN:
 5 Q So I'm asking you, do you know?
 6 A I --
 7 MR. KALTENBACH: Hold on.
 8 I think it's -- Objection.
 9 Compound question and calls for a legal conclusion.
 10 You can answer.
 11 MR. HOFFMAN: Fine.
 12 BY THE WITNESS:
 13 A I'm not aware of what legal theory
 14 would apply.
 15 BY MR. HOFFMAN:
 16 Q Okay. And if I asked you the same
 17 question for the \$1.5 million claim for repayment
 18 of interest income, would your answer be the same?
 19 A Yes, it would.
 20 Q And if I asked you the same question
 21 regarding the claim for the payment of \$2.6 million
 22 in pro rata expenses, would your answer be the
 23 same?
 24 A Yes. I have no idea what legal theory

1 would apply.
 2 Q Okay. That makes two of us.
 3 Let's turn to Paragraph 44 of
 4 this complaint and answer. It says, "In fiscal
 5 years 1995 through 2012, the Treasurer erroneously
 6 allocated \$1,574,636.77 in interest on investments
 7 to District 204."
 8 Do you see that?
 9 A I do.
 10 Q Okay. How did that happen?
 11 A Based on my understanding, there are
 12 emails that indicate that additional funds were
 13 given to District 204 outside of the regular
 14 quarterly interest distribution.
 15 Q What are the dates of those
 16 invoices -- emails, rather?
 17 A I'm sorry. I don't recall that
 18 without referring to the emails.
 19 Q Okay. Well, we can look at them.
 20 A Sure.
 21 Q Your lawyer has used with Bob Healy a
 22 back-and-forth that took place in 2006 between
 23 Healy and Sellers.
 24 Does that help you to remember

1 there were journal entries that were outside of the
 2 norm of the quarterly distribution that indicate
 3 that that money would have been posted to their
 4 account.
 5 Q Do you have any understanding as to
 6 how or why that took place?
 7 A I don't.
 8 Q Does the TTO have any understanding as
 9 to how or why the treasurer erroneously allocated
 10 one and a half million dollars plus in interest on
 11 investments to District 204?
 12 A Not to my knowledge.
 13 MR. KALTENBACH: There's not a
 14 question pending; so if you want to take a minute
 15 to chat, we can do that.
 16 THE WITNESS: Can I ask a question?
 17 BY MR. HOFFMAN:
 18 Q You want to step outside with your
 19 lawyer?
 20 A Yes, please.
 21 (Whereupon, the witness and
 22 her counsel exited the
 23 conference room.)
 24 (Brief pause.)

1 what emails you're talking about?
 2 A I'm familiar generally with that, yes.
 3 Q Okay. And those are the only emails
 4 that we've seen in any of the productions that or
 5 any of the depositions exhibits that your counsel
 6 has used.
 7 Are there any other emails you're
 8 aware of?
 9 A No.
 10 Q Okay. And I'd be happy to show you
 11 those documents, and I intend to do that --
 12 A Okay.
 13 Q -- but they're dated 2006.
 14 And is it also correct that the
 15 TTO's claim -- Well, as you can see on
 16 Paragraph 44, the claim for alleged overpayment of
 17 interest goes back to 1995, right?
 18 A Yes. I see that.
 19 Q So other than the 2006 emails that
 20 you're talking about, how did the treasurer
 21 erroneously allocate over a million and a half
 22 dollars in interest on investments to District 204?
 23 A I would -- Without seeing the actual
 24 documentation, it would -- I would conclude that

1 (Whereupon, the witness and
 2 her counsel entered the
 3 conference room.)
 4 BY MR. HOFFMAN:
 5 Q After having spoken with your attorney
 6 outside the room, is there anything else you want
 7 to say?
 8 A Yes. I was familiar with the fact
 9 that in Bob Healy's testimony, he had indicated
 10 that those payments to LT that shows excess
 11 interest were advances, and I just recently learned
 12 that.
 13 Q Did you also see in Healy's testimony
 14 that he said he never overpaid interest to any
 15 district and that, if he ever advanced money to a
 16 district, he would always take it back in a
 17 subsequent year?
 18 MR. KALTENBACH: Objection.
 19 Mischaracterization.
 20 MR. HOFFMAN: That's exactly what he
 21 said.
 22 BY MR. HOFFMAN:
 23 Q Go ahead. You can answer.
 24 A I've never seen anything like that.

1 Q And you have or have not read Healy's
 2 testimony?
 3 A I have not read it. I've seen
 4 portions of it.
 5 Q The portions that the lawyers showed
 6 you?
 7 A Yes.
 8 Q So they showed you something in which
 9 Bob Healy said that he made advances to districts?
 10 Yes?
 11 A To District 204.
 12 Q Okay. And that from that testimony,
 13 you conclude that District 204 got more money than
 14 it should have because it got an advance or
 15 advances from the TTO on interest, right?
 16 A Can you ask that question again,
 17 please?
 18 Q Sure.
 19 MR. HOFFMAN: Read it back.
 20 (Whereupon, the record was
 21 read as requested.)
 22 BY THE WITNESS:
 23 A Not from the testimony; the evidence
 24 was that there were journal entries that show that

1 recall doing that.
 2 "QUESTION: Was there ever a time when
 3 there was an accidental overpayment to
 4 all the districts possibly in 2007?
 5 "ANSWER: Might have been; if I had my
 6 income estimate was wrong, it would
 7 have happened, but I would have had to
 8 make up for it in the future."
 9 Do you see that testimony?
 10 A I do see that.
 11 Q Have you seen it before today?
 12 A No.
 13 Q "QUESTION: And when you say 'made up
 14 for it,' you mean by reducing the
 15 interest payment in subsequent years?
 16 "ANSWER: Right. In other words, they
 17 got money early. That's how you look
 18 at it.
 19 "QUESTION: In that instance, would
 20 that be an overpayment that would have
 21 been made across the board to all of
 22 the districts?
 23 "ANSWER: Yes. I would assume so
 24 because we paid out according to that

1 additional revenue was received by District 204 for
 2 interest income.
 3 BY MR. HOFFMAN:
 4 Q What do you mean "not from the
 5 testimony"? You just talked about the testimony,
 6 and now you're saying "not from the testimony."
 7 A What I said was that the testimony
 8 provided new information to me that Bob considered
 9 those advances on interest income, but I did not
 10 draw the conclusion about interest payments from
 11 his testimony. They were merely clarifying his
 12 intent.
 13 Q Let's take a look at Bob Healy's
 14 testimony on Page 64.
 15 A I need the testimony, please.
 16 (Whereupon, document
 17 tendered.)
 18 BY MR. HOFFMAN:
 19 Q If you see -- Beginning on Line 8:
 20 "QUESTION: "Was there ever a time
 21 when you paid either LT or any other
 22 district more than they were entitled
 23 to get of their investment income?
 24 "ANSWER: I do not think -- I do not

1 distribution."
 2 Have you seen that testimony
 3 before today?
 4 A Not before today.
 5 Q Does that testimony have any impact on
 6 your view of what happened here with respect to
 7 interest?
 8 A It just creates questions.
 9 Q And what questions does it create?
 10 A Was it ever recovered and the evidence
 11 that I have would indicate that it was not.
 12 Q And what evidence is that?
 13 A Any income distributions that have
 14 been posted.
 15 MR. KALTENBACH: I'm going to use that
 16 later, so . . .
 17 BY MR. HOFFMAN:
 18 Q Okay. I'm showing you Healy Exhibit
 19 No. 4.
 20 (Whereupon, Healy Exhibit
 21 No. 4, previously marked,
 22 was tendered to the witness.)
 23
 24

1 BY THE WITNESS:
 2 A Okay.
 3 BY MR. HOFFMAN:
 4 Q Is this the -- This is the memo you
 5 were talking about earlier, the one that the TTO
 6 believes is significant with respect to payment of
 7 interest, right? It's two emails dated August 1st
 8 and August 2nd of 2006.
 9 A Let me read this, please.
 10 Q Sure. Take your time.
 11 (Whereupon, witness perusing
 12 document.)
 13 BY THE WITNESS:
 14 A Okay.
 15 BY MR. HOFFMAN:
 16 Q Okay. So this is the email that -- or
 17 emails that you were talking about earlier --
 18 A Yes.
 19 Q -- that the TTO finds significant with
 20 respect to interest payments, right?
 21 A Yes.
 22 Q Okay. And why do you -- having just
 23 read these, what do these -- how do these support
 24 the TTO's claim in your view?

1 A Okay. It indicates to me that
 2 additional funds were given to the high school.
 3 Q Okay. And how much in additional
 4 funds?
 5 A At that -- In this specific email --
 6 Q Yes.
 7 A -- it says an additional 280,000.
 8 Q Okay. And, in fact, do the records
 9 that the TTO has in its possession indicate a
 10 payment to LT in 2006 of an amount of interest that
 11 was excessive by 280,000?
 12 A I would have to go back and look at
 13 that specifically. I don't recall off the top of
 14 my head.
 15 Q So you feel that this memo supports
 16 the view that there was an overpayment of interest,
 17 but you don't know whether this amount you say was
 18 overpaid based on the emails correlates to the TTO
 19 records?
 20 A I'm saying I can't verify that without
 21 seeing the other documents.
 22 (Whereupon, TTO Deposition
 23 Exhibit No. 18 was marked for
 24 identification.)

1 (Whereupon, document
 2 tendered.)
 3 BY MR. HOFFMAN:
 4 Q Okay. I'm showing you what's been
 5 marked as TTO Deposition Exhibit No. 18 --
 6 A Do you want this one back
 7 (indicating)?
 8 Q Yes.
 9 (Whereupon, document
 10 tendered.)
 11 BY MR. HOFFMAN:
 12 Q Thank you very much.
 13 TTO Exhibit 18 are emails -- at
 14 the top, an email dated July 24th, 2006, from David
 15 Sellers to Bob Healy and a previous email that
 16 Healy forwarded dated July 20th of 2006.
 17 A Okay.
 18 Q Have you ever seen this document
 19 before?
 20 A I believe so.
 21 Q Okay. And is it fair to say -- And
 22 this email preceded the email we were just talking
 23 about by about a week --
 24 A Okay.

1 Q -- correct?
 2 A Yes.
 3 Q Okay. And in this email, am I correct
 4 that David Sellers is asking Bob Healy about the
 5 results that he's getting and comparing that to the
 6 ISDLAF results which are included in the materials
 7 he's forwarding ing to Bob?
 8 A Okay.
 9 Q Fair enough?
 10 A Yes.
 11 Q And do you know what the "ISDLAF"
 12 means?
 13 A I do.
 14 Q And what is it?
 15 A Illinois School District Liquid Asset
 16 Fund.
 17 Q Okay. And do you see anything in
 18 Mr. Sellers' email that we're looking at here in
 19 TTO Exhibit No. 18 in which Sellers is asking on
 20 behalf of LT for any special treatment or any
 21 advance of interest?
 22 A Let me read this, please.
 23 Q Sure. Take your time.
 24

1 (Whereupon, witness perusing
2 document.)
3 BY THE WITNESS:
4 A All right. Can you give me your
5 question again?
6 MR. HOFFMAN: Read it back, please.
7 (Whereupon, the following was
8 read from the record as
9 requested: "QUESTION: Okay.
10 And do you see anything in
11 Mr. Sellers' email that we're
12 looking at here in TTO Exhibit
13 No. 18 in which Sellers is
14 asking on behalf of LT for any
15 special treatment or any
16 advance of interest?")
17 BY THE WITNESS:
18 A No.
19 BY MR. HOFFMAN:
20 Q Let's take a look a Theissen Exhibit
21 No. 10.
22 (Whereupon, Theissen Exhibit
23 No. 10, previously marked,
24 was tendered to the witness.)

1 BY MR. HOFFMAN:
2 Q This is a document that I showed to
3 Mike Theissen which came from the TTO's files at
4 his deposition about ten days ago.
5 A Okay.
6 Q Have you seen this document before?
7 A I have.
8 Q Okay. What is your understanding of
9 what this document is?
10 A It appears to me that these would be
11 journal entries to make adjustments post-audit.
12 Q Okay. And because it says on the
13 second page "Audit Adjustment-Interest," correct?
14 A Yes.
15 Q Okay. And do you have any knowledge
16 other than this document and what it says as to the
17 transaction that's reflected in this document? Do
18 you know what I'm saying?
19 A No. I'm sorry.
20 Q Do you understand the question?
21 So I'm trying to figure out --
22 We're both looking at the same document?
23 A Yes.
24 Q My question is, do you know anything

1 about the transactions -- And you see on the second
2 page, there is a request for posting entry for the
3 Lyons Township School Treasurer, correct?
4 A Yes.
5 Q And that is -- This is a handwritten
6 document that then gets input into the computer
7 system at the TTO --
8 A Yes.
9 Q -- correct?
10 A Correct.
11 Q That's what an entry is; it's a
12 journal entry in the general ledger, correct?
13 A Yes.
14 Q Okay. And so other than what it says
15 in this document and the attached documents here,
16 have you spoken with the auditors from 2011, have
17 you spoken with anybody at the TTO, or have you
18 seen any records other than what are attached to
19 Theissen Exhibit No. 10 that bear upon this
20 transaction or this --
21 A No.
22 Q -- entry? Okay.
23 So all of the knowledge you have
24 about the transaction described in Theissen Exhibit

1 No. 10 is from what's in this document, correct?
2 A Yes.
3 Q Okay. And so having looked at this on
4 Page 2, you see that at the top, it says,
5 "one-sided"; yes?
6 A Yes.
7 Q Okay. And what does that mean?
8 A It means that there's not an
9 offsetting entry on another line.
10 Q All right. And you see that there's a
11 negative figure of \$1,512,451.00, correct?
12 A Yes.
13 Q And we know it's a negative because of
14 the brackets that appear on either side of the
15 number, right?
16 A Yes.
17 Q Okay. And the description here is
18 "Audit Adjustment." "ADJ," you think it means
19 "Audit Adjustment" -- yes --
20 A Yes.
21 Q -- dash "interest"?
22 A Yes.
23 Q And you believe that interest means
24 the investment income interest earned on pooled

1 investments, right?
 2 A Yes.
 3 Q And so what is the account listed up
 4 above, which is 1-999999?
 5 A The "1" would indicate that it's the
 6 education funds. The "999" -- Now, see, this is a
 7 different kind of an account number because it's
 8 marked "AST," which signifies to me that it's an
 9 asset account, so the naming is different than it
 10 would be for a revenue or expenditure.
 11 "999" typically would indicate
 12 that it's a miscellaneous account. "1013" would
 13 indicate specifically the revenue asset line that
 14 it would be posted against.
 15 Q So this indicates that the assets or
 16 money held by District 204 was reduced in the
 17 amount of just over a million and a half dollars at
 18 this time, correct?
 19 A No. And I'm not an accounting expert
 20 but, typically, when it's a revenue, it's included
 21 in brackets to indicate that it's a revenue as
 22 opposed to an expenditure.
 23 Q Well, what is this transaction then?
 24 MR. KALTENBACH: I'll object as being

1 beyond the scope.
 2 You can answer.
 3 BY MR. HOFFMAN:
 4 Q What is this transaction? It's a
 5 million and a half dollar adjustment --
 6 MR. KALTENBACH: Hold --
 7 MR. HOFFMAN: Let me finish my
 8 question before you jump all over it.
 9 MR. KALTENBACH: I'm referring to her.
 10 BY MR. HOFFMAN:
 11 Q This document talks about a one-sided,
 12 one and a half million dollar adjustment for
 13 interest after an audit for District 204.
 14 So what is this and why was it
 15 done?
 16 MR. KALTENBACH: Hold on.
 17 I'm going to object to being a
 18 compound question. I'm going to object as being
 19 beyond the scope of the deposition given the level
 20 of detail.
 21 You can answer the question
 22 subject to those objections, Dr. Birkenmaier.
 23 BY MR. HOFFMAN:
 24 Q What is this and why was it done?

1 A I don't have enough accounting
 2 expertise to be able to answer that question.
 3 Q So you don't know?
 4 A I don't know.
 5 Q Okay. And having seen this prior to
 6 your deposition, did you make any effort to look
 7 back at the records of the TTO to try to figure out
 8 why District 204's funds were being adjusted by a
 9 million and a half dollars for interest in June
 10 of 2011?
 11 A No.
 12 Q Why not?
 13 MR. KALTENBACH: Objection.
 14 Argumentative.
 15 Go ahead.
 16 BY MR. HOFFMAN:
 17 Q Why didn't you look into this?
 18 A Because that work would have been done
 19 long before I was employed.
 20 Q Well, your --
 21 A And I would have no reason to go back
 22 and check previous work.
 23 Q Well, wouldn't your reason to go back
 24 include the fact that the TTO is making a claim for

1 what it believes to be excessive interest paid to
 2 LT from 1995 through 2012 in the amount of about a
 3 million and a half dollars?
 4 A I don't think you can make the
 5 assumption that the \$1.5 million is the total
 6 amount. If I recall, you had indicated interest
 7 income between a period of time, so you would not
 8 necessarily find this in a single entry.
 9 Q Well, I don't know what this was done
 10 and why it was done. This is in the TTO's files.
 11 Have you ever seen anything in
 12 any of the TTO documentation indicating that, in
 13 June of 2011, LT was informed that there was a one
 14 and a half million dollar adjustment made to its
 15 account for an audit adjustment relating to
 16 interest?
 17 A No.
 18 Q Do you think that that might be
 19 significant in some way in this case?
 20 A I don't know.
 21 Q Do you see on the first page of this
 22 document -- That would be the first page
 23 (indicating)?
 24 A Uh-huh.

1 Q On the first page of this document,
 2 there's a listing for various other districts?
 3 A I do see that.
 4 Q Well, the "100" is the TTO.
 5 What's the "999" account?
 6 A That would be the health insurance
 7 cooperative.
 8 Q Okay. And then you see there's a
 9 reference to "Lo."
 10 Is that Lauralee Conway?
 11 A Yes.
 12 Q Okay. And it says "talk to Bob"?
 13 A Yes.
 14 Q And on the right, it says, "Lo, adjust
 15 balances, talk to Jim White."
 16 Is that Jim White from Baker
 17 Tilly?
 18 A Yes.
 19 Q Okay. And do you know what any of
 20 that means, who is being told to do what on Page 1?
 21 Other than what we're reading here -- you and I are
 22 reading the same thing -- do you have any knowledge
 23 as to what all that is discussing or who's supposed
 24 to do what?

1 A I have no way to discern the order,
 2 but, obviously, it indicates to me that Lauralee
 3 would be the person who would be inputting these
 4 changes, and so she needs to talk to the auditor
 5 and to the treasurer to make sure that the
 6 allocation is correct.
 7 Q Well, Lauralee Conway is a current
 8 employee of the TTO, correct?
 9 A She is, yes.
 10 Q And so is there any reason you didn't
 11 ask her to explain this document to you?
 12 A Yes, because it's historical data.
 13 Q Well, it's historical data, but isn't
 14 it significant to the historical period involved in
 15 your claim in this case, meaning 1995 to 2012?
 16 A Yes; but it's just reassigning funds.
 17 Q How do you know that?
 18 A Because the first line indicates that
 19 you've got a debit of \$1.7 million, and it shows
 20 that you also have a credit of 1.7, and it shows
 21 where you're placing those funds.
 22 Q So where did the funds go from and to?
 23 A It appears that it came out of the TTO
 24 account and went into the various accounts that are

1 listed below the health insurance, District 102,
 2 District, 204, and LADSE.
 3 Q Do you see on the far right side next
 4 to the "District 204" row, it says "2010
 5 adjustment, but self-corrected in 2011."
 6 Do you know what that means?
 7 A I would only be able to speculate that
 8 it could have been --
 9 Q I don't want you to speculate --
 10 A Okay. Then I don't --
 11 Q -- and I already told you not to do
 12 that.
 13 A Then I don't know specifically what
 14 that note would mean.
 15 Q Whose handwriting is that?
 16 A I don't know.
 17 Q Is that Bob's?
 18 A I don't know.
 19 Q Okay. Have you made any effort to ask
 20 anybody at the TTO what that information might mean
 21 there?
 22 A No.
 23 MR. KALTENBACH: Are you doing okay?
 24 THE WITNESS: I am. Thank you.

1 BY MR. HOFFMAN:
 2 Q All right. Between 1995 and 2012,
 3 which is the time period involved in the TTO claim
 4 with respect to interest in this case --
 5 A Um-hmm.
 6 Q "Yes"?
 7 A Yes.
 8 Q -- [continuing] did the TTO regularly
 9 pay out to the districts either the entire amount
 10 or nearly the amount of interest that the TTO
 11 earned on the pooled investment fund?
 12 A I don't know.
 13 Q Why do you not know that?
 14 A I don't know what the total amounts
 15 were that were earned.
 16 Q Well, you're claiming that in this
 17 case that LT got overpaid interest, right?
 18 A Yes.
 19 Q And so isn't it important to know
 20 whether the amount of interest that the TTO paid
 21 out each year correlated to the amount of interest
 22 that they actually earned in every year?
 23 A No.
 24 Q Why is that not important?

1 A What I have seen evidence of is a
 2 listing that said this was how much money was
 3 distributed.
 4 Q And that evidence came from Healy's
 5 handwritten notes, correct?
 6 A Correct.
 7 Q And isn't it a fact that that amount
 8 of money to be distributed that was listed in
 9 Healy's handwritten notes was always an even
 10 number?
 11 A Yes.
 12 Q Okay. And isn't it also a fact that
 13 Healy testified in his deposition that those
 14 numbers in his handwritten notes were conservative
 15 and preliminary numbers and that the accurate
 16 numbers about the amounts to be paid were set forth
 17 in the TTO's general ledger?
 18 A Yes.
 19 Q And do you have any reason to dispute
 20 that testimony that Mr. Healy gave concerning the
 21 meaning of his handwritten notes?
 22 A I don't.
 23 Q And, in fact, Kelly Bradshaw's
 24 analysis, which I'm happy to show you and I intend

1 Q -- when she analyzed it?
 2 A The amount of money that was posted as
 3 interest income to the 204 account versus what was
 4 written on Bob's sheets.
 5 Q Okay. And what was written on Bob's
 6 sheets was the what should have been paid; and then
 7 what was in the general ledger postings was what
 8 was paid?
 9 A Correct.
 10 Q The difference between that was either
 11 an over or an underpayment, correct?
 12 A Correct.
 13 Q Okay. So Bradshaw did not look back
 14 to see how much interest the TTO actually earned by
 15 looking at statements from banks or financial
 16 institutions that held investments for the TTO; am
 17 I right?
 18 A I don't know.
 19 Q Does the TTO have source documents
 20 that are sufficient for somebody to go back and
 21 look at them and figure out that in 1997, for
 22 example, here's how much the TTO actually earned in
 23 investment income --
 24 MR. KALTENBACH: I'm going to --

1 to show you -- and if you want to see it right now,
 2 let me know -- but what she did, in part, was
 3 compare the amount of money that Healy wrote in his
 4 notes to be distributed and compared that to the
 5 general ledger amount and viewed the first thing as
 6 what should have been paid and the second thing as
 7 what was actually paid --
 8 A Okay.
 9 Q -- correct? Is that her --
 10 A I would assume so.
 11 Q That's her -- Well, I don't want you
 12 to assume anything. We had a little talk about
 13 that.
 14 A Yes.
 15 Q So --
 16 A It's true. You'll have to show me in
 17 the document.
 18 Q -- do you understand what Kelly
 19 Bradshaw did?
 20 A Yes.
 21 Q Okay. What did Kelly Bradshaw do?
 22 What did her analysis on \$1.5 million in overpaid
 23 interest analyze --
 24 A The amount --

1 BY MR. HOFFMAN:
 2 Q -- on the pooled investments?
 3 MR. KALTENBACH: I'm going to object
 4 to the extent it calls for a legal conclusion and
 5 it's beyond the scope also. That's going to be the
 6 subject of expert testimony.
 7 BY MR. HOFFMAN:
 8 Q You know, you're getting a little
 9 coaching here, but can you answer the question?
 10 A We've turned over -- So far as I know,
 11 we've turned over all the investment documents that
 12 we had.
 13 Q Yeah, and here's my question: Do
 14 those investment documents provide enough
 15 information, are they complete enough and accurate
 16 enough and reliable enough so that somebody can
 17 look at those documents and go back and confirm for
 18 each year that's relevant here how much money the
 19 TTO actually earned in investment income?
 20 MR. KALTENBACH: Same objection and as
 21 to form.
 22 BY THE WITNESS:
 23 A To the best of my knowledge, yes.
 24

1 BY MR. HOFFMAN:
 2 Q Yes?
 3 A Yes.
 4 Q Okay. Then why didn't you have Kelly
 5 Bradshaw go back and look at those source documents
 6 to figure out how much income was actually earned
 7 on the investments instead of using a number that
 8 was a round number that was written in Healy's
 9 handwritten notes?
 10 A I believe there's an assumption in the
 11 question that you're asking that all of the income
 12 that was received is interest income for
 13 distribution, and the complexity of investments
 14 would not necessarily indicate that all of that
 15 money would be distributable.
 16 Q Okay. So why was the amount of money
 17 reflected in source documents not all
 18 distributable?
 19 A I'm not certain what Bob's approach to
 20 distribution would be.
 21 Q Well, why aren't you? That's a
 22 critical part of this case.
 23 A I think that that --
 24 MR. KALTENBACH: Objection.

1 Argumentative.
 2 MR. HOFFMAN: It's not argumentative.
 3 BY MR. HOFFMAN:
 4 Q Go ahead.
 5 A I think that that's where the
 6 discretion of the investor and the types of
 7 investments and the movement of the marketplace
 8 comes to bear.
 9 Q Well, were Bob's -- Looking back on it
 10 and having the knowledge of the historical record,
 11 did Bob Healy essentially make arbitrary decisions
 12 as to how much money to give to the district?
 13 A I couldn't characterize it that way
 14 because I don't know.
 15 Q Well, in some years, isn't it true
 16 that he gave the districts way more money than the
 17 TTO earned and, in some years, he gave them way
 18 less? And by "way," I mean, millions of dollars.
 19 A I don't know.
 20 Q Okay. Well, let's find out.
 21 A Okay.
 22 Q Are you familiar with the audit
 23 reports of the TTO --
 24 A Yes.

1 Q -- for the years that we're talking
 2 about here?
 3 A Yes.
 4 MR. KALTENBACH: Will this be 19?
 5 MR. HOFFMAN: Let's go ahead and mark
 6 it, sure.
 7 (Whereupon, TTO Deposition
 8 Exhibit No. 19 was marked for
 9 identification.)
 10 (Whereupon, document
 11 tendered.)
 12 BY MR. HOFFMAN:
 13 Q All right. We've marked as
 14 Deposition -- TTO Deposition Exhibit 19 all of the
 15 audit reports for the TTO from 1995 through 2013.
 16 A Okay.
 17 Q And these come from, not surprisingly,
 18 the TTO's production to us in this case.
 19 A Correct.
 20 Q So let -- And you're familiar with
 21 these documents, right?
 22 A I am.
 23 Q Okay. So let's just pick a year in
 24 the middle here --

1 A Okay.
 2 Q -- and go with 2003.
 3 A Okay.
 4 Q Would you tell me with respect to the
 5 general fund at the TTO --
 6 A Hold on a second. I'm not quite with
 7 you yet. I'm still at 2002.
 8 Q Okay. Take your time.
 9 (Whereupon, witness perusing
 10 document.)
 11 BY THE WITNESS:
 12 A Okay.
 13 BY MR. HOFFMAN:
 14 Q I can tell you, I'm looking at -- just
 15 to -- I'm looking at Page 4 of Exhibit B of the
 16 audit, but you can look at any page you want
 17 because --
 18 A Okay.
 19 Q -- you're the treasurer, and I'm not.
 20 A Okay.
 21 Q I would ask only that you kind of keep
 22 these documents straight (indicating).
 23 A Sure. Happy to.
 24 Q Thanks.

1 And so on Page 4, there is an
 2 exhibit that relates to the general fund and a
 3 statement of revenues, expenditures, and changes in
 4 fund balance for the year-ended June 30, 2003.
 5 Do you see that?
 6 A I do.
 7 Q And there is a line item here for
 8 receipts which says "Interest on Investments-Net of
 9 Distributions to School Districts," and there's an
 10 amount stated of \$3,256,195.
 11 Do you see that?
 12 A I do.
 13 Q Okay. And what does that number
 14 represent?
 15 A I am not certain.
 16 Q Isn't it obvious that that means that
 17 the TTO paid out interest on investments to school
 18 districts in the 2000 year and, after doing so, had
 19 just over \$3 million in interest income left?
 20 A I'm not certain.
 21 Q So are you telling me today that you
 22 don't understand what the audit statements of the
 23 TTO mean?
 24 A I'm telling you that I'm not certain

1 A Yes.
 2 Q Okay. And then right below it, it
 3 says, quote, "The decrease was primarily attributed
 4 to the larger amount of investment earnings paid
 5 out to member districts."
 6 Do you see that?
 7 A I do.
 8 Q And let's, then, just to quantify
 9 that, turn to Page 12 of the financial
 10 statements --
 11 A Okay.
 12 Q -- which, again, have the general fund
 13 statement. And you see it says -- Under "Receipts"
 14 for the general funds, it says "Earnings on
 15 Investments" \$3.7 million, approximately?
 16 A I do see that.
 17 Q And it says "Earning on Investments
 18 Paid Out to School Districts" --
 19 A Yes.
 20 Q -- just over 6 million?
 21 A Yes.
 22 Q So in the 2004 year, the TTO paid out
 23 about \$2.3 million in interest more than it earned
 24 in that year --

1 what this specific line captures.
 2 Q Well, okay.
 3 Let's look at a different year,
 4 which I think is even more obvious.
 5 A Okay.
 6 Q Maybe that would help you.
 7 A Okay.
 8 Q All right. Let's turn to the 2004
 9 year --
 10 A Okay.
 11 Q -- if could you, please.
 12 A Sure. Same page?
 13 Q No. Let's look at Page 6 to start.
 14 (Whereupon, witness perusing
 15 document.)
 16 BY THE WITNESS:
 17 A Okay.
 18 BY MR. HOFFMAN:
 19 Q And you see when it talks about the
 20 financial analysis of the TTO funds?
 21 A Yes.
 22 Q And it talks about the prior year the
 23 fund balance at the TTO was about negative 95,000,
 24 and then it decreased to negative 2.7 million?

1 A I see that --
 2 Q -- to school districts?
 3 A -- yes.
 4 Q Do you know how and why that happened?
 5 A I will be speculating if I give you an
 6 answer to that.
 7 Q I don't want your speculation. I want
 8 facts.
 9 A Then I'm going to say I don't have
 10 enough detail to answer that question.
 11 Q Okay. And what detail would you need
 12 in order to be able to answer that question?
 13 A I would need to know when the last
 14 distribution of interest went out. I would need to
 15 know what the timing of interest from the previous
 16 year is and when that was received in.
 17 I would need to basically
 18 understand the timing of this, and I cannot draw
 19 that conclusion from this -- these numbers.
 20 Q Wouldn't the TTO pay interest that it
 21 earned and attribute those payments to the year in
 22 which the interest was actually earned in terms of
 23 the distributions?
 24 Are you saying that the -- Are

1 you claiming that the money that was earned by the
 2 TTO doesn't correlate with the payments that it
 3 made?
 4 **A I'm saying that there is an overlap**
 5 **between fiscal years that, typically, at least**
 6 **currently, our practice is that the last**
 7 **calculation of interest is based on the May and**
 8 **April fund balances and that it doesn't take into**
 9 **account the June balances. So it's possible that**
 10 **there was something in transit at the end of the**
 11 **fiscal year. It depends on how these records are**
 12 **kept, if these are on an accrual basis, modified**
 13 **accrual basis, or a cash basis of accounting.**
 14 **Q But the bottom line is, you don't**
 15 **know?**
 16 **A I would not be certain without being**
 17 **able to go back and consult with the auditors and**
 18 **look at documents, no.**
 19 **Q Well, you can't go back and consult**
 20 **with the auditors because they're from Baker Tilly,**
 21 **and the TTO threatened to sue Baker Tilly, right?**
 22 **A Yes.**
 23 **Q And so, currently, there is a**
 24 **standstill agreement in place between the TTO and**

1 **BY THE WITNESS:**
 2 **A I understand the payment. How the**
 3 **money was received and recorded, I don't understand**
 4 **the details of that.**
 5 **BY MR. HOFFMAN:**
 6 **Q So if I asked you about all of the**
 7 **different entries in the TTO's annual audit**
 8 **statements with respect to earnings on investments**
 9 **and earnings paid out to school districts and why**
 10 **the numbers are different, would your answer be "I**
 11 **don't know"?**
 12 **A My answer would be it would be based**
 13 **on the assumptions that the work that was presented**
 14 **was done correctly.**
 15 **Q Well --**
 16 **A So I don't know.**
 17 **Q You're assuming that the work that**
 18 **Baker Tilly did on these audits from 1995 through**
 19 **2012 were done correctly?**
 20 **A I have no reason not to believe that.**
 21 **Q Well, then, why did the TTO threaten**
 22 **to sue them and enter into a standstill agreement**
 23 **with them?**
 24 **A I don't --**

1 Baker Tilly whereby any claims that the TTO has
 2 against Baker Tilly are put on hold pending further
 3 developments, right?
 4 **A Correct.**
 5 **Q Okay. So there's no way for you to**
 6 **pick up the phone and call somebody at Baker Tilly**
 7 **and ask them questions about the work that they did**
 8 **for the TTO, is there?**
 9 **A No.**
 10 **Q So how can you explain why or can you**
 11 **even begin to explain why, in 2004, the TTO paid**
 12 **out earnings on investments to school districts of**
 13 **almost double what they recorded as earnings made**
 14 **for that year? And I'm not talking about**
 15 **speculation. I'm talking about actual knowledge.**
 16 **A I cannot answer that.**
 17 **Q Don't you think it's important to**
 18 **understand how interest was paid out to the**
 19 **districts when you're making a claim against the**
 20 **TTO -- or excuse me -- a claim against LT for a**
 21 **million and a half dollars during this same time**
 22 **period?**
 23 **MR. KALTENBACH: Objection.**
 24 **Argumentative.**

1 **MR. KALTENBACH: Objection.**
 2 **Argumentative.**
 3 **MR. HOFFMAN: Why? It's a fair**
 4 **question.**
 5 **MR. KALTENBACH: You don't need to**
 6 **comment on my objections. I just stated it.**
 7 **BY MR. HOFFMAN:**
 8 **Q Go ahead. You can answer.**
 9 **If the position of the TTO is**
 10 **that the audits were done right from 1995 through**
 11 **2012 by Baker Tilly, why did the TTO threaten to**
 12 **sue Baker Tilly?**
 13 **A First --**
 14 **MR. KALTENBACH: I'm going to object**
 15 **as being beyond the scope of this notice. I'm also**
 16 **going to object as being argumentative.**
 17 **MR. HOFFMAN: Sure.**
 18 **BY MR. HOFFMAN:**
 19 **Q You can answer.**
 20 **A Any conversations with Baker Tilly**
 21 **regarding their work or how it's impacted in this**
 22 **lawsuit were done before I was hired on as the**
 23 **treasurer.**
 24 **Q What does the TTO say that Baker Tilly**

1 did that was wrong in this case such that they
 2 threatened to sue them?
 3 MR. KALTENBACH: Same objections as
 4 before.
 5 BY MR. HOFFMAN:
 6 Q Maybe you don't know.
 7 A I'm not sure I understand the full
 8 scope, so I cannot answer that.
 9 Q Well, do you have any understanding
 10 whatsoever? Because these are documents prepared
 11 by Baker Tilly. They're important to the case.
 12 They talk about earnings on investments. They talk
 13 about investments paid out to the districts.
 14 They're directly relevant to your claim during this
 15 time period relating to interest payments.
 16 So my question to you is, is it
 17 the position of the TTO that all of the figures and
 18 all the information and everything associated with
 19 this -- these annual statements for audit in
 20 Exhibit TTO Deposition 19 were all accurate and
 21 correct?
 22 MR. KALTENBACH: Same objection as to
 23 scope.
 24

1 understand your testimony, I'm going to go back
 2 over this.
 3 I'm trying to figure out whether
 4 I can rely on the figures in these Baker Tilly
 5 audit statements as to earnings on investments and
 6 earnings on investments paid out to school
 7 districts or not.
 8 And my question to you is, do you
 9 have any reason to doubt the accuracy of those
 10 figures on those points in these audit statements?
 11 MR. KALTENBACH: Objection as to
 12 beyond the scope.
 13 You could answer.
 14 BY MR. HOFFMAN:
 15 Q Just answer the question.
 16 A I have no reason to doubt the
 17 accuracy.
 18 Q Fine.
 19 MR. HOFFMAN: By the way, Barry, you
 20 know, I know you feel it's your duty to help out
 21 here, but keep in mind that I'm also taking the
 22 individual deposition of Dr. Birkenmaier in
 23 addition to deposing her --
 24 MR. KALTENBACH: I understand.

1 BY THE WITNESS:
 2 A I don't know.
 3 BY MR. HOFFMAN:
 4 Q So given that the TTO has actually
 5 threatened to sue Baker Tilly, is it fair to say
 6 that the TTO has some concerns about whether these
 7 audit statements are accurate and reliable?
 8 MR. KALTENBACH: Same objection.
 9 Asked and answered.
 10 BY MR. HOFFMAN:
 11 Q "Yes," "No," either --
 12 MR. KALTENBACH: Argumentative.
 13 BY MR. HOFFMAN:
 14 Q -- these --
 15 MR. KALTENBACH: Jay, let me state my
 16 objection. Let me just state it, and then you can
 17 move on.
 18 Objection. Asked and answered,
 19 beyond the scope, and argumentative.
 20 BY THE WITNESS:
 21 A I don't know that your statement is
 22 accurate.
 23 BY MR. HOFFMAN:
 24 Q Okay. Let me -- Because I don't

1 MR. HOFFMAN: -- on behalf of the TTO,
 2 so enough with the constant objections, please.
 3 MR. KALTENBACH: Hold on a minute.
 4 BY MR. HOFFMAN:
 5 Q So --
 6 MR. KALTENBACH: No. Hold on a minute
 7 because you make a statement, Jay.
 8 MR. HOFFMAN: You're guiding the
 9 witness. It's enough already.
 10 MR. KALTENBACH: Jay --
 11 MR. HOFFMAN: Knock it off.
 12 MR. KALTENBACH: Jay, respectfully,
 13 you have cross-examined your witnesses I've been
 14 deposing while I'm still deposing them. Okay? So
 15 stating "Objection. Scope" is not guiding the
 16 witness, and it is a proper objection.
 17 MR. HOFFMAN: You're suggesting to the
 18 witness that she shouldn't know things and
 19 shouldn't testify to things, and it is not proper.
 20 And it's an individual deposition as well as -- and
 21 let the court reporter know -- that this is both
 22 the deposition of the TTO and of Dr. Birkenmaier,
 23 and the cover page should so reflect that.
 24 MR. KALTENBACH: It is. I agree.

1 MR. HOFFMAN: Fine.
 2 MR. KALTENBACH: "Objection. Scope"
 3 is proper.
 4 Why don't we take a short break
 5 right now?
 6 MR. HOFFMAN: Fine
 7 (Whereupon, a brief recess
 8 was had from 2:28 p.m. to
 9 2:36 p.m.)
 10 MR. HOFFMAN: Back on the record.
 11 BY MR. HOFFMAN:
 12 Q Just one additional point on these
 13 annual audits, there are entries or a net entry
 14 relating to the amount of interest earned and the
 15 amount of interest paid to the districts in the
 16 years 1995 through 2007 and then, in the 2008 TTO
 17 audit report, that amount or that information
 18 completely disappears.
 19 A Okay.
 20 Q Do you want me to show you that or --
 21 A Sure.
 22 Q Okay.
 23 A Sure.
 24 Q All right. Well, here's 2007.

1 (Whereupon, document
 2 tendered.)
 3 MR. KALTENBACH: I mean, if you just
 4 want to put a page of yours in front of her, that's
 5 fine by me, rather than --
 6 BY MR. HOFFMAN:
 7 Q Here's 2007, the general fund
 8 statement (indicating).
 9 A Okay.
 10 Q And what does that tell you about the
 11 interest earned and interest paid out for the 2007
 12 year?
 13 A Well, it tells me 8.9 million was
 14 earned, 7.9 was distributed, and there was a
 15 million dollars that was undistributed.
 16 Q Do you know why there was a million
 17 dollars that was undistributed --
 18 A I don't.
 19 Q -- in that year, in 2007?
 20 A I don't.
 21 Q Well, we started this whole discussion
 22 today dealing with information that you became
 23 aware of in 2013 and are still grappling with now
 24 about unpaid interest.

1 And so have you gone back to
 2 these annual reports like the one we're looking at
 3 in 2007 and tried to make sense of why the amounts
 4 earned and the amounts paid out to the districts
 5 were different?
 6 A Say that again. I mean, I --
 7 MR. HOFFMAN: Read it back.
 8 BY THE WITNESS:
 9 A I understand the premise --
 10 MR. HOFFMAN: Read it back.
 11 BY THE WITNESS,
 12 A -- but what was the question?
 13 (Whereupon, the record was
 14 read as requested.)
 15 BY THE WITNESS:
 16 A No.
 17 BY MR. HOFFMAN:
 18 Q Why not?
 19 A The audit captures what occurred, not
 20 why.
 21 Q Okay. And how would you figure out
 22 the why?
 23 A You'd have to -- As I mentioned
 24 earlier, you'd have to go back to either the source

1 documents or understand the conditions that were in
 2 place at the time. It's possible the way that it's
 3 captured, there could have been a change to the
 4 Governmental Accounting Standards Board footnotes
 5 that required different ways of reporting.
 6 I would -- I don't know until I
 7 would have to immerse myself in going back and try
 8 to reconstruct, and that's why I said I would need
 9 to see work papers, if they're available.
 10 Q But wasn't there a need to go back and
 11 immerse yourself given that in 2013 and even still
 12 to this day, there is an open issue about
 13 undistributed investment income at the TTO?
 14 A The audits captured what occurred, not
 15 what's intended, not what might have occurred, not
 16 what not occurred in the future. This is a record
 17 of what occurred.
 18 Q Right. And if what occurred was that
 19 all of the districts were uniformly overpaid in one
 20 year or all the districts were uniformly overpaid
 21 in one year based on the information in the annual
 22 audit statements, wouldn't that be significant to
 23 you?
 24 A Not necessarily.

1 Q Why not?
 2 A **As I mentioned earlier, I would need**
 3 **to understand the circumstances under what occurred**
 4 **and why.**
 5 Q Well, how are you going to figure out
 6 what occurred and why from 1995 to 2012 when
 7 Healy's in prison and you can't talk to Baker
 8 Tilly?
 9 A **I understand what you're saying. I'm**
 10 **just saying to you that I could not come to a**
 11 **conclusion merely by looking at the audit reports.**
 12 **I would need additional information.**
 13 Q I don't think you answered my
 14 question, with all due respect, Dr. Birkenheimer --
 15 Birkenmaier. I don't think you answered --
 16 A **See, I told you. I get that all the**
 17 **time, but that's okay. Go ahead. I'm sorry.**
 18 Q That was my only slipup in three and
 19 half hours.
 20 MR. KALTENBACH: On the way over,
 21 she goes, "Sometimes people refer to me as "Dr.
 22 Birkenheimer."
 23 BY MR. HOFFMAN:
 24 Q I apologize.

1 A **I do.**
 2 Q Okay. Do you have any explanation as
 3 to why that information stopped being included in
 4 2008 and in all subsequent audits?
 5 A **No.**
 6 Q Mr. Theissen said it had something to
 7 do with changes in accounting standards.
 8 Do you have any knowledge as to
 9 that?
 10 A **That is one possibility.**
 11 Q I didn't ask you whether it was
 12 possible. I asked you if you had any knowledge
 13 about that.
 14 A **Are you asking me do I know that that**
 15 **is why?**
 16 Q Yes.
 17 A **I do not know that that is why.**
 18 Q Okay. To this day, the TTO's
 19 financial statements do not state the amount of
 20 interest that the TTO earned on the pooled
 21 investments and the amount of distributions made to
 22 the districts on those investments; am I correct?
 23 A **So as far as I know, that is correct.**
 24 Q And why is that information not

1 A **No, no. It's okay. It's okay.**
 2 MR. HOFFMAN: Read the question back.
 3 BY MR. HOFFMAN:
 4 Q Because I don't believe you answered
 5 the question.
 6 A **Okay.**
 7 **(Whereupon, the following was**
 8 **read from the record as**
 9 **requested: "QUESTION: Well,**
 10 **how are you going to figure out**
 11 **what occurred and why from 1995**
 12 **to 2012 when Healy's in prison**
 13 **and you can't talk to Baker**
 14 **Tilly?")**
 15 BY THE WITNESS:
 16 A **I'm not going to figure out why.**
 17 BY MR. HOFFMAN:
 18 Q Now, let's take a look at the -- Let's
 19 take a look at what now is called the "Governmental
 20 Fund" in the 2008 audit, and there's a listing for
 21 receipts and, unlike in past years, poof, the
 22 amounts of investment earnings and the amounts of
 23 investment distributions are miraculously gone.
 24 Do you see that?

1 provided currently in the TTO's annual audit
 2 reports?
 3 MR. KALTENBACH: Objection. It's
 4 beyond the scope and relevance.
 5 You can answer.
 6 BY THE WITNESS:
 7 A **First of all, I'm not certain about**
 8 **your question. Your question -- Can you repeat**
 9 **that question to me, please?**
 10 BY MR. HOFFMAN:
 11 Q Sure. You said that current -- The
 12 reports that we have here through 2013 and those
 13 annual audit statements don't have information in
 14 them about the interest earned on investments and
 15 the interest paid out to the districts on
 16 investments, right?
 17 A **Yes, yes.**
 18 Q Okay. And am I correct that that is
 19 also the case with more recent audits or audit
 20 statements for the TTO? Right?
 21 A **Yes.**
 22 Q Okay. And so my question is, why
 23 doesn't the TTO ask its auditors to include that
 24 information in its current audit statements?

1 Meaning -- When I say "this information," I mean
2 the amount of money that it earned on investments
3 and the amount of money paid from those earnings to
4 the districts.

5 A I don't know.

6 Q Don't you think that's important
7 information for the districts to have?

8 A I believe that the auditors represent
9 the numbers that are recorded in accordance with
10 the governmental standard, Governmental Accounting
11 Board Standards.

12 Q Well, is there any standard that would
13 prohibit the TTO's auditors from providing that
14 information?

15 A I don't know. I know that the
16 Governmental Accounting Standards Board
17 establishing methods of reporting and criteria so
18 there is consistency from one governmental agency
19 to another.

20 Q So I guess my question is still, why
21 don't the TTO's current audits tell -- why don't
22 they state the total amount of investment earnings
23 and the amounts paid out to districts?

24 MR. KALTENBACH: Objection. Asked and

1 I'm asking you why isn't this
2 information that you would want to include in the
3 audit statement for the benefit of everybody who
4 reads it so they can know what's going on at the
5 TTO?

6 A I can't answer that because I'm not an
7 expert in accountancy.

8 MR. HOFFMAN: Let's mark another
9 exhibit, please.

10 (Whereupon, TTO Deposition
11 Exhibit No. 20 was marked for
12 identification.)

13 BY MR. HOFFMAN:

14 Q We talked about Bradshaw's analysis
15 with respect to the 204 interest payments, correct?

16 A Yes.

17 Q What analysis, if you know, did the
18 TTO do with respect to interest payments made to
19 other districts during 1995 to 2012?

20 A I believe it was the same activity,
21 comparing what was paid versus what was recorded to
22 be paid.

23 Q So when I look at -- Let's take a look
24 at Bradshaw's analysis as it reflects the work she

1 answered.

2 MR. HOFFMAN: But I haven't gotten an
3 answer yet.

4 BY THE WITNESS:

5 A I would have to refer to an expert in
6 accounting to answer that question.

7 BY MR. HOFFMAN:

8 Q Well, you're the treasurer.

9 A But I am not --

10 Q You can --

11 A -- an expert in accounting.

12 Q Right. But are you telling me that
13 the -- it may be an improper piece of information
14 to be included in an audit statement?

15 A No.

16 MR. KALTENBACH: Objection.
17 Argumentative.

18 THE WITNESS: Sorry.

19 BY MR. HOFFMAN:

20 Q And I'm not saying -- You know, I'm
21 not saying I'm trying to figure out what the bare
22 minimum is because I'm not asking you whether the
23 audit report complies with any particular standards
24 or not.

1 did on District 204.

2 A Okay.

3 Q And this is Bradshaw Exhibit No. 3.
4 (Whereupon, Bradshaw Exhibit
5 No. 3, previously marked,
6 was tendered to the witness.)

7 BY THE WITNESS:

8 A Okay.

9 BY MR. HOFFMAN:

10 Q There's actually an earlier version of
11 this with different numbers that she made mistakes
12 on, and she said she went back and corrected this
13 and came out with something called an "interest
14 allocation to" --

15 A Yes.

16 Q -- "spreadsheet" which was produced to
17 us on February 19th of 2016, actually.

18 A Okay.

19 MR. HOFFMAN: It only took about a
20 year and half to get that.

21 MR. KALTENBACH: I think it took a
22 little bit longer to get documents from your own
23 client.
24

1 BY MR. HOFFMAN:
 2 Q Are you familiar with -- Are you
 3 familiar this document, Bradshaw Exhibit 3?
 4 A Yes.
 5 Q Okay. You've seen this before?
 6 A Yes.
 7 Q And did you work with Kelly when she
 8 was putting this together? Because her testimony
 9 was she worked with Mike Theissen and Clyde
 10 Bradshaw, so --
 11 A Clyde Bradley.
 12 Q Bradley, excuse me.
 13 A Yes.
 14 Q I don't have any reason to believe she
 15 worked with you on it; but if she did, I want to
 16 know that.
 17 A No.
 18 Q Okay. So you didn't work with Kelly
 19 at the time she created this, right?
 20 A No.
 21 Q So this was prepared already -- Was it
 22 prepared by the time you arrived at the TTO?
 23 A The original document, yes.
 24 Q Okay. Terrific.

1 Q Okay. Let me ask you this question:
 2 I understand -- So this \$1.5 million figure at the
 3 bottom right corresponds to the amount that's set
 4 forth in your current complaint --
 5 A Okay.
 6 Q -- correct? I mean, I'll tell you
 7 that it does.
 8 A Okay.
 9 Q Yes?
 10 A Sure.
 11 Q Okay. So my question is, is this
 12 \$1.5 million figure in Bradshaw Exhibit No. 3 -- is
 13 that the current position of the TTO as to the
 14 amount of overpaid interest to LT during the
 15 relevant time period, or has the TTO changed its
 16 position in any way since producing that document?
 17 A I'm not aware of any changes.
 18 Q Okay. And the TTO has retained an
 19 accounting expert in this case, correct?
 20 A Correct.
 21 Q And we don't have the report yet and
 22 that's not due yet.
 23 Do you know who the accountants
 24 are?

1 And this compares the information
 2 in Healy's handwritten notes to the information in
 3 the general ledger of the TTO, correct?
 4 A That's my understanding.
 5 Q Okay. And there's also this
 6 additional third point which goes back and looks at
 7 allocation percentages and adjusts Healy's numbers
 8 to reflect a further set of adjustments, correct?
 9 Maybe you can state it better
 10 than I can. So there's a direct comparison between
 11 Healy's numbers and the general ledger numbers in
 12 the first column here (indicating), right?
 13 A Yes.
 14 Q Okay. And then what's your
 15 understanding as to that middle column, "Additional
 16 Differences related to System Reports versus RH
 17 Figures Used"?
 18 A I am not certain.
 19 Q You don't know what that is?
 20 A I don't.
 21 Q And there's a \$97,000 difference, and
 22 you can't tell me what the basis of that is, can
 23 you?
 24 A I cannot.

1 MR. KALTENBACH: I'm going to object.
 2 I think -- I think that's privileged information
 3 unless and until such time as we actually
 4 disclose -- make a disclosure of them.
 5 MR. HOFFMAN: So she doesn't have to
 6 tell -- You're not going to let her tell me, even
 7 if she knows, who the accountants are. It's
 8 privileged?
 9 MR. KALTENBACH: I mean, it would
 10 seem --
 11 MR. HOFFMAN: Is that a fact?
 12 MR. KALTENBACH: I think --
 13 MR. HOFFMAN: Do you have a retainer
 14 agreement?
 15 MR. KALTENBACH: I'm sure that we do.
 16 MR. HOFFMAN: I bet you do.
 17 BY MR. HOFFMAN:
 18 Q Do you know who -- Don't answer who.
 19 Don't tell me who.
 20 Do you know who the accountants
 21 are that the TTO has retained to serve as their
 22 experts in this case?
 23 A Yes.
 24 MR. HOFFMAN: So, Barry, are you

1 instructing her not to answer if I ask who those
 2 people are?
 3 MR. KALTENBACH: It seems to me that
 4 that --
 5 MR. HOFFMAN: Just "yes" or "no";
 6 don't beat around the bush.
 7 MR. KALTENBACH: Jay, you know what?
 8 I don't casually instruct a witness not to answer.
 9 MR. HOFFMAN: Okay.
 10 MR. KALTENBACH: And so I'd like to
 11 flesh this out.
 12 MR. HOFFMAN: Fair enough.
 13 MR. KALTENBACH: It seems to me that
 14 that would be privileged information until the time
 15 comes that we disclose them.
 16 So do you disagree that that's
 17 privileged?
 18 MR. HOFFMAN: I'm not here to debate
 19 you. I just need a "yes" or "no."
 20 MR. KALTENBACH: I will instruct the
 21 witness not to answer on the basis that I think it
 22 may well be privileged, and counsel is not going to
 23 dispute me on that.
 24 MR. HOFFMAN: I don't agree with your

1 position, but I'm not going to argue with you about
 2 it. That's not what we're here for.
 3 BY MR. HOFFMAN:
 4 Q Okay. So do you know -- So I'm just
 5 trying to get a feel for -- I've got a million and
 6 a half dollar claim stated in this document, and
 7 you've got an expert report coming.
 8 Do you have any knowledge as to
 9 whether the expert is engaged in any different type
 10 of analysis that might produce some kind of
 11 different number here such that I can ask you about
 12 it today, or is the expert just going to verify and
 13 support this?
 14 MR. KALTENBACH: I'm going to --
 15 Dr. Birkenmaier, I think that
 16 intrudes upon what is now privileged information.
 17 I think what the expert is doing and their
 18 conclusions will be put forth in a report that
 19 Mr. Hoffman will be served with.
 20 So I'm going to instruct you not
 21 to answer that question on the basis of privilege.
 22 BY MR. HOFFMAN:
 23 Q Okay. Are you aware that there
 24 were -- that in the course of doing this interest

1 analysis that Ms. Bradshaw did that she encountered
 2 periods of time for which there was missing data?
 3 A Yes.
 4 Q Okay. And what is your understanding
 5 as to why the TTO's files were missing data
 6 relating to interest payments?
 7 A I don't know.
 8 Q And how much missing data was there;
 9 do you know?
 10 A I don't know.
 11 Q Okay. That's something Ms. Bradshaw
 12 would know.
 13 What did she do when she ran
 14 across quarters with no data?
 15 A I don't know.
 16 Q So I asked you before about other
 17 districts.
 18 Are you telling me that there's
 19 an analysis like the Bradshaw Exhibit No. 3
 20 analysis for District 204 that exists for the other
 21 districts there to check and make sure whether they
 22 didn't get too much or too little interest?
 23 A I don't know the level of detail for
 24 other districts.

1 Q Okay. Because I've never seen
 2 anything; so I'm asking you what documentation
 3 exists with respect to any analyses the TTO
 4 conducted as to other districts and the interest
 5 amounts they received?
 6 A I don't know.
 7 (Whereupon, document
 8 tendered.)
 9 BY MR. HOFFMAN:
 10 Q Okay. Have you seen TTO Deposition
 11 Exhibit 20 before, please, Doctor?
 12 A I don't recall this.
 13 Q Okay. This was from the TTO files
 14 produced to us in this case.
 15 A Okay.
 16 Q It appears to be an analysis of taking
 17 the \$1.5 million that you claim LT got that was too
 18 much and then spreading it out over the other
 19 districts on a pro rata basis.
 20 Is that what this looks like to
 21 you?
 22 A It appears that way.
 23 Q Okay. And who did this? Who created
 24 this document; do you know?

1 A I don't know.
 2 Q Okay. And doesn't this document
 3 assume that all of the other districts got paid the
 4 right amount of interest in all of the years at
 5 issue?
 6 A I don't know what assumptions
 7 were used to create this.
 8 Q Okay. Well, did all of the other
 9 districts get paid the right amount of interest
 10 from 1995 through 2012 other than District 204?
 11 A To the best of my knowledge, but I
 12 cannot say that with 100 percent certainty.
 13 Q And when you say they got the right
 14 amount, is that based on Healy's handwritten notes,
 15 or is it based on some other source for determining
 16 how much interest the district should have
 17 received?
 18 A I don't know.
 19 Q So you just -- Somebody at some point
 20 just told you that everything was fine with the
 21 other districts other than District 204 with
 22 respect to interest payments, right?
 23 A Generally, yes.
 24 Q Okay. And who told you that?

1 BY MR. KALTENBACH:
 2 Q You have a body of knowledge
 3 concerning a lot of the issues we've discussed,
 4 correct?
 5 A Yes.
 6 Q Is all of that derived solely from
 7 your preparation to testify today?
 8 A No.
 9 Q Okay. In connection with your
 10 preparation today, do you recall if you reviewed
 11 the complaint that the Township Trustees filed
 12 against Robert Healy?
 13 A Yes.
 14 Q Okay. Do you recall if you reviewed a
 15 copy of the judgment that was entered against
 16 Robert Healy?
 17 A Yes.
 18 Q Do you recall the document showing how
 19 much was recovered from Bob Healy's bank account?
 20 A I didn't see a specific document other
 21 than what was in the -- in the claim.
 22 Q Okay. Do you --
 23 MR. HOFFMAN: I'd like to see that. I
 24 haven't -- By the way, if you're going to talk

1 A Kelly.
 2 Q Okay. When?
 3 A I couldn't tell you. It was early on
 4 in my time there, but I could not be specific about
 5 a date.
 6 Q Somewhere in the 2013 to 2014 range?
 7 A I would say probably yes.
 8 Q Okay.
 9 A More like 2014.
 10 Q Okay. I have no more questions.
 11 MR. KALTENBACH: I just have a few.
 12 EXAMINATION
 13 By Mr. Kaltenbach:
 14
 15 Q Dr. Birkenmaier, do you recall --
 16 First of all, is it fair to say that part of your
 17 preparation for today's deposition also included
 18 knowledge you gained without necessarily being
 19 knowledge specifically to prepare yourself for
 20 today?
 21 MR. HOFFMAN: Objection. Leading.
 22 BY THE WITNESS:
 23 A I was going to say you have to say
 24 that again.

1 about money recovered from his bank account, I
 2 haven't -- I don't believe I've seen that.
 3 MR. KALTENBACH: That was the 497 she
 4 mentioned.
 5 MR. HOFFMAN: Yeah; I know. I haven't
 6 seen any documentation on that that I know of, if
 7 it was produced. I just went back through the
 8 documents.
 9 MR. KALTENBACH: I mean, it's in the
 10 court file somewhere.
 11 BY THE WITNESS:
 12 A I haven't seen a document. I've just
 13 seen it referred to.
 14 MR. HOFFMAN: I'm just saying, you're
 15 talking about it here. It wasn't produced in the
 16 case. It sounds like it's something you have at
 17 your fingertips. I'm asking you for it.
 18 BY MR. KALTENBACH:
 19 Q Dr. Birkenmaier, I believe you
 20 testified that you personally pulled and reviewed
 21 financial records regarding the TTO's payment of
 22 audits for member districts.
 23 Do you recall that?
 24 A Yes.

1 Q And was it your testimony that those
 2 records reflected that the TTO paid for the audits
 3 of District 204?
 4 A Yes.
 5 Q Okay. And by "paid for," I don't mean
 6 processed checks. I mean, the money was actually
 7 paid out of the TTO's operating account.
 8 A Yes.
 9 Q Okay. So with that knowledge, your
 10 answer remains yes, correct?
 11 A Yes, yes.
 12 Q And I believe you also testified
 13 regarding your review of financial records as to
 14 whether or not the TTO paid for the audits of other
 15 districts other than 204.
 16 Do you recall that testimony?
 17 A I do recall that, yes.
 18 Q And the summary -- or your testimony
 19 was that the TTO did not pay for the audits of
 20 other districts, correct?
 21 A Correct.
 22 Q Okay. The TTO did process checks for
 23 payment --
 24 A Yes.

1 Q -- of the audits --
 2 A Yes.
 3 Q -- of other districts, correct?
 4 A Yes.
 5 Q Okay. I'm going to show you what had
 6 been marked as Exhibit No. 5, which is an
 7 April 29th, 1999 letter to Dr. Beckwith from
 8 Bob Healy.
 9 Do you recall looking at this?
 10 A I do.
 11 Q And you've seen this both today, and
 12 you've seen this before today --
 13 A Yes.
 14 Q -- correct?
 15 A Yes.
 16 Q Okay. And on the top of the sixth
 17 page, Mr. Healy writes a couple sentences under the
 18 heading "Annual Audit."
 19 Do you recall looking at those
 20 earlier today?
 21 A I do.
 22 Q Could you read that first sentence,
 23 please, out loud?
 24 A Sure. "The trustees hire and pay for

1 the audit of the school districts and the
 2 Treasurer's office in Lyons Township."
 3 Q Do you recall Mr. Hoffman asking you a
 4 question about whether you had any reason to doubt
 5 whether that sentence was accurate or not?
 6 A I do.
 7 Q Okay. And do you recall what your
 8 response was?
 9 A I believe I said I didn't.
 10 Q Okay.
 11 A Now that I'm looking at this again,
 12 I'm concerned with the structure of the sentence.
 13 Q Can you explain what your concern is?
 14 A Sure. "The trustees hire and pay for
 15 the audit of the school districts." Okay.
 16 So the treasurer hired the
 17 auditor, they processed the payment, but the actual
 18 pay -- where they paid the cash for the audit would
 19 apply only to LT, not the other districts.
 20 So the second sentence, "This
 21 office has assumed the cost of Lyons Township High
 22 School's audit," that is correct, but this -- the
 23 way this sentence, now that I see it, is packed
 24 it's both true and not true.

1 Q Okay. Because --
 2 A Because the Township -- I'm sorry.
 3 Q Because the Township did pay for the
 4 cost of 204's audit, so it paid for one of the
 5 districts, correct?
 6 MR. HOFFMAN: Objection. Leading.
 7 BY MR. KALTENBACH:
 8 Q You can answer the question.
 9 A Okay. Yes, based on -- The second
 10 statement here in this paragraph is true; but the
 11 first statement, the hiring of the auditors for for
 12 the school districts collectively is correct. The
 13 payment of the audit, we pay -- we process the
 14 payment of all of the audits, but we actually paid
 15 cash for LT's audit. I'm sorry I didn't catch that
 16 before.
 17 Q And you did not pay cash for the
 18 payment of the other districts other than LT,
 19 correct?
 20 A No. And that was the documents that I
 21 downloaded that we looked at earlier.
 22 Q And that you testified you personally
 23 reviewed those?
 24 A Yes.

1 Q Okay. Thank you. I have no further
 2 questions.
 3 MR. HOFFMAN: Okay. We're done.
 4 THE WITNESS: Okay.
 5 THE REPORTER: Signature?
 6 MR. KALTENBACH: We'll reserve.
 7 I'll talk to you about what that
 8 means.
 9 THE WITNESS: Okay.
 10 MR. HOFFMAN: It means you can read it
 11 later and see whether your answers were written
 12 down correctly by this young lady.
 13 THE WITNESS: Okay.
 14 THE REPORTER: Are you ordering the
 15 transcript?
 16 MR. HOFFMAN: Yes. I'm going to get a
 17 ptx and a mini pdf.
 18 MR. KALTENBACH: What's the -- I'll
 19 do just a pdf.
 20 What's the turnaround you're
 21 going to do on that?
 22 THE REPORTER: Regular delivery is in
 23 ten business days.
 24 MR. KALTENBACH: We'll expedite it.

1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF C O O K)
 3 IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
 COUNTY DEPARTMENT - CHANCERY DIVISION
 4
 5 TOWNSHIP TRUSTEES OF SCHOOLS)
 TOWNSHIP 38 NORTH, RANGE 12 EAST)
 6 Plaintiff,)
)
 7 -vs-) No. 13 CH 23386
)
 8 LYONS TOWNSHIP HIGH SCHOOL,) Hon. Sophia H. Hall
 DISTRICT 204,)
 9 Defendants.)
 10)
 11)
 12 I, DR. SUSAN BIRKENMAIER, being first
 13 duly sworn, on oath, say that I am the deponent in
 14 the aforesaid deposition, that I have read the
 15 foregoing transcript of my deposition, consisting
 16 of Pages 1 through 246, taken on February 27, 2017,
 17 at the aforesaid place and that the foregoing is a
 18 true and correct transcript of my testimony so
 19 given.
 20
 21 DR. SUSAN BIRKENMAIER
 22
 23 SUBSCRIBED AND SWORN TO
 before me this day
 of , A.D., 2017.
 24 Notary Public

1 THE REPORTER: When do you need it; a
 2 week or sooner than that?
 3 MR. KALTENBACH: If you can do a week
 4 from today, that's fine.
 5 THE REPORTER: Okay.
 6
 7 (FURTHER DEPONENT SAITH NOT.)
 8
 9 (Deposition concluded at
 10 3:03 p.m.)
 11
 12
 13
 14
 15 * * * * *
 16
 17
 18
 19
 20
 21
 22
 23
 24

1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF C O O K)
 3 I, KELLY ANN POTTS, Certified Shorthand
 4 Reporter in and for the County of Cook, State of
 5 Illinois, do hereby certify that on
 6 February 27, 2017, discovery deposition of DR.
 7 SUSAN BIRKENMAIER and the discovery deposition of
 8 the Plaintiff pursuant to a Rule 206(a)(1) Notice,
 9 was taken before me, reported stenographically and
 10 was thereafter reduced to typewriting under my
 11 direction.
 12 The said deposition was taken at
 13 20 North Clark Street, Suite 2500, Chicago,
 14 Illinois, and there were present counsel as
 15 previously set forth.
 16 The said witness, DR. SUSAN BIRKENMAIER,
 17 was first duly sworn to tell the truth, the whole
 18 truth, and nothing but the truth, and was then
 19 examined upon oral interrogatories.
 20 I further certify that the foregoing is
 21 a true, accurate, and complete record of the
 22 questions asked of and answers made by said
 23 witness, DR. SUSAN BIRKENMAIER, at the time and
 24 place hereinabove referred to.

Township Trustees of Schools
VS.
Lyons Township High School

No. 13 CH 23386

Kelly A. Bradshaw

10/25/2016

TRANSCRIPT AND WORD INDEX

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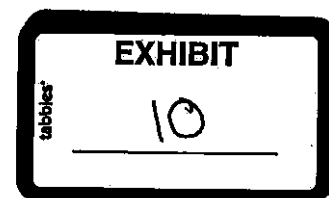
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Suite 1506
Chicago, Illinois 60602

tel:312.332.7900

fax: 312.332.6555

e-mail: crs@casalereporting.com

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1
2 IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
3 COUNTY DEPARTMENT - CHANCERY DIVISION
4 TOWNSHIP TRUSTEES OF)
5 SCHOOLS TOWNSHIP 38 NORTH)
6 RANGE 12 EAST,)
7 Plaintiff,)
8 -vs-) Case No. 13 CH
9 LYONS TOWNSHIP HIGH SCHOOL) 23386
10 DISTRICT 204,)
11 Defendant.)
12
13 The deposition of KELLY A. BRADSHAW,
14 called by the Defendant for examination, taken
15 pursuant to the provisions of the Code of Civil
16 Procedure and the Rules of the Supreme Court of the
17 State of Illinois pertaining to the taking of
18 depositions for the purpose of discovery, taken
19 before SHARON A. STUCKLY, a Notary Public within and
20 for the County of Cook, State of Illinois and a
21 Certified Shorthand Reporter of said state at 20
22 North Clark Street, Suite 2500, Chicago, Illinois,
23 on the 25th day of October A.D. 2016 at 1:05 p.m.
24

1 I N D E X
2
3 WITNESS EXAMINATION
4 KELLY A. BRADSHAW
5 By Mr. Hoffman 4
6
7 E X H I B I T S
8 NUMBER MARKED OR FIRST
9 REFERRED TO
10 Bradshaw Deposition Exhibit
11 No. 1 55
12 No. 2 56
13 No. 3 62
14 No. 4 105
15 No. 5 116
16 No. 6 116
17 No. 7 126
18 No. 8 126
19 No. 9 138
20
21
22
23
24

1 PRESENT:
2
3 MILLER, CANFIELD, PADDOCK and STONE, PLC,
4 by
5 MR. BARRY P. KALTENBACH
6 225 West Washington Street, Suite 2600
7 Chicago, Illinois 60606
8 (312) 460-4251
9 kaltenbach@millercanfield.com
10 Appeared on behalf of the Plaintiff;
11
12 HOFFMAN LEGAL, by
13 MR. JAY R. HOFFMAN
14 20 North Clark Street, Suite 2500
15 Chicago, Illinois 60602
16 (312) 899-0899
17 jay@hoffmanlegal.com
18 Appeared on behalf of the Defendant.
19
20 ALSO PRESENT:
21
22 MR. RANDALL D. WILSON.
23
24

1 (WHEREUPON, the witness was duly sworn.)
2 KELLY A. BRADSHAW,
3 called as a witness herein, having been first duly
4 sworn on oath, was examined and testified as follows:
5 EXAMINATION
6 BY MR. HOFFMAN:
7 Q All right. Would you be so kind as to
8 state your full name?
9 A Kelly Ann Bradshaw.
10 Q All right. And at what address can we
11 reach you?
12 A 1115 Daisy Lane in Naperville, Illinois.
13 Q Is that your home residence?
14 A Yes.
15 Q What's your zip code?
16 A 60564.
17 Q All right. Terrific. Have you ever
18 given a deposition before?
19 A No.
20 Q All right. And Barry Kaltenbach is the
21 gentleman seated to next to you. And is it fair to
22 say that he is representing you as your attorney at
23 this deposition?
24 A Yes.

1 Q All right. And I'm sure Barry did a
2 good job explaining to you what's involved in a
3 deposition, but let me give you some introductory
4 information that may put your mind at ease a little
5 bit.

6 I am going to ask you a series of
7 questions today. And it's a very easy exam because
8 you know all the answers. Unlike school, you get
9 full credit for I don't know or I don't remember if
10 that is in fact your best memory.

11 I want you to help me ask good questions
12 because as you will see very soon, I am not an
13 accounting professional and I am not as well versed
14 in your area of expertise as you are.

15 So if I ask you a question that you do
16 not understand or that doesn't seem to make sense to
17 you or I'm using the wrong terminology, will you
18 please tell me that?

19 A Sure.

20 Q All right. I appreciate that. The
21 young lady to your right is the court reporter. And
22 Sharon can only write down things that you say out
23 loud. So if you shake or nod your head, that's hard
24 for all of us to put into the written record.

1 or are you an employee of --

2 A I'm a contractor for Lyons Township
3 School treasurer's office.

4 Q And to make that a little less of a
5 mouthful, would it be okay with you if I referred to
6 the Lyons Township School treasurer's office as the
7 TTO?

8 A Yes.

9 Q Is that something that you would
10 ordinarily call it if you are saying it in shorthand?

11 A Yes.

12 Q All right. And then we're going to be
13 talking a bit about the Lyons Township High School
14 District 204. And you're familiar with that school,
15 correct?

16 A Yes.

17 Q And is it okay with you if I refer to
18 the Lyons Township High School as Lyons? Will that
19 make sense?

20 A 204 would be better.

21 Q You want to call them 204?

22 A Yes, please.

23 Q Sure. That works for me. When you say
24 you're a contractor, you're not an employee of the

1 And the other thing I should mention is
2 that uh-huhs and uh-uhs tend to sound the same and
3 so yes or no is a better way to go.

4 A Okay.

5 Q Thank you. Why don't you start off by
6 telling me a little bit about your professional
7 background and let's start with your educational
8 history, please.

9 A I have an accounting degree from North
10 Central College in Naperville.

11 Q Is that a Bachelor's degree or --

12 A Yes.

13 Q Okay. And have you had any other formal
14 accounting training or certifications?

15 A I am a CPA.

16 Q When did you receive your degree from
17 North Central College, please?

18 A 1993.

19 Q When did you become a CPA?

20 A I honestly don't remember.

21 Q Approximately?

22 A Would have been between '95 and '97.

23 Q What is your current employment status?

24 Are you a sole proprietor or do you work for a firm

1 TTO, correct?

2 A No. I am not.

3 Q So you bill the TTO for your time and
4 they pay you for your time, is that correct?

5 A Yes.

6 Q Is that done on an hourly or weekly or
7 some other basis?

8 A I charge them by the hour. The timing
9 of the billing is typically concurrent with their
10 board meetings.

11 Q Okay. And currently how much do you
12 charge by the hour?

13 A \$65.

14 Q Has that changed over time?

15 A No.

16 Q When did you start working --

17 A Oh, wait, I'm sorry. There was a period
18 of time where I was charging I think it was \$40
19 prior to September 1, 2012.

20 Q For how long have you been a contractor
21 for the TTO?

22 A Since January 2012.

23 Q Who hired you?

24 A I guess it would have been Bob Healy.

1 Q For what purpose did Bob Healy hire you?
 2 A He had me compiling some bank information.
 3 Q What kind of bank information, please?
 4 A They would supply me with statements and
 5 I would put them into a spreadsheet.
 6 Q What were the bank statements of? In
 7 other words, what funds were being kept in the bank?
 8 A Some of them would have been school
 9 district funds and some of them would have been
 10 investments.
 11 Q Is this work that previously had been
 12 done by somebody else at the TTO or was this
 13 something that was a new project?
 14 A No. It was something that was
 15 previously done by another contractor.
 16 Q Who was that other contractor, if you
 17 know?
 18 A Cheryl Sudd.
 19 Q Can you spell that, please?
 20 A C-h-e-r-y-l. And then S-u-d-d.
 21 Q Is there anything that you were doing
 22 beginning in 2012 other than taking information from
 23 bank statements and putting them in spreadsheets?
 24 A Not at that time.

1 Q Do you have any idea, any feel for
 2 whether it was a short period of time or long period
 3 of time or anything like that?
 4 A I believe it was a long period of time.
 5 Q Okay. And did you ever have occasion to
 6 go back and look at the records that Cheryl Sudd had
 7 prepared in terms of spreadsheets from bank
 8 statements and things like that?
 9 A Not in prior years, no.
 10 Q Okay. All right. So beginning in
 11 September 2012, what exactly did Mr. Bradley and
 12 Mr. Theissen ask you to do?
 13 A I was assisting with the team's bank
 14 reconciliation process. I was trying to understand
 15 what investments were held by the treasurer's
 16 office.
 17 Q Was -- I'm sorry. Please.
 18 A I investigated some of the fraud that
 19 Mr. Healy was convicted for.
 20 Q Anything else?
 21 A Later -- I mean the duties just kept
 22 kind of coming as things came out. So at some point
 23 I ended up researching some of the items that are
 24 involved in this lawsuit.

1 Q At some time did your responsibilities
 2 expand?
 3 A Yes.
 4 Q And when was that and what else did you
 5 start doing?
 6 A September 2012. I was basically hired
 7 at that point or I was brought into the office with
 8 Clyde Bradley and Mike Theissen and asked to do
 9 various assistance in accounting and analysis.
 10 Q And what positions did Clyde Bradley and
 11 Mike Theissen have at that time?
 12 A Clyde was the interim treasurer and Mike
 13 Theissen at that point was a board trustee.
 14 Q How did you originally find out about
 15 the availability of a position or work at the TTO?
 16 A I knew Cheryl Sudd.
 17 Q Okay. Did Cheryl Sudd -- was there an
 18 overlap period of time where Cheryl had explained to
 19 you her duties and what she was doing and trained
 20 you to perform these tasks when you started in 2012?
 21 A Yes.
 22 Q And did you have any idea how long
 23 before 2012 Cheryl Sudd worked at the TTO?
 24 A I don't know how many years it was. No.

1 Q Anything else?
 2 A I assisted them with their audit.
 3 Q All right. Anything beyond that?
 4 A Not significantly, no.
 5 Q Okay. Let's talk about the
 6 investigation that you conducted into Healy's fraud.
 7 What did you do and what did you determine?
 8 A I reviewed years of Amalgamated Bank
 9 statements.
 10 Q When you say, "Amalgamated," you mean
 11 Amalgamated Bank?
 12 A That's correct.
 13 Q And why -- what was the significance of
 14 Amalgamated Bank with respect to your investigation?
 15 A It came to light that there were wire
 16 transfer confirmations, like templates that were in
 17 Robert Healy's name.
 18 Q And what did you determine from this
 19 analysis?
 20 A That there were transactions that had
 21 not been accounted for in their underlying
 22 reconciliations.
 23 Q When you say -- you say, "the underlying
 24 reconciliations," what do you mean by that?

1 A So Mr. Healy would give to TTO employees
2 a breakdown of the funds that -- and transactions
3 that occurred in the Amalgamated Bank and he would
4 help identify which districts the funds belonged to.
5 And those were used in their bank reconciliations.
6 In comparing those documents, we
7 determined that there were transactions that were in
8 the bank statement that were never recorded in the
9 TTO records.
10 Q When you say, "in the TTO records," what
11 records specifically do you mean?
12 A The bank reconciliations for the
13 Amalgamated Bank.
14 Q What is the relationship of a bank
15 reconciliation to the general ledger of a TTO?
16 A Bank reconciliation would be comparing
17 the transactions that got recorded actually in the
18 accounting general ledger versus the bank
19 reconciliation takes all of the transactions and
20 compares the two.
21 Q When you say, "compares the two," it
22 compares the general ledger to what?
23 A To the bank statement.
24 Q Okay. And how much -- and how much

1 time in 2012, correct?
2 A My understanding was August 31, 2012.
3 Q Okay. So between January 1st and
4 August 31st of 2012, you worked at the TTO at the
5 same time that Healy was there, correct?
6 A I worked from home.
7 Q And why is that significant?
8 A Because I didn't interact with him very
9 much.
10 Q Who was directing your efforts during
11 the January through August 2012 time period?
12 A Briefly Cheryl Sudd kind of cross
13 trained. And then no one was really directing my
14 efforts. I would compile the information that they
15 sent to me and send it to Bob Healy.
16 Q Okay. So Bob Healy was your immediate
17 supervisor then in terms of a point of contact with
18 the TTO, correct?
19 A Yes.
20 Q And for how long was there an overlap
21 with you and Cheryl?
22 A Maybe two or three months.
23 Q Okay. Did you -- during the time period
24 that you worked with Bob Healy, did you form any

1 money was involved in this discrepancy and over what
2 period of time?
3 A It was over several years and it
4 amounted to approximately a million dollars.
5 Q When you say, "over several years," can
6 you be any more specific about the time period,
7 please?
8 A I don't recall the exact time period,
9 but it was over 10 years.
10 Q So it would be 10 years ending in about
11 2012 given when Healy left?
12 A Yes.
13 Q Okay. And this \$1 million discrepancy,
14 was it your belief that that was a million dollars
15 approximately of money that Healy had taken from the
16 funds that the TTO was holding for the various
17 school districts?
18 A That's what it appeared to be.
19 Q Did you have any role in seeking to
20 recover on any surety bonds or other related
21 insurance that the TTO had for Healy's theft of
22 funds?
23 A I did not.
24 Q And when did Healy leave the TTO? Some

1 opinion as an accounting professional and CPA of
2 Healy's skills or abilities as an accounting
3 professional?
4 A No. I wouldn't say I interacted with
5 him enough to form an opinion on accounting related
6 to him.
7 Q Did you have any opinions at all about
8 Healy's integrity or honesty?
9 A No. I wasn't given anything at the -- I
10 didn't interact enough with him to have any opinions
11 on his integrity.
12 Q Did you have any reason to believe that
13 Healy was stealing from funds that the TTO was
14 holding for school districts in 2012?
15 A I did not.
16 Q Did you ever speak with anybody at the
17 TTO other than Mr. Healy who at any time told you
18 that they had concerns or suspicions or issues about
19 Bob Healy's performance or honesty or integrity as
20 treasurer of the TTO?
21 A No.
22 Q Did you prepare any kind of report or
23 written analysis of your investigation of Bob Healy
24 and his transactions with Amalgamated Bank?

1 A Yes. There's a summary document of
 2 Amalgamated Bank compared to the bank reconciliations.
 3 Q Were you ever asked to investigate any
 4 other area of Bob Healy's financial dealings other
 5 than the Amalgamated Bank transactions, the wire
 6 transactions at Amalgamated Bank?
 7 A Later I was asked to relook at his
 8 employee pay history so that his actual earnings
 9 could be submitted to the IMRF.
 10 Q Submitted to who?
 11 A IMFR. Illinois Municipal Retirement
 12 Funds.
 13 Q What did you determine from your
 14 analysis of Bob Healy's employee pay history?
 15 A It wasn't an analysis. It was compiling
 16 what he should have been paid from his contract
 17 versus what he was actually paid.
 18 Q And was there discrepancy between what
 19 he should have been paid and what he was actually
 20 paid?
 21 A Yes. It appeared he was paid too much.
 22 Q How much?
 23 A That I don't recall.
 24 Q Approximately are we talking about a few

1 yes.
 2 Q Were they billed for it?
 3 A I don't know.
 4 Q Okay. And District 204 was
 5 approximately 25 percent of the group of districts
 6 that formed the TTO, am I right about that?
 7 A Approximately, yes.
 8 Q And they were the only high school among
 9 the districts that formed the TTO, am I right about
 10 that?
 11 A No.
 12 Q Okay. But they're the largest school
 13 district of any of the other districts, am I correct
 14 about that?
 15 MR. KALTENBACH: I'm going to object as
 16 to largest as being vague, but you can answer the
 17 question.
 18 BY MR. HOFFMAN:
 19 Q Well, the TTO -- I'll ask a better
 20 question. The TTO -- you said that the funds that
 21 the TTO holds are approximately 25 percent of the
 22 funds of District 204 roughly, correct?
 23 A Their fund balance is approximately 25
 24 percent against all of the school districts, yes.

1 thousand dollars, are we talking about \$100,000, a
 2 million dollars?
 3 A I want to say it was in the range of
 4 like between 4 and \$500,000.
 5 Q And that was money that would have come
 6 from the funds of District 204 and the other school
 7 districts being held by the TTO?
 8 A It was recorded in the treasurer's
 9 office expenses.
 10 Q Well, the treasurer's office itself --
 11 the TTO doesn't have any money of its own, correct?
 12 All of the money that it holds and manages is money
 13 that belongs to the various districts and then the
 14 TTO sends out requests for payment for the TTO's
 15 expenses, right?
 16 A Yes. They bill the districts.
 17 Q So the TTO -- the funds that the TTO has
 18 are funds that it manages on behalf of the various
 19 districts including District 204, correct?
 20 A Yes.
 21 Q Okay. So when Bob Healy was overpaying
 22 himself by 4 to \$500,000, that was in part the money
 23 that belonged to District 204, correct?
 24 A If they would have been billed for it,

1 Q Is there any other district that has a
 2 larger fund balance?
 3 A I don't recall because they ebb and
 4 flow, so there are districts that are close to them,
 5 but I don't remember each district's percentage off
 6 the top of my head.
 7 Q Okay. Fair enough. Let me tell you
 8 something that I usually say at the start of a
 9 deposition, but I'll tell you now. If at any time
 10 you want to take a break for any reason, just let me
 11 know that and we'll stop and you can use the
 12 washroom or get more water or a cup of coffee or
 13 whatever you'd like. So make yourself at home.
 14 Okay?
 15 A Okay.
 16 Q You talked earlier about assisting
 17 Mr. Bradley and Mr. Theissen with the bank
 18 reconciliation process to try and -- to try to
 19 understand what investments were held by the
 20 treasurer's office. Do you remember that?
 21 A Yes.
 22 Q And so what did you do in that respect,
 23 please?
 24 A I helped various treasurer's office

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1 employees in completing or understanding how to
2 complete bank reconciliations. I made phone calls
3 to various local banks trying to understand what
4 investments might be held by the TTO.
5 Q Why was this necessary?
6 A There didn't appear -- there wasn't
7 anybody within the treasurer's office that had a
8 good sense of what all of the investments were
9 because Mr. Healy was responsible for that in the
10 past.
11 Q Well, why weren't there written records
12 of the investments that the TTO had?
13 A I can't speak to why there were not.
14 Q But in fact there were not written
15 records sufficient for you to determine the
16 investments that the TTO held during the time that
17 Healy was treasurer, correct?
18 A I could not be certain that any records
19 were fully inclusive, no.
20 Q And why couldn't you be certain that the
21 records were fully inclusive?
22 A Mr. Healy was responsible for all of the
23 investments and kept track of any supporting
24 documents related to those transactions.

1 banks or other financial institutions were not
2 sufficient to give you a full picture of the
3 investments that the TTO held in 2012, correct?
4 A You use the word, "bank statement."
5 Some investments are not bank statements, so that's
6 why I was trying to be more specific.
7 Q I see. So they were both banks and
8 other financial institutions that had investment
9 funds of the TTO?
10 A Yes.
11 Q Okay. And what types of financial
12 institutions other than a traditional bank was the
13 TTO putting investment funds into?
14 A They dealt with various investment
15 advisors. At that time they were dealing with
16 brokers such as --
17 Q How many brokers?
18 A That was one of the things we had to
19 determine when he left. There were approximately
20 between eight and ten different places he was
21 investing with in addition to the local banks.
22 Q And how many banks approximately did the
23 TTO have money in in 2012?
24 A Including the CDs, I would say probably

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1 Q Well, did Mr. Healy to your knowledge
2 take documents with him when he left the TTO?
3 A I can't say that for certain.
4 Q But in conducting your analysis, you
5 were not able to find documents sufficient to
6 identify all of the investments that the TTO held on
7 behalf of member districts as of late 2012, am I
8 correct about that?
9 A Correct.
10 Q And did you go back to original bank
11 statements that the TTO had in its files?
12 A In some cases, yes.
13 Q And what did you determine from looking
14 at those bank statements?
15 A That question is kind of vague. I'm not
16 certain what you're asking.
17 Q Were you able to go back and look at
18 bank statements and from those statements determine
19 what investments the TTO held as of 2012?
20 A A combination of statements and
21 consulting with banks because statements aren't
22 always available for -- for example, a local CD,
23 there aren't statements. They're certificates.
24 Q So in some instances, the statements of

1 between 15 and 20.
2 Q Okay. And were you able to contact each
3 and every one of them and determine all of the funds
4 that they held on behalf of the TTO?
5 A We believe so, yes.
6 Q When you say you believe so, why do you
7 limit your answer in that way?
8 A Every now and then we would get a piece
9 of paper from a bank that said there was inactive
10 activity and we would have to research whether it
11 was pertinent to a current investment or if he had
12 stopped using that institution.
13 Q And in any of those instances, did you
14 find more money that was held by the TTO at another
15 bank?
16 A We did not.
17 Q Okay. So your thinking is if the TTO
18 had money in a bank that you didn't know about,
19 eventually the bank would send a notice to the TTO
20 and you would investigate it and find the extra
21 money?
22 A Correct.
23 Q Okay. Did -- when you did your
24 investigation in late 2012 into the investments held

1 by the TTO, was that the time period in which you
2 began doing that work, late 2012?

3 A Yeah. It could have been into '13. I
4 don't recall the exact timing. It was within fiscal
5 '13.

6 Q So either in late 2012 or early 2013,
7 you did your work analyzing the investments that the
8 TTO held, am I right about that?

9 A Yes.

10 Q Okay. And did you prepare a report or
11 spreadsheet or other type of summary that listed all
12 of the banks or brokers or other financial
13 institutions or investment advisors who were holding
14 money of the TTO's districts?

15 A Yes.

16 Q And when did you prepare that report?

17 A It would have been given in conjunction
18 with the fiscal 2012 audit and then ongoing after
19 that.

20 Q And if I wanted to find that, where
21 would I find it? Did you bring it with you today?

22 A No.

23 Q Okay. So where would I find your report
24 that had all of the TTO investments as of the end of

1 produced and given to the auditors for June 30,
2 2012.

3 Q Okay. And that's the file that you gave
4 to the auditors and you know you did it because you
5 have an e-mail that said you're transmitting that
6 file?

7 A No. I have an e-mail back from them
8 that commented on it.

9 Q Do you remember what comments, if any,
10 you got back?

11 A No, I don't.

12 Q And then you kept a copy of that file on
13 a flash drive, but you can't find the flash drive?

14 A That's correct.

15 Q All right. And the auditors that you
16 sent the file that has the report on investments, is
17 that Baker Tilly?

18 A Yes.

19 Q And who at Baker Tilly sent you the
20 e-mail responding back about this report?

21 A Jim White.

22 Q So if I wanted to get a copy of the
23 document that we're discussing, I could get a copy
24 from Jim White at Baker Tilly?

1 the 2013 year?

2 A The end of --

3 Q Or, I'm sorry, as of the end of the
4 2012-2013 fiscal year.

5 A Well, I believe I have it in an e-mail.
6 Unfortunately my files from 2012 are on a flash
7 drive and I can't find the flash drive right now.

8 Q Could you explain that to me, please?

9 A I lost the flash drive that held that
10 year's data on it. I have an e-mail that I have --
11 that the auditors gave to me if you're specifically
12 looking for June 30, 2012.

13 Q Could you describe the e-mail a little
14 more to me? I'm not sure I follow you in terms of
15 what the e-mail is.

16 A I gave it to the auditors. They gave it
17 back to me with some comments on it.

18 Q You gave --

19 A I gave this file that --

20 Q Flash drive?

21 A No, not the flash drive. You asked me
22 for June 30, 2012.

23 Q Right.

24 A That file. A copy of it would have been

1 A I can't speak to whether he still has
2 that or not.

3 Q Okay. Assuming that he still retained
4 it. But he did get a copy of it in 2012, right?

5 A To the best of my knowledge, yes.

6 Q The TTO doesn't have any sort of back-up
7 system or any other type of document retention plan
8 that would have --

9 A You're asking about a time when they
10 were still kind of following Bob Healy's policies.

11 Currently all of the files are either saved on a
12 shared drive or in a drop box, so they're backed up
13 multiple times.

14 Q But the file that you created is not
15 backed up on a shared drive, is it?

16 A No.

17 Q The one we're talking about?

18 A Not for that period of time, no.

19 Q Okay. And that wasn't the Bob Healy
20 time period. That was after that, right?

21 A Yeah, I guess.

22 Q So how come that didn't get backed up?

23 A There was no policy in place for backing
24 up files.

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1 Q And you understand that this lawsuit
2 that we're here for today involves the time period
3 during which Healy was the treasurer, correct?
4 A Yes.
5 Q Okay. And the document that you created
6 and then lost that showed the investments that the
7 TTO held as of June 30, 2012, did you ever see any
8 similar documents prepared by anyone else for years
9 prior to the 2012 to 2000 fiscal year, did you ever
10 see one for prior fiscal years like that?
11 A Not formally kept, but in some of
12 Mr. Healy's interest files, there were similar
13 listings.
14 Q Were those listings comprehensive such
15 that you could get a clear picture of all the
16 investments and investment income that the TTO had
17 and earned from 1995 to 2012?
18 A I didn't review those documents, so I
19 don't know if they were fully inclusive.
20 Q Why didn't you review those documents?
21 A Because I was trying to compile things
22 from fresh data.
23 Q Okay. Now, let's talk about the project
24 that you worked on -- well, before I get to this,

1 District 204's audit?
2 A If there was an invoice copy available,
3 we reviewed it and it clearly stated it was for
4 204's audit.
5 Q When you say, "if there was an invoice
6 copy available," were there instances in which there
7 were no invoice copy available?
8 A Yes.
9 Q And how many instances was there a
10 missing invoice for audit work?
11 A I don't recall specifically, but it was
12 less than 20. It was in -- going back to some of
13 the early years that were included in the time
14 period. In those instances, we looked at
15 descriptions that had been keyed in at the time of
16 payment and those also clearly referred to District
17 204.
18 Q Were the charges for District 204's
19 audits done by Baker Tilly relatively uniform over
20 years or did they vary from year to year?
21 A I don't recall.
22 Q Do you recall in 2000 the charges being
23 very, very much larger than in other years?
24 A I don't recall.

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1 are you -- let's see. We have been told that you
2 worked on analyzing the TTO's payments of investment
3 income to District 204 during certain years, is that
4 correct?
5 A Yes.
6 Q Okay. There are also issues in this
7 case having to do with the TTO's payment for audits
8 that Baker Tilly and its predecessors did of
9 District 204 during a certain period of time. Did
10 you ever have any involvement in that other issue?
11 A Yes. I also compiled -- assisted in
12 compiling those numbers.
13 Q And what did you do in order to compile
14 the numbers for the amounts the TTO paid for
15 District 204 audits?
16 A I received copies of invoices from
17 Lauralee Conway at the TTO as a first pass.
18 Q Okay.
19 A And then subsequent to that, we ran a
20 vendor history out of their accounting system.
21 Q Out of whose accounting system?
22 A The TTO's.
23 Q Okay. And how were you able to
24 determine whether a particular invoice was for the

1 Q And you have no idea why they were or
2 were not, do you?
3 A I would not be able to answer that.
4 Q Did you speak with anyone at Baker Tilly
5 about the charges that they might have made for the
6 District 204's audit to double check whether your
7 numbers were right?
8 A We received the invoice copies from them.
9 Q How far back did the invoice copies go
10 that you got from Baker Tilly and when did you get
11 them?
12 A I don't recall how far they go back.
13 The spreadsheet that we produced would say whether
14 there's an invoice copy included or available or
15 not.
16 Q Well, there was a point in which Baker
17 Tilly didn't have the invoices, right? Their
18 documents only went back so far, am I right?
19 A Right. And so then we went to the
20 treasurer's office invoices.
21 Q Well, how far back did the Baker
22 Tilly -- approximately did the Baker Tilly's
23 invoices go?
24 A I honestly don't remember. It was prior

1 to at least -- it was prior to 2006 for sure.
 2 Q So Baker Tilly at least had copies of
 3 invoices from 2006 on?
 4 A I believe so, yes.
 5 Q Okay. And you're not sure whether they
 6 had them in 2005 or 2004 or 2000?
 7 A I don't recall.
 8 Q Did they have them for 1995?
 9 A I don't recall when -- because at that
 10 point they would have been Virchow and Krause. I
 11 don't remember how far they went back versus when we
 12 pulled from the treasurer's office records.
 13 Q So there was a period of years where
 14 Baker Tilly did not have invoices?
 15 A I believe so, yes.
 16 Q And what you looked at instead of the
 17 actual invoices was descriptions that were coded
 18 into the TTO's records at the time of payment?
 19 A Correct.
 20 Q Could you describe those codings and
 21 what system they would have been in?
 22 A They would have entered into the TTO's
 23 accounting system called DCR.
 24 Q And how does that relate to the general

1 employment.
 2 Q And those are the only two
 3 individuals -- and Clyde Bradley started with the
 4 TTO after Healy was gone, right?
 5 A Correct.
 6 Q Okay. And neither of them knew why the
 7 TTO had paid for District 204's audits for many
 8 years prior?
 9 A No, they did not.
 10 Q Okay. Do you have any knowledge
 11 independent of talking to these individuals as to
 12 why and how these payments were made?
 13 A I do not.
 14 Q Do you have any opinion as to whether or
 15 not these payments were proper or improper?
 16 A I don't have an opinion.
 17 Q Do you know whether or not the TTO paid
 18 for the annual audits done by Baker Tilly or its
 19 predecessors or any other firm for any other
 20 district other than District 204?
 21 A Predominantly that answer would be no.
 22 We looked and found a couple instances of a couple
 23 thousand dollars that appeared to have been paid in
 24 error.

1 ledger?
 2 A That is the general ledger. There's
 3 also an AP section.
 4 Q Is AP accounts payable?
 5 A That's correct.
 6 Q And what sort of codes or descriptions
 7 did you look at in the general ledger in lieu of
 8 looking at actual invoices?
 9 A In the instances where there was not an
 10 invoice available, we looked at either a description
 11 field or the invoice field. And in those instances,
 12 they refer to District 204's audit or District 204.
 13 Q Did you ever speak with anybody at the
 14 TTO to determine why the TTO had been paying for
 15 District 204's audits at Baker Tilly and its
 16 predecessors for so many years?
 17 A The employees that were there did not
 18 have knowledge as to why, so I can't speak to why
 19 they were paid.
 20 Q Who were the employees that you talked
 21 to to determine that they didn't know why?
 22 A Clyde Bradley and Lauralee Conway.
 23 Q How far back did Lauralee Conway go?
 24 A I don't know when she started her

1 Q When was that and what were those
 2 instances?
 3 A I believe it was going back to like
 4 1999. It was for a district called 204.5 or LADSE.
 5 Q Or what?
 6 A LADSE which is LaGrange Area Special
 7 Education I believe is what it stands for.
 8 Q And what did you find with regard to the
 9 1999 payments?
 10 A It just appeared that they had been paid
 11 in error because there were no other instances of
 12 any other district where an audit had been paid for
 13 besides 204.
 14 Q Why did you check as to whether the TTO
 15 had paid for audits of other districts other than
 16 204?
 17 A It was a question that was asked in
 18 conjunction with the litigation preparation.
 19 Q And who asked you that question? Who
 20 asked you to determine that information?
 21 A I can't recall who from the attorney's
 22 office asked me to do that.
 23 Q But it one of the TTO's attorneys?
 24 A Yes.

1 Q Was it Gerald Kubasiak?
 2 A I don't recall who it was.
 3 Q Very distinguished gentleman with white
 4 hair --
 5 A I know that, but it would have been done
 6 via e-mail, so I don't recall.
 7 Q So it was either he or somebody from his
 8 firm?
 9 A Correct.
 10 Q And do you provide a written report to
 11 the Kubasiak firm about the search you had done and
 12 determination you had made about the payment by the
 13 TTO on behalf of other districts?
 14 A On behalf of other districts, no,
 15 there's no report.
 16 Q So you didn't put together any kind of
 17 analysis describing the 1999 payments to District
 18 204.5?
 19 A I did not.
 20 Q Okay. Do you know that Bob Healy
 21 represented in writing to District 204 that the TTO
 22 was paying for the audits of all of the districts?
 23 A I did not know that.
 24 Q Do you believe from your analysis that

1 BY MR. HOFFMAN:
 2 Q Let me ask you a better question.
 3 You're a CPA and accounting professional. Does it
 4 appear from your review of the general ledger and
 5 the invoices and payments made by the TTO to Baker
 6 Tilly and its predecessors for the District 204
 7 audit, does it appear from your review of that
 8 information that the TTO accidentally paid these
 9 amounts for almost 20 years or does it appear that
 10 these were deliberate payments?
 11 MR. KALTENBACH: I'm going to object.
 12 Same objection. You can answer the question.
 13 BY MR. HOFFMAN:
 14 Q You can answer.
 15 A I don't know that I can speak to that
 16 given there -- there isn't any sign-offs on things,
 17 you know, that would suggest that, you know -- they
 18 didn't have a practice in place where someone would
 19 sign off on each individual invoice. They were --
 20 it was certainly paid in their normal AP process,
 21 but I can't speak to whether that's knowing or not
 22 knowing.
 23 Q So you don't have any opinion as to
 24 whether based on your review of past invoices and

1 you did -- do you have any opinion as to whether
 2 that statement by Mr. Healy if I'm quoting it
 3 correctly was accurate or not?
 4 A Based on the review I did, I would say
 5 the statement is inaccurate.
 6 Q Do you -- is it -- based on your
 7 professional experience, is it fair to say that the
 8 TTO under Bob Healy's leadership in 1994 to 2012 was
 9 knowingly paying for the annual audits of District
 10 204 that the Baker Tilly and its predecessors had
 11 done?
 12 MR. KALTENBACH: I'm sorry, I missed
 13 the start of that question. Could you --
 14 MR. HOFFMAN: You can reread it.
 15 (WHEREUPON, the record was read
 16 by the reporter as requested.)
 17 MR. KALTENBACH: I'm going to object on
 18 foundation and I think it calls for the witness to
 19 make an opinion that she's not -- has not
 20 represented herself to be qualified to make, but you
 21 can answer the question, Kelly.
 22 BY THE WITNESS:
 23 A I mean --
 24

1 general ledger entries, you have no opinion as to
 2 whether the TTO's payments of the District 204's
 3 audit expenses was, you know, knowing and
 4 intentional on one hand or accidental on the other
 5 hand?
 6 MR. KALTENBACH: Same objection.
 7 BY THE WITNESS:
 8 A I don't -- I said I don't and I didn't
 9 finish my sentence. I'm sorry. I don't know. I
 10 don't understand why that --
 11 BY MR. HOFFMAN:
 12 Q Well, look, you're a CPA and accounting
 13 professional with an accounting degree and you've
 14 spent many hours of your life looking over
 15 financial records of the TTO and many other
 16 businesses, correct, and any other governmental
 17 entities or other entities that keep books, right?
 18 A Yes.
 19 Q Okay. So what I'm trying to determine
 20 is we know as a matter of fact that from 1994 to
 21 2012 TTO paid for District 204's audits, right?
 22 A There's evidence of -- that they paid
 23 for them, yes.
 24 Q Right. And so what I'm asking you is

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1 for your professional opinion based on your
2 expertise and your analysis of these documents
3 whether these payments over that almost 20-year
4 period of time were accidental and fell through the
5 cracks or whether these payments appear to be
6 deliberate and intentional?
7 MR. KALTENBACH: I'm going to make the
8 same objection. I don't think --
9 MR. HOFFMAN: And if you can't tell,
10 then you tell me that as well.
11 MR. KALTENBACH: Let me -- let's not
12 talk over each other. Let me finish making my
13 objection. I don't think there's a foundation. And
14 I think she's being called to offer an opinion on
15 someone's intent. So I don't think that's
16 appropriate. Subject to that objection, you can
17 answer the question.
18 BY THE WITNESS:
19 A I can't speak to what other people were
20 involved in a period of time where I wasn't there to
21 pay the bills. They were -- they're clearly
22 included in their accounting system. They're, you
23 know, included with all their other checks, but I
24 can't speak to who signed off on those or who

1 It calls for speculation or perhaps an opinion, but
2 you can answer.
3 BY THE WITNESS:
4 A When you're using the broad sense of the
5 TTO, I don't know who you're speaking to as to who
6 would be a part of that process. It's -- that's a
7 generic term.
8 BY MR. HOFFMAN:
9 Q Well, somebody signed off on making
10 those payments at the TTO, correct?
11 A There is no evidence of an actual
12 sign-off as you would say.
13 Q Okay. But the checks were written and
14 the amounts were paid, correct?
15 A That is correct.
16 Q And my question is in your opinion -- or
17 my question is do you have any opinion as to whether
18 those payments appeared to be accidental or they
19 appeared to be intentional? If you don't have an
20 opinion, then I won't ask you what it is.
21 A I don't --
22 MR. KALTENBACH: Same objections. You
23 can answer.
24 BY MR. HOFFMAN:

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1 knowingly was a part of that payment process.
2 BY MR. HOFFMAN:
3 Q I understand that you can't read minds.
4 But on the other hand sometimes the only records
5 that we have to deal with are written records,
6 right? Yes?
7 A Yes.
8 Q And so does it appear from your analysis
9 of the written records that the invoices that were
10 sent and paid for by the TTO specifically stated
11 that they had to do with the District 204's audits?
12 A Can you read that back, please?
13 Q Let me say it again. The invoices that
14 you were able to find for Baker Tilly's and its
15 predecessors' audits of District 204 that the TTO
16 paid, those invoices specifically stated that the
17 work was for the District 204 audit, correct?
18 A They stated they were for the 204 audit,
19 yes.
20 Q Can you think of any reason based on
21 your accounting experience why somebody associated
22 with the TTO might have not understood those
23 invoices or charges to be related to District 204?
24 MR. KALTENBACH: I'm going to object.

1 Q Go ahead.
2 A I don't have an opinion whether they're
3 an accidental or a knowing payment.
4 Q Okay. Thank you.
5 MR. KALTENBACH: Jay, I don't think we
6 have ever taken the position that Bob Healy
7 accidentally made the payments. I mean, I just --
8 MR. HOFFMAN: Okay. Well, you know --
9 MR. KALTENBACH: I don't think that's
10 what we alleged. I certainly don't think that's the
11 position that we've ever taken to my knowledge.
12 MR. HOFFMAN: Okay. Fair enough.
13 BY MR. HOFFMAN:
14 Q Let me ask you about the issue in this
15 lawsuit that involves the payment of expenses of the
16 TTO by District 204. Are you familiar with that
17 issue?
18 A Yes.
19 Q Okay. And were you involved in the
20 compilation of any numbers or information relating
21 to that issue?
22 A I reviewed Lauralee Conway's initial
23 compilation.
24 Q And what is that compilation? And where

1 would I find it?
 2 A It's been produced for you.
 3 Q Okay.
 4 A It's a comparison of invoices that the
 5 treasurer's office has in their folders that were
 6 submitted to District 204 compared to the payments
 7 that were received related to those invoices.
 8 Q Okay. And once you looked over Lauralee
 9 Conway's analysis, what did you determine as to how
 10 accurate or inaccurate it was?
 11 A There were some errors that I corrected
 12 and then it was determined that there was a
 13 significant balance that had not been paid.
 14 Q What errors did you correct and how were
 15 they made?
 16 A I can't recall.
 17 Q And then what -- when you say there was
 18 a significant balance that hadn't been paid, that's
 19 the amount that they're suing for in this lawsuit,
 20 correct?
 21 A That's correct.
 22 Q What was your -- do you have any
 23 understanding as to whether the TTO had agreed to
 24 pay for the accounting slash business functions of

1 testify as to that. To the extent you're talking
 2 about conversations you had with, you know, me or
 3 Jerry or one of the attorneys, I'm going to instruct
 4 you not to reveal the substance of those
 5 communications at least at this time. Doesn't
 6 seem -- it seems to me those are privileged.
 7 BY THE WITNESS:
 8 A Okay. So the conversations with
 9 Mr. Bradley or Mr. Theissen were more in what memos
 10 were available or not available and specific
 11 amounts, but we didn't have any substantive
 12 conversations as to what they meant as kind of an
 13 offset or anything to the pro rata.
 14 BY MR. HOFFMAN:
 15 Q Well, why didn't you think that was
 16 important for you to understand given that you were
 17 preparing an analysis of pro rata amounts that were
 18 allegedly unpaid by District 204?
 19 A I wasn't asked to take those into
 20 consideration.
 21 Q And you didn't as an accounting
 22 professional have any questions about whether -- did
 23 you ask somebody, hey, there's these memos that show
 24 this offset, what am I supposed to do with them and

1 District 204?
 2 A I have no knowledge of that.
 3 Q Okay. Have you seen a series of memos
 4 that District 204 sent to the TTO on an annual basis
 5 from 2000 to 2012 stating that it was taking the
 6 amount that the TTO had invoiced for the pro rata
 7 share of the TTO's invoices attributable to District
 8 204 and deducting from that the amount that the TTO
 9 had agreed to pay for District 204's business slash
 10 accounting functions?
 11 A I've seen some of those memos.
 12 Q Okay. And do you speak with anybody at
 13 the TTO about those memos?
 14 A I mean there were various conversations
 15 prior to and after the submission of the lawsuit
 16 with Clyde Bradley, Mike Theissen and their
 17 attorneys.
 18 Q Okay. And what were those discussions?
 19 I mean tell me what you guys talked about in terms
 20 of these memos that showed this offset of the pro
 21 rata charge?
 22 MR. KALTENBACH: Hold on. Kelly, to the
 23 extent you're talking about conversations with
 24 Mr. Bradley or Mr. Theissen, you can certainly

1 did somebody give you an answer to that?
 2 A I was instructed to compile the invoices
 3 versus the payments. I was never instructed to
 4 include these memos in that analysis.
 5 Q But you were aware of the existence of
 6 these memos, correct?
 7 A To the extent that some of them were
 8 available, yes, but they didn't have all of them at
 9 the time.
 10 Q What was your understanding of what
 11 these memos represented or what agreement there was
 12 between the TTO and District 204 that these memos
 13 were discussing?
 14 A Anything I would understand would come
 15 from someone else telling it to me. I don't have
 16 any direct knowledge of what the memos are or what
 17 conversations were had between the treasurer's
 18 office and 204.
 19 Q I understand that. So what were you
 20 told about these memos?
 21 A I was told that 204 submitted these
 22 items, but no one told me what to do with offsetting
 23 them.
 24 Q Did you ever ask anybody specifically

1 whether you should take these memos and the items in
2 these memos for offsets into account?
3 A Yes, I did. And the conversations with
4 Mr. Bradley and Mr. Theissen were that they were not
5 based on school code supposed to be offset.
6 Q What else did they tell you?
7 A I can't recall anything else specific.
8 Q Did they tell you whether or not there
9 actually was an agreement between the TTO and
10 District 204 with respect to the TTO's payment for
11 District 204's business functions?
12 A I mean they told me that there was not
13 an agreement.
14 Q What else did they tell you on that
15 subject?
16 MR. KALTENBACH: Again I'll just caution
17 you. His question relates to --
18 MR. HOFFMAN: We're talking -- you're
19 saying Bradshaw and Theissen.
20 THE WITNESS: Yes. Bradley and
21 Theissen.
22 BY MR. HOFFMAN:
23 Q So Bradshaw and Theissen told you --
24 excuse me --

1 agreement like that, right?
2 A That's correct.
3 Q Okay. And did they tell you anything
4 else about, you know, why there wasn't an agreement?
5 A They told me they had reviewed the
6 minutes and hadn't found any evidence of a contract
7 and they were not privy to any such discussions.
8 Q When you say, "the minutes," what
9 minutes are you talking about?
10 A The treasurer's office minutes of the
11 board minutes.
12 Q Did you yourself look at the treasurer's
13 board minutes?
14 A Not in totality, no.
15 Q When you say, "not in totality," what do
16 you mean by that?
17 A There were other instances where I would
18 have been able to review the minutes, but I didn't
19 specifically look for any wording regarding this
20 agreement. It would have come up in other work that
21 I have seen in minutes.
22 Q If there was a record in the minutes of
23 the TTO's board indicating an agreement with
24 District 204 and the payment of District 204's

1 MR. KALTENBACH: She's Bradshaw.
2 BY MR. HOFFMAN:
3 Q You're Bradshaw. I apologize for that.
4 So Mr. Bradley and Mr. Theissen told you that there
5 was not an agreement between the TTO and District
6 204 whereby District 204 would pay for the business
7 functions -- or excuse me -- I'm sorry -- whereby
8 the TTO would pay for the --
9 Let me start that question over because
10 I got it jumbled. So Mr. Bradley and Mr. Theissen
11 -- when did those conversation take place that
12 you're telling me about?
13 A I can't specifically recall when the
14 conversations take place.
15 Q Approximately are we talking the late
16 2012 or early 2013 time period?
17 A That would have been somewhere between
18 March and September of '13.
19 Q Okay. So sometime between March and
20 September of 2013, you talked to Mr. Bradley and
21 Mr. Theissen about whether or not there was an
22 agreement between District 204 and the TTO as to the
23 payment of District 204's business functions and
24 those gentlemen told you, no, there was never an

1 business expenses, would that have any impact on
2 your analysis as to allegedly unpaid pro rata
3 expense amounts?
4 A Well, I didn't see any, so I can't speak
5 to whether -- I mean I was asked to prepare
6 information. I wasn't providing an opinion on any
7 of this data.
8 Q Yes. But what I'm asking you is if
9 there was information in the minutes of the TTO's
10 board indicating an agreement with District 204 on
11 the payment of District 204's business functions as
12 set forth in these memos we're talking about, would
13 that -- if it did exist, would that have any impact
14 or no impact on the analysis you did?
15 A I think you're asking me to form an
16 opinion that I wasn't asked to do. I was asked to
17 compile the differences between the invoices and
18 what payments were had. I was not asked to form an
19 opinion whether there was a contract and how I
20 should handle those memos.
21 Q Okay. So those memos really were
22 irrelevant for the purpose of your work?
23 A I was instructed to solely look at
24 things exclusive of those memos.

1 Q So who -- and who instructed you to
2 ignore the memos?
3 A They didn't ask me to ignore them.
4 Q Who asked you to not include the memos
5 and the figures and information in the memos as part
6 of your analysis?
7 MR. KALTENBACH: Objection. Misstates
8 prior testimony.
9 BY MR. HOFFMAN:
10 Q Did anyone tell you that?
11 A They told me to compile the differences
12 between the invoices and the payments received.
13 Q Right. But there were also these memos
14 showing offsets against those amounts, right?
15 A Those -- yes.
16 Q And at some point somebody said don't
17 factor those amounts into your analysis, that's not
18 part of it, there's no agreement between the TTO and
19 District 204 on that subject, right?
20 A Yes.
21 Q And you said it was Mr. Bradley and
22 Mr. Theissen. Do you remember whether it was one of
23 them or both of them or --
24 A I don't recall.

1 Q Okay. But you met with both of them and
2 had a discussion with both of them about this
3 subject, that's why you're not sure which one it
4 was?
5 A Well, I had different discussions at
6 different times. I can't say that they were both in
7 the room at the time of each discussion.
8 Q Okay. And after several years, these
9 discussions kind of blend together in your mind?
10 A Yes.
11 Q I understand that. That's very typical.
12 All right. We've been going about an
13 hour. Let's take a break.
14 (WHEREUPON, there was a short
15 recess taken.)
16 MR. HOFFMAN: Okay. Let's go back on
17 the record. Can you mark this as -- let's call
18 this --
19 MR. KALTENBACH: Yeah. Do you just want
20 to -- do you want to have each witness start with
21 their own set or do you want to sequentially run
22 through the whole case?
23 MR. HOFFMAN: Well --
24 MR. KALTENBACH: Are you going to have

1 multiple attorneys -- we're off the record.
2 (WHEREUPON, the document was
3 marked for identification as
4 Bradshaw Deposition Exhibit No. 1.)
5 BY MR. HOFFMAN:
6 Q Miss Bradshaw, I'm showing you a
7 document that we've marked as Exhibit No. 1 and that
8 is a notice of deposition for you. Have you seen
9 that before?
10 A I have not.
11 Q Okay. It says in the second paragraph,
12 "By agreement of the parties' counsel, Kelly
13 Bradshaw will bring to the deposition the documents
14 she relied on and the documents she prepared in
15 analyzing plaintiff's payments of investment income
16 to defendant in certain years." Do you see that?
17 A Okay.
18 Q And did you bring those materials with
19 you to the deposition today?
20 A Yes, they did.
21 Q Okay. Okay. So your lawyer actually
22 was the one who schlepped them over, but they're
23 here with us today?
24 A Yes.

1 Q Okay. Terrific. Okay. I've got two
2 sets of documents. One has got a handwritten
3 notation in the upper right-hand corner that says
4 interest allocation 1 dot XLS produced 2 slash 19
5 slash 2016. Let's mark that as Bradshaw Exhibit 2,
6 please.
7 (WHEREUPON, the document was
8 marked for identification as
9 Bradshaw Deposition Exhibit No. 2.)
10 BY MR. HOFFMAN:
11 Q Can you explain what this document is,
12 please?
13 A This is a compilation of interest
14 earnings given to District 204 comparing Mr. Healy's
15 calculations to the general ledger and then
16 comparing different system reports to identify if
17 there were any differences.
18 Q Okay. And the first page is the
19 summary? Yes?
20 A Correct.
21 Q And the large formatted pages that
22 follow the first page, what are those?
23 A They are -- there's two different
24 analyses, one of which compared Mr. Healy's

1 calculations to the general ledger and then when we
2 tried to use system reports to compare to the
3 general ledger, we found additional differences.
4 Q And when you say, "we," who is "we?"
5 A Well, I had people reviewing what
6 information was on here, so there were other
7 treasurer's office employees that reviewed certain
8 pieces of data in the documents.
9 Q Who were those people?
10 A At one point every employee was helping
11 me review. At that time it would have been Lauralee
12 Conway, Fran Green, Beverly Carnival, Nancy
13 Bechtold, Mary Woods and Mike Vargas.
14 Q And were you certain of the capabilities
15 and qualifications of all those individuals to help
16 you perform this analysis?
17 A For what they were reviewing, yes.
18 Q Okay. And what made you sure that they
19 were doing the work properly?
20 A Well, I had compiled it first and they
21 were double checking by comparing a report that was
22 in front of them to the Excel spreadsheet and they
23 were checking it off. And based on other work that
24 they've performed, it seemed reasonable that they

1 himself additional payroll history.
2 Q So Beverly Carnival, what was her job
3 title?
4 A She was a payroll clerk.
5 Q Okay. And she was aware that Bob Healy
6 was paying himself more than he was supposed to get
7 in income and other benefits, right?
8 A That's my understanding.
9 Q Okay. And how did you obtain that
10 understanding?
11 A When the district attorney's office was
12 interviewing certain employees, I was in the room
13 and that's when --
14 MR. KALTENBACH: I'm going to -- hold
15 on. To the extent attorneys were involved, I don't
16 think you should reveal the substance.
17 MR. HOFFMAN: Well, the district
18 attorney is not --
19 MR. KALTENBACH: I'm just not sure what
20 she meant by district --
21 THE WITNESS: No. This would have
22 been --
23 MR. KALTENBACH: The criminal --
24 THE WITNESS: Yeah, the criminal came

1 could double check the columns.
2 Q And in some instances, these were the
3 same individuals who were involved in the accounting
4 work at the TTO's office when millions of dollars
5 went missing from the office, is that true?
6 A That is true.
7 Q And so why is it you felt that they were
8 capable of helping you with your analysis?
9 A As I said, what they were doing was a
10 very simple comparing of two documents. They were
11 not exposed to the items that Mr. Healy had done,
12 and based on other work that I had seen them do, I
13 felt comfortable they could compare and just double
14 check the numbers I had put down.
15 Q Do you have any understanding as to
16 whether any other employee at the TTO was involved
17 in criminal acts of fraud other than Bob Healy?
18 A With respect to the Amalgamated area?
19 Q With respect to anything?
20 A To my knowledge no one had any
21 understanding that -- of the Amalgamated
22 transactions.
23 I am under the understanding that
24 Beverly Carnival was aware that he was paying

1 out.
2 MR. KALTENBACH: I'm sorry. Go ahead.
3 BY MR. HOFFMAN:
4 Q Go ahead. You can tell me.
5 A So there was assistant district attorney
6 that was questioning the employees on what
7 information they knew or did not know. And I was in
8 the room at the time.
9 Q What did Miss Carnival say on the
10 subject? And when did that take place?
11 A Gosh, I don't know.
12 Q Well, was it in the 2012 or 2013 time
13 period?
14 A Between '13 and '14. I can't say
15 specifically.
16 Q It was before this analysis that we have
17 in front of you was created, right?
18 A I can't say for certain when it was,
19 whether it would have been before or after.
20 Q Okay. And what did Miss Carnival say in
21 this regard?
22 A I'm paraphrasing, but she indicated that
23 she knew there were certain instances where he was
24 paying himself more than his contract, but that he

1 had indicated that it was okay and she proceeded
 2 with the payments.
 3 Q Did she ever alert anybody at the TTO
 4 that Healy was getting more in income than he was
 5 supposed to get under his contract with the TTO?
 6 A Not to my knowledge.
 7 Q Okay. And despite her knowledge of this
 8 fraud by Mr. Healy and her failure to alert anybody
 9 to it, why did you think it was appropriate to
 10 have Miss Carnival work on your analyses in this
 11 case?
 12 A She was part of a team that compared a
 13 specific report to a column in here that I had
 14 reviewed. And so I was just having a second set of
 15 eyes. I felt it was appropriate given she checks
 16 payroll numbers for other districts and there have
 17 been no other instances of knowing. It wasn't the
 18 same situation.
 19 Q Okay. And let's mark this as document
 20 called interest allocation 2 dot XLS produced 2
 21 slash 19 slash 2016 as Bradshaw Exhibit 3, please.
 22 MR. KALTENBACH: Which one -- I'm sorry.
 23 Which one was 2?
 24 MR. HOFFMAN: Interest allocation 1 is

1 A Correct.
 2 Q Compare the general ledger difference as
 3 to what?
 4 A So we'd have to take a step back and
 5 really understand each portion of the analysis, but
 6 the specific error was I had the columns subtracting
 7 numbers and they should have been added together.
 8 Q So you made about a \$200,000 error in
 9 your initial analysis, right?
 10 A I did.
 11 Q And that was in excess of 10 percent of
 12 the total amount that you found to be overpaid?
 13 A Yes.
 14 Q And so instead of \$1.38 million
 15 approximately being overpaid to District 204, you
 16 went back and decided it was really about
 17 \$1.57 million overpaid to District 204?
 18 A Yes.
 19 Q Okay. And given that you made an error
 20 of this magnitude in your initial analysis, why do
 21 you feel that it's fair for us to rely upon your
 22 analysis that you presented here in interest
 23 allocation 2?
 24 A I have -- the initial analysis was

1 Bradshaw 2. Interest allocation 2 is Bradshaw 3.
 2 (WHEREUPON, the document was
 3 marked for identification as
 4 Bradshaw Deposition Exhibit No. 3.)
 5 BY MR. HOFFMAN:
 6 Q And what is the difference between
 7 interest allocation 1 and interest allocation 2
 8 which are also marked as Bradshaw 2 and 3?
 9 A When the litigation was filed a second
 10 time, I was asked to go over the analysis again and
 11 realized that there was a formula error in the --
 12 where we were comparing the system reports to the
 13 general ledger.
 14 Q What was the formula error and who made
 15 it?
 16 A I made it.
 17 Q What was it?
 18 A I had -- I can't remember if it was a
 19 plus or whether it was a minus. It was in relation
 20 to the formula that's in purple.
 21 Q The one that says compare GL dif?
 22 A Yeah.
 23 Q Is that short for compare general ledger
 24 difference?

1 prepared very quickly. The second time I had more
 2 time to go through and make sure that everything was
 3 accurate.
 4 Q And so is it fair to say that you're
 5 certain sitting here today that the numbers and
 6 figures used in interest allocation 2 are correct
 7 and there aren't any other errors?
 8 A To the best of my knowledge, yes.
 9 Q Why don't -- let's use interest
 10 allocation 2 which is Bradshaw No. 3 and running
 11 through -- and having you explain to me the analysis
 12 that you did on interest allocation.
 13 So before we get to the specific columns
 14 and rows of this document, why don't you tell me who
 15 asked you to do what in connection with interest
 16 paid to District 204 by the TTO for a period of
 17 years?
 18 A Mr. Theissen asked me to compare the
 19 interest earnings that were received by District 204
 20 in comparison to Mr. Healy's calculations and what
 21 was actually recorded in the general ledger.
 22 Q Did he explain why he wanted you to
 23 perform this analysis?
 24 A No.

1 Q Did he tell you what he thought might be
2 the problem and why a comparison might be necessary?
3 A No.
4 Q When did this conversation that you had
5 with Mr. Theissen about this project occur?
6 A Somewhere between -- probably around
7 September 2013.
8 Q Weren't you curious as to why he wanted
9 you to do this and what the point of it was?
10 A I mean there were a lot of job
11 responsibilities at the time. I was being -- there
12 were a lot of things being thrown at me, so I was
13 doing what I was asked to compile at the time.
14 Q Okay. So you didn't ask any questions
15 about why you were doing this, right?
16 A No. I completed what I needed to do.
17 Q Okay. And did Mr. Theissen explain to
18 you why he thought there might be a discrepancy or
19 might be a problem?
20 A No. Just with everything else that had
21 occurred with Mr. Healy, we thought it was prudent
22 to look at the analysis.
23 Q What do you mean, that you found out
24 that Mr. Healy had stolen over a million dollars

1 count on my fingers for a moment. So there were
2 approximately 20 districts or co-ops over that
3 period of time that needed to be reviewed, but not
4 all of them had interest earnings in each year.
5 Q I'm sorry. Wouldn't that also have
6 involved your toes if you were counting?
7 Did you look at the interest that the
8 TTO paid to all 20 of those districts over the 1994
9 to 2012 period?
10 A Yes. We did the initial review of those
11 districts.
12 Q When you say, "initial review," what do
13 you mean?
14 A So we -- as we get into understanding
15 this analysis, we performed the first comparison of
16 Robert Healy's calculations to the general ledger.
17 In the other districts, there were no significant
18 variations.
19 Q Did you prepare a report as to the other
20 districts or just to District 204?
21 A This is the district that we went to,
22 both comparisons that you see in front of you.
23 Q I'm sorry. I didn't understand your
24 question. The district that I see -- the report

1 from the districts, is that what you mean?
2 A Yes.
3 Q Okay. And at that time did Mr. Theissen
4 ask you to look at the interest payments made to all
5 of the districts in the TTO's jurisdiction?
6 A We started with 204, but then, yes, I
7 did look at other districts.
8 Q Why did you start with 204?
9 A There was the potential of pending
10 litigation and they wanted to know the answer before
11 that litigation was filed.
12 Q Who told you this?
13 A Mr. Theissen.
14 Q Wouldn't it have been easier to look at
15 the interest allocation made to all of the districts
16 at the same time so that you could get a sense of
17 what had been done with respect to all of them?
18 A I don't know that it was easier or
19 harder. Each district needed to be looked at
20 individually.
21 Q Okay. And how many districts were there
22 at this time in September of 2013 to look at?
23 A Well, we went back for the period of
24 time of fiscal 1994 through 2012. And I'm going to

1 that I see in front of you is a report for District
2 204, correct?
3 A Correct.
4 Q So where are the reports for the other
5 districts?
6 A We didn't go to this level of analysis
7 for the other districts because on the first pass
8 the districts had small differences, nothing as
9 significant as 204.
10 Q Well, what documents did you produce
11 that showed you that there were only small
12 differences? What reports were there?
13 A I compared the Healy calculations to the
14 general ledger.
15 Q And you prepared a document that showed
16 the comparison between those two things for the
17 other districts, right?
18 A Yes.
19 Q Okay. And where are those documents?
20 A Those are in my files.
21 Q Have those been produced to --
22 A I don't believe so because they don't --
23 they didn't go to the same analysis or critical
24 review because the first pass was di minimus.

1 MR. HOFFMAN: Barry, I believe you
2 represented to the court in writing that there were
3 no other analyses done for other districts. I will
4 go back and take a look. But without question --
5 MR. KALTENBACH: Let him make a
6 statement.
7 MR. HOFFMAN: -- without question, we
8 want to see those and those should have been given
9 to us and we have a pending motion to compel and
10 order granting the motion to compel.
11 And obviously I would like to ask
12 Miss Bradshaw questions about those documents that
13 I've never seen.
14 So I'm not going to argue with you about
15 it now because that's a waste of everyone's time,
16 but I am going to note for the record that we should
17 have received those and that I reserve my right to
18 recall this witness to ask questions about that
19 subject.
20 MR. KALTENBACH: That's fine. You can
21 note that for the record. I'm not going to respond
22 substantively. I'm not saying I agree. I'm not
23 saying I disagree.
24 MR. HOFFMAN: Okay. Fair enough.

1 BY MR. HOFFMAN:
2 Q Who chose the 1994 through 2012 time
3 period?
4 A That's the information that was
5 available in their general ledger system.
6 Q What records are there of the TTO prior
7 to the 1994-1995 fiscal year?
8 A They all would be handwritten green bar
9 files.
10 Q Why did you decide that those
11 handwritten green bar files were not files that you
12 should review for years prior to fiscal year 1995?
13 A I didn't decide anything. We just -- in
14 the conversation with Mr. Theissen, he said to use
15 the information that was available in the general
16 ledger.
17 Q The information that was available in
18 the general ledger was computerized, correct?
19 A Correct.
20 Q So starting in 19 -- starting in --
21 would it be easier and would it be fair -- I see in
22 your interest allocation analysis you refer to
23 fiscal year 1995. And that refers to the fiscal
24 year that starts in 1994 and ends July 30, 1995,

1 correct?
2 A Yes.
3 Q Okay. So just so we can --
4 MR. KALTENBACH: June 30th. You said
5 July. He said it wrong and you heard it wrong.
6 BY MR. HOFFMAN:
7 Q Sorry. My mistake. And, Barry, thank
8 you for correcting. I appreciate that.
9 So fiscal year 1995 as stated in your
10 interest allocation analysis means July 1, 1994,
11 through June 30, 1995, correct?
12 A Yes.
13 Q So is it okay when I ask you questions
14 about this if I refer to that year as fiscal year
15 1995 just like you did?
16 A Yes.
17 Q As a shorthand. Okay. So in order to
18 examine fiscal year 1994 and earlier years and the
19 interest paid to the districts in those years, you
20 would have had to go to handwritten documents rather
21 than computerized records for the general ledger,
22 correct?
23 A 1994 was reviewed as well, but it didn't
24 meet the criteria of a difference.

1 Q So you -- why did you review 1994?
2 A Because it was also in the general
3 ledger.
4 Q So when you say, "the criteria of a
5 difference," what does that mean, that it was --
6 A So through discussions with Mr. Theissen
7 he decided that if a difference was plus or minus a
8 thousand dollars in any given quarter that it wasn't
9 significant enough to be called a difference. It
10 could have been a rounding or an estimate error.
11 Q What is the accounting basis of that
12 determination?
13 A It's just a business call. It wasn't an
14 accounting determination.
15 Q Do you think that's one that makes sense
16 to you?
17 A I do. I do. It's a di minimus amount.
18 Q Okay. And even if that di minimus
19 amount would have favored District 204, you ignored
20 it in your analysis, correct?
21 A It was not compiled as a total
22 difference. Yes.
23 Q So if District 204 in any one quarter
24 got \$999 less that you determined that they should

1 have, you ignored that amount, correct?
 2 A Yes.
 3 Q Okay. And in 1994, there was no
 4 significant difference in any of the quarters in
 5 1994, right?
 6 A There was not.
 7 Q And how do you know that? What are you
 8 looking at?
 9 A I'm looking at the last page of
 10 Exhibit 3. And you can see that there are
 11 four quarters for fiscal 1994 referred to. One was
 12 a 15 cent difference, one was \$130 difference, a 32
 13 cent difference and 18 cent difference.
 14 Q So for the fiscal year 1994, you had to
 15 actually go back and look at hard copy green bar
 16 files to determine what the general ledger had for
 17 interest payments?
 18 A I did not. Fiscal '94 was also in the
 19 general ledger.
 20 Q I see. So the general ledger started in
 21 fiscal year 1994?
 22 A Yes. That was the first full year of
 23 activity.
 24 Q So why isn't -- okay. So you actually

1 more time even though the interest -- even though
 2 the general ledger for fiscal year 1993 and prior
 3 years was on hard copy, it wouldn't have taken any
 4 significantly more time to analyze those years than
 5 looking at the electronic records of the general
 6 ledger for subsequent years, right?
 7 A Yes, it would.
 8 Q It would?
 9 A Yes.
 10 Q How much more time would it take?
 11 A I can't speak to it because I didn't
 12 look through them, but it's paper documents that
 13 you'd have to flip through versus being able to run
 14 a specific report for the criteria that you're
 15 looking for.
 16 Q Do you have any opinion as to whether or
 17 not District 204 was paid the right amount by the
 18 TTO in fiscal year 1993 and prior years?
 19 A I have no way to speak to that.
 20 Q Do you have any knowledge as to -- did
 21 anyone ever tell you how far back the TTO legally
 22 can go in terms of reaching back to claw back money
 23 from District 204?
 24 A No. I don't know.

1 reviewed fiscal year 1994 through 2012, correct?
 2 A I did. Yes.
 3 Q And then you left fiscal year 1994 off
 4 of the summary page because there was no significant
 5 difference for that year?
 6 A Correct.
 7 Q Okay. Why didn't you go back and -- as
 8 long as you were going all the way back to 1994, why
 9 didn't you also go back to 1993 and 1992 and 1991
 10 and 1990 as far back as the records would go?
 11 A I wasn't asked to do that.
 12 Q Who told you not to do that or who
 13 limited your analysis to the fiscal year 1994 and
 14 subsequent years?
 15 A Mr. Theissen decided the time period
 16 that we would be doing the work for.
 17 Q And did he tell you the basis for his
 18 decision on the time period?
 19 A No.
 20 Q Did he tell you that it would have taken
 21 too much time and effort to look at 19 -- fiscal
 22 year 1993 and prior years?
 23 A No.
 24 Q Okay. Would it have taken that much

1 Q Okay. But you're not aware of anything
 2 that would limit its ability to go back to 1994 and
 3 no further back, are you?
 4 A I can't speak to what records are
 5 available prior to that time.
 6 Q What I'm asking you is you don't have
 7 any reason to believe that somehow the TTO is
 8 limited in its recovery as to only 1994 and that it
 9 couldn't make the same claim as to prior years,
 10 right? You don't know anything about that?
 11 A I don't know.
 12 Q Okay. Fair enough. Did Mr. Theissen
 13 tell you why he only wanted you to go back to 1994?
 14 Was it because the general ledger was electronic
 15 only as to those years or did he just not give you a
 16 reason?
 17 A I can't recall. I mean we talked about
 18 what was available electronically, but I don't know
 19 if that was the determining factor or not.
 20 Q Okay. Do you have any understanding --
 21 now, you've prepared an analysis that claims that
 22 the TTO overpaid District 204 in interest earnings
 23 in the amount of over \$1.5 million for the 1995 to
 24 2012 time period, correct?

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1 A Yes.
2 Q Okay. Do you have any idea as to how
3 that happened?
4 A I do not.
5 Q Do you have any knowledge of any -- or
6 did you see any evidence of District 204 somehow
7 asking for a payment of any interest money or
8 earnings in excess of what it might have been
9 entitled to?
10 MR. KALTENBACH: If you -- don't reveal
11 the substance of privileged communications. If you
12 have seen a document -- and I need to ask her what
13 she saw, I guess, because I don't -- I mean if you
14 saw like an e-mail from one of us or a memo from our
15 firm, I don't want you to reveal the substance of
16 that.
17 If you have independent knowledge of
18 something because you've seen a document, then you
19 absolutely can testify as to documents you have
20 seen.
21 BY THE WITNESS:
22 A Okay. So I have seen e-mails from David
23 Sellers at 204 to Mr. Healy requesting additional
24 interest income, them going to lunch, and then

1 Q So your belief or your understanding or
2 your opinion, maybe you can clarify and tell me what
3 it is, but you think that the TTO paid District 204
4 more money than they were entitled to get because
5 District 204 asked them to?
6 MR. KALTENBACH: I'm going to object. I
7 don't think a foundation has been laid. I don't
8 think the witness is qualified to offer an opinion
9 on that issue. And to imply that she has an opinion
10 on that misstates her prior testimony. Subject to
11 that objection --
12 MR. HOFFMAN: I'd ask you to not coach
13 the witness through your objection --
14 MR. KALTENBACH: I don't think I was.
15 MR. HOFFMAN: I think you are.
16 BY MR. HOFFMAN:
17 Q So I'm asking you for your understanding
18 as to how this happened. If you don't have any
19 idea, you can tell me that. But what you did tell
20 me is you saw e-mails in 2006 that in your mind
21 suggested that District 204 was asking for more
22 interest payments? Yes?
23 A In that instance, yes.
24 Q Okay. So we're looking at a period that

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1 Mr. Sellers thanking Mr. Healy for giving him
2 additional interest income in the subsequent month.
3 BY MR. HOFFMAN:
4 Q And what was the time period of those
5 communications to the best of your knowledge?
6 A It was July 2006. E-mails were in
7 August of 2006.
8 Q Did you ever see any communications
9 between TTO and District 204 between 1994 and 2005
10 having anything to do with the amount of interest
11 paid?
12 A No.
13 Q Okay. And is it your belief that -- are
14 you telling me that the TTO paid District 204 too
15 much money from 1984 through 2012 because of memos
16 that were written in July of 2006 by the business
17 manager of District 204?
18 A When you said 1984, I can't speak to
19 them.
20 Q 1994.
21 A The period of 1994 to 2012, I can't
22 speak to all of why they might have been paid extra
23 money. I could only speak to the fact that I saw
24 that particular e-mail.

1 started in mid 1994 and continued through mid 2012
2 based on your analysis, correct?
3 A Yes.
4 Q And so what I'm asking you is do you
5 have any understanding as to how these supposed
6 overpayments from the TTO to District 204 occurred?
7 A I can't speak to that other than to
8 identify that there were differences that got
9 recorded between what was asserted should have been
10 interest income to 204 and what actually got
11 recorded.
12 Q Did you talk to employees at the TTO to
13 ask them what happened with respect to these
14 interest payments to District 204?
15 A No one else had any other knowledge of
16 how the interest payments were compiled as Mr. Healy
17 was in charge of all of that.
18 Q Was he in charge of it or was he in fact
19 the only person who was involved in making interest
20 payments?
21 A Well, he would compile the numbers and
22 then he would tell the employees what numbers to
23 book.
24 Q In your opinion as an accounting

1 professional and CPA, was that an appropriate
2 responsibility for one person at an organization to
3 hold?

4 MR. KALTENBACH: I'm going to object as
5 to lack of foundation. And she's not been disclosed
6 as an opinion witness.

7 MR. HOFFMAN: I'm asking her opinion.
8 She's a CPA.

9 MR. KALTENBACH: I'm not instructing her
10 not to answer.

11 BY MR. HOFFMAN:

12 Q Okay. Was that appropriate for
13 Mr. Healy to be making all of these determinations
14 without any check from anyone else?

15 MR. KALTENBACH: Same objection..

16 BY MR. HOFFMAN:

17 Q In your opinion?

18 A It's not unusual in a small office for
19 that to occur. Could there be better controls?
20 Yes.

21 Q Well, there obviously could have been
22 better controls at the TTO in many respects, isn't
23 that true?

24 MR. KALTENBACH: Same objection.

1 BY MR. HOFFMAN:

2 Q Yes? Come on.

3 A Yes. We've improved controls
4 significantly since Mr. Healy has left.

5 Q Okay. But the period of time that we're
6 dealing with in this lawsuit is the period of time
7 that Mr. Healy was there, right?

8 A Yes.

9 Q Okay. So my question is what lack of
10 controls did you identify at the TTO with respect to
11 any of the issues we've discussed today having to do
12 with Mr. Healy's reign at the TTO?

13 A I was not asked to compile a list of
14 internal controls for them.

15 Q I'm not asking whether you did or did
16 not compile a list of internal controls, but you're
17 a CPA working with the TTO as an outside
18 professional and were able to examine the operations
19 firsthand. And what I'm asking you is what lack of
20 controls did you observe in the course of your work
21 whether it had to do with this lawsuit or otherwise
22 at the TTO during Healy's period of time as
23 treasurer?

24 MR. KALTENBACH: Objection. Lack of

1 foundation. Calls for an opinion. Subject to that,
2 you can answer.

3 BY THE WITNESS:

4 A Well, it's a very broad question.

5 BY MR. HOFFMAN:

6 Q It is.

7 A I would say that the predominant lack of
8 control or weak control would be that you had one
9 person that was making decisions and instructing
10 others to do things.

11 Q What's the problem with that --

12 MR. KALTENBACH: Objection.

13 BY MR. HOFFMAN:

14 Q -- when that happens in your experience?

15 MR. KALTENBACH: Objection. Foundation.

16 Calls for an opinion. You can answer.

17 BY MR. HOFFMAN:

18 Q It does call for an opinion. What's
19 your opinion? What happens when one person is
20 running the whole show?

21 A Well, the opportunity is there for
22 controls to be broken and for things to happen.

23 Q Isn't there also a problem with accurate
24 recordkeeping as well?

1 MR. KALTENBACH: Objection. Lack of
2 foundation. Vague. Calls for an opinion.

3 BY THE WITNESS:

4 A Recordkeeping isn't necessarily a
5 control, so I can't speak to whether the
6 recordkeeping is the result of one person or not.
7 Recordkeeping is different than accuracy.

8 BY MR. HOFFMAN:

9 Q What you're saying in this analysis on
10 interest income is that Healy's records of interest
11 payments were wildly incorrect, right?

12 MR. KALTENBACH: Objection. Vague.

13 BY MR. HOFFMAN:

14 Q Yes?

15 A I would say that there are differences
16 identified and those are summarized here.

17 Q Well, the differences exceed \$1.5 million,
18 right?

19 A Yes.

20 Q That's a big number, isn't it?

21 A It depends on your -- what materiality
22 is to you.

23 Q I think it's a really big number.

24 What -- so my point is why was there -- in your

1 analysis, did you form any conclusions as to why
2 there was such a big discrepancy between the records
3 that Bob Healy kept of interest payments and
4 whatever it said in the general ledger?

5 A I couldn't speak to why it occurred. He
6 was not available for any sort of questioning. All
7 we could do was identify what those differences
8 were.

9 Q And nobody at the TTO was able to lend
10 any insight of any kind into how there could be such
11 a huge discrepancy between those sets of numbers,
12 right?

13 A That's correct.

14 Q Now, let's talk about your specific
15 methodology in conducting this interest allocation
16 analysis.

17 How were you as an initial matter able
18 to determine how much income -- how much interest
19 and investment income the TTO made on the funds that
20 it held for the various districts?

21 A I did not determine that. I used the
22 number that Mr. Healy had on his documents.

23 Q What documents were those?

24 A He had a quarterly piece of paper that

1 Q Healy's interest income sheets. And in
2 some instances, were these interest income sheets
3 done for a period of time that didn't quite match up
4 to the end of the quarter that were done for other
5 months and other periods that weren't exactly
6 quarterly?

7 A No. There were interest payments that
8 were made that were not on quarterly, but there were
9 never sheets produced on the on quarters.

10 Q So in order to determine how much money
11 the -- so the money that the TTO held for District
12 204 was commingled with the money of all the other
13 districts, correct?

14 A Yes.

15 Q And the income that was earned -- the
16 investment income or interest income -- let's just
17 call it income, right?

18 A Okay.

19 Q Okay. So the income that was earned was
20 income that was earned on the whole pool of funds
21 involving District 204 and the other districts'
22 money, right?

23 A Yes.

24 Q And so you got the amount that was made

1 summarized income and its allocation to the
2 districts.

3 Q Did you find Healy's quarterly piece of
4 paper summarizing the income and allocation to
5 districts for every quarter in the fiscal year 1995
6 to 2012 period?

7 A No. I think there were some missing.

8 Q What was the effect of those missing
9 documents?

10 A I can't recall how he handled those.

11 Q Well, take your time and look back
12 through your analysis.

13 A I marked them as no data or NA because
14 there was no data.

15 Q Were there also instances in which
16 Robert Healy had a quarterly piece -- by the way,
17 this quarterly piece of paper, was it handwritten or
18 was it a printout of a computer record?

19 A It was mostly handwritten notes.

20 Q Handwritten notes. So this quarter --
21 and can we call that Healy's handwritten quarterly
22 income records?

23 A I think we called them Healy's interest
24 income sheets.

1 by District 204 in interest income from Healy's
2 handwritten notes called Healy's interest income
3 sheets, correct?

4 A I got the money that was distributed on
5 those handwritten sheets, yes.

6 Q Well, I don't mean -- first, in order to
7 figure out how much money should have been paid to a
8 particular district, you'd have to know how much
9 money the TTO earned in that period of time,
10 wouldn't you?

11 A I was asked to compile the numbers that
12 Healy used for interest income.

13 Q Right. But what I'm saying is you'd
14 have to know -- in order to figure out how much
15 should have been paid to district 204 in a given
16 fiscal year, you'd have to know how much money the
17 TTO made in income and then how much of that income
18 was -- belonged to on a percentage basis to District
19 204, right?

20 A I wasn't asked to look at the actual
21 interest income. I was asked to compare what
22 Mr. Healy said was income versus what was
23 distributed.

24 Q What's the difference between the actual

1 interest income and what Mr. Healy said was the
2 interest income? I'm not sure I understand what you
3 mean.

4 A I don't -- I don't have an actual number
5 to compare in those years. I was asked to look at
6 the interest income that he said he was distributing
7 to what was really distributed.

8 Q So you have no idea and it is not part
9 of your analysis to determine how much money the TTO
10 actually earned in interest income for each fiscal
11 year?

12 A Yeah. I don't know that.

13 Q And in order to determine that
14 information, wouldn't you -- wouldn't you have to go
15 back and look at the source documents from
16 investment brokers and advisors and banks and other
17 financial institutions to actually check and see how
18 much money the TTO earned in a given year in
19 interest?

20 A Is there a question in there? I'm
21 sorry.

22 Q Yes. There was at the end. Could you
23 read it back, please?

24 (WHEREUPON, the record was read

1 by the reporter as requested.)

2 BY THE WITNESS:

3 A Yes.

4 BY MR. HOFFMAN:

5 Q Okay. And you didn't perform that
6 analysis, correct?

7 A I did not.

8 Q Why not?

9 A I wasn't asked to.

10 Q Okay. But as a CPA, don't you think
11 that that would be an important part of your
12 analysis in trying to determine whether District 204
13 actually got the amount of money that it should have
14 gotten?

15 A I wasn't asked to give an opinion. I
16 was asked to compile data and compare it. That's
17 different than actually trying to have an opinion on
18 what should have been included in the analysis.

19 Q So this one -- this number that's in the
20 bottom right-hand corner of Bradshaw 3, it's
21 \$1,574,636.77, what in your estimation based on your
22 analysis does that figure represent?

23 A It represents the difference between
24 what income Mr. Healy said was to be distributed

1 versus what was actually given to District 204.

2 Q So this number doesn't represent the
3 amount that District 204 received in interest that
4 it should not have received in interest based on the
5 actual earnings of the TTO on its money that the TTO
6 was holding for it?

7 A I can't speak to whether it was the
8 actual earnings or if there would have been any
9 differences between the numbers as to Healy
10 represented versus actual.

11 Q Okay. So how confident were you in the
12 accuracy of the figures contained in the general
13 ledger in the course of performing your analysis?

14 A I mean it's a system-generated report
15 that has been audited by the various districts'
16 auditors, so I chose to rely on the actual DCR
17 information from the general ledger.

18 Q Well, you didn't completely rely on the
19 general ledger information, did you?

20 A I don't understand the question.

21 Q Well, in looking at this summary on
22 interest allocation 2 which is also Bradshaw Exhibit
23 No. 3 which you've got in front of you, you've got a
24 column for each fiscal year on the left side and in

1 the next column is RH calculation versus general
2 ledger plus or minus \$1,000 per quarter. Do you see
3 that?

4 A Yes.

5 Q Why don't you tell me what that column
6 represents.

7 A So that column is comparison of the
8 Healy interest sheets versus the GL detail for
9 interest.

10 Q And then you've got a column to the
11 right that says additional differences relating to
12 system reports versus RH figures used. What does
13 that column represent?

14 A Given we had seen differences in the
15 first comparison, we wanted to try and validate
16 whether the fund balance information that Mr. Healy
17 had on his sheets was accurate, so we pulled general
18 ledger fund balance reports.

19 Q I don't understand that. Can you
20 explain that to me a little better --

21 A Sure.

22 Q -- given that I'm not an accountant like
23 you are.

24 A So at the end of each month, the system

1 will generate what's called a fund balance report.
2 For school districts, they are required to have
3 certain individual funds like operations, education
4 funds, various other funds, and all of their
5 accounting is supposed to be allocated between those
6 funds. And the sum of all of those funds is what
7 the interest income is supposed to be allocated
8 based on.

9 Q So were these additional system reports
10 that you used somehow in conflict with the
11 information in the general ledger such that they
12 required further correction?

13 A Well, it wasn't within the general
14 ledger. It would have been in conflict with
15 Mr. Healy's -- the information Mr. Healy had on his
16 interest income sheets.

17 Q So what information -- the first column
18 where you're comparing Healy's calculations to the
19 general ledger, what types of figures are you
20 comparing there?

21 A That would have been the calculated
22 interest allocation for 2004 on Mr. Healy's interest
23 income sheets compared to the general ledger amounts
24 for interest in that same time period.

1 the general ledger numbers are audited, you would
2 still have to believe in order to rely on those
3 numbers that the auditors did the right thing and
4 did a good job, wouldn't you?

5 A I mean there's an audit opinion out
6 there that you would be relying on. I can't speak
7 to the quality of each individual firm's audits.

8 Q Are you aware that the TTO threatened to
9 sue Baker Tilly for audits that it performed for the
10 TTO?

11 A Yes.

12 Q And are you aware of the basis upon
13 which the TTO made those threats? In other words,
14 are you aware of why the TTO believed that Baker
15 Tilly had done a deficient job in auditing the TTO?

16 A I'm not.

17 Q Are you aware of the current status of
18 that claim of the TTO against Baker Tilly?

19 A All I'm aware of is that there is a
20 tolling agreement between the treasurer's office and
21 Baker Tilly. I haven't seen the document nor
22 understand what it relates to.

23 Q Neither have I, interestingly enough,
24 Barry. And that was something that you had agreed

1 Q And why do you -- given all the problems
2 at the TTO during Healy's time as treasurer, why do
3 you think that the general ledger is accurate and
4 can be relied on as opposed to Healy's handwritten
5 materials?

6 A Well, again the general ledger detail
7 would have been audited that that journal entry
8 actually took place and was included in each
9 district's audits which would have been audited by
10 other auditing firms.

11 Q Are you confident that Baker Tilly and
12 its predecessors did an appropriate and thorough job
13 in auditing the TTO for fiscal years 1995 through
14 2012?

15 A Well, that would speak to a different
16 area, but with regard to the actual interest that
17 received, there would be Baker Tilly or other
18 auditors that are looking at whether the individual
19 districts received a journal entry for interest
20 income. And you can see the journal entry. And so
21 if that -- if those numbers are included in their
22 annual financial report, then they are audited
23 numbers.

24 Q Right. And you -- but my question is if

1 to provide to me, so I would like to see that.
2 But -- so it's your understanding that the TTO's
3 claim against Baker Tilly is subject to a tolling
4 agreement which stops the statute of limitations and
5 therefore that claim is still pending, right?

6 A Yes.

7 Q And even with that knowledge, you think
8 it's appropriate to rely upon the audited numbers
9 from the general ledger?

10 A Again you have to compare to a specific
11 source document. They -- those audits at the
12 district level are -- all we're witnessing is that
13 there's a specific journal entry that has been made,
14 so I can see the journal entry that has been made
15 and I feel comfortable relying on the general ledger.

16 Q Okay. Did you go back and check those
17 journal entries against copies of checks or bank
18 statements?

19 A There wouldn't be copies of checks or
20 bank statements in this instance. The interest
21 distribution is solely done via a journal entry.

22 Q I see. Because it's all -- because the
23 TTO is holding the money, it simply moves the money
24 from one pocket to another essentially?

1 A Right. So there's no real cash movement
2 that is done.

3 Q I see. So that comparison of Robert
4 Healy's handwritten documents to the general ledger
5 produced a claimed overpayment of about
6 \$1.477 million as we see in the second column of
7 your summary, right?

8 A Yes.

9 Q So explain to me why there's an
10 additional \$97,000 beyond the general ledger where
11 you found what you identified as other problems or
12 discrepancies that work in the TTO's favor?

13 A So the difference between the two
14 columns is when you're comparing the fund balance
15 information, we use the summary of fund balance
16 report if it was available, calculated a revised
17 percentage and then --

18 Q Percentage of what?

19 A Of what their percentage allocation of
20 interest should be. So if they were -- if they
21 were -- for example, let's say the fund balance was,
22 you know, 25,000 out of a \$100,000, they're 25
23 percent of the pool, right?

24 Q Right.

1 A So if the summary fund balance number
2 said that it was 27 instead of 25, that would give
3 them a different percentage of the interest for that
4 particular quarter.

5 Q So you used -- these additional
6 differences in the third column have to do with
7 adjustments that you made into the percentage of
8 income District 204 was entitled to receive from the
9 overall pool, correct?

10 A Yes.

11 Q Okay. And it was adjusting -- so those
12 numbers were not contained in the general ledger, is
13 that correct? The percentages. Or were they in the
14 general ledger --

15 A No. The percentages are never --
16 they're not on Mr. Healy's interest sheets or on any
17 document in the general ledger.

18 Q Okay. So, so that I understand this and
19 I don't want to put words in your mouth, but if I
20 can say it and it make sense, then maybe I have some
21 hope of understanding this.

22 Am I correct that the \$97,000 difference
23 is based on what you perceive to be errors in the
24 percentage allocation to District 204 in a given

1 year as opposed to the amount that was actually paid
2 to them?

3 A Yeah. That would probably be a fair
4 representation.

5 Q Okay. And if you're saying in this
6 analysis that the amount that Robert Healy wrote
7 down as to the amount of interest due District 204
8 was frequently incorrect and that's -- that is what
9 this says essentially, yes? That Robert Healy's
10 handwritten record of how much money should be paid
11 to District 204 in many years was wrong, yes?

12 MR. KALTENBACH: I'm going to object to
13 the form of the question.

14 BY MR. HOFFMAN:

15 Q Does that question make sense to you?

16 A No.

17 Q Okay. So the Robert Healy calculation
18 of interest due District 204 is different than the
19 amount that was paid -- oh, let me start off asking
20 you a different question.

21 So Healy paid interest to the districts
22 on a quarterly basis or sometimes not quite a
23 quarterly basis, is that right?

24 A The predominance would be on a quarterly

1 basis.

2 Q But sometimes it was off by a month or
3 two, is that fair to say?

4 A It would be a rare instance.

5 Q Did Healy -- but it did happen, right?

6 A Yes.

7 Q Did Healy pay estimated amounts in the
8 first three quarters and then pay a trued-up number
9 in the final quarter of each fiscal year?

10 A I can't speak to what -- how he decided
11 that number.

12 Q Well, in some quarters, the amounts that
13 Healy paid in interest were round numbers, is that
14 right?

15 A Yes.

16 Q Or amounts Healy recorded as being due
17 the districts were round numbers, is that right?

18 A Yes.

19 Q And in some instances, the amount that
20 was actually paid in accordance with the general
21 ledger were round numbers, correct?

22 A I'd have to go back and review it. I
23 don't recall.

24 Q Take a quick look. You can tell that

1 from this document, can't you?

2 A Uh-huh. There really aren't any round
3 numbers in the allocations to the general ledger.

4 Q So sometimes the --

5 A But that would be -- I mean that's what
6 was due to 204. I mean so I was responding
7 specifically to your question that the amounts given
8 to the district were flat numbers.

9 Q So I guess what I'm saying is Healy's
10 records of the amount that was due District 204, his
11 handwritten records that you're saying were largely
12 incorrect, did those show estimated amounts for some
13 quarters or were they always specific and detailed
14 numbers, dollars and cents?

15 A I didn't say that they were largely
16 incorrect. Those are your words.

17 Q Okay. They were incorrect in a majority
18 of the fiscal years according to this analysis,
19 right?

20 A I don't know what reports he used, so I
21 can't speak to if he had a piece of paper that he
22 thought was accurate in front of him. I can only
23 comment on the reports that were available to me as
24 system-generated reports.

1 Q I see. So there was a 1.477
2 approximately million dollar difference between
3 Healy's numbers on interest payments and the numbers
4 recorded in the general ledger, correct?

5 A That one is correct, yes.

6 Q And your belief is that the general
7 ledger's information is correct and that Healy's
8 calculations are wrong, is that true or not true?

9 A I believe --

10 Q Are you making that valued judgment or
11 not or are you just saying there's a difference?

12 MR. KALTENBACH: Hold on. I'm going to
13 object to a compound question there.

14 BY MR. HOFFMAN:

15 Q Yeah. I mean I just want to make sure I
16 understand you right. So you've identified -- let
17 me ask you a better question. You've identified a
18 difference -- significant difference between Healy's
19 interest calculations and the general ledger's
20 payment records, yes?

21 A Yes.

22 Q And are you saying here today that there
23 is this difference or are you saying that Healy's
24 numbers were wrong and the numbers in the general

1 ledger were right?

2 A I'm saying that the general ledger is
3 what was received by the district.

4 Q Well, right. And are you saying that
5 the general ledger amounts -- so you're saying that
6 therefore that Healy's calculations were incorrect
7 because they didn't reflect the amount that was
8 actually paid to the district?

9 A All I can identify is that there's a
10 difference. I can't speak to which one is correct,
11 but they received more than Mr. Healy's interest
12 sheets.

13 Q Okay. And so in terms of relying on --
14 in terms of trying to determine how much should have
15 been paid to District 204, you think the best source
16 for how much District 204 was overpaid, you think
17 the best source of information is the general
18 ledger, right?

19 MR. KALTENBACH: I'll object to the form
20 of the question. You can answer.

21 BY MR. HOFFMAN:

22 Q Is that true?

23 A I'm sorry. I didn't understand the
24 question.

1 Q In terms of your analysis claiming that
2 District 204 was overpaid interest money, interest
3 income, you think the best source of information is
4 the amount stated in the general ledger, right?

5 MR. KALTENBACH: Objection to the form.

6 You can answer.

7 BY THE WITNESS:

8 A The general ledger says what they were
9 actually paid. And I've identified differences
10 between Mr. Healy's spreadsheets and what they were
11 actually paid.

12 BY MR. HOFFMAN:

13 Q Okay. And again you don't have any
14 understanding as to why there is this difference?

15 A I do not.

16 Q Okay. Yet at the same time you're
17 relying on Healy's figures in his handwritten
18 reports as to how much income was earned, aren't
19 you?

20 A That was just what was -- he was
21 intending to distribute. I wasn't asked to compare
22 that to any real or unreal interest income.

23 Q But in this analysis, aren't you
24 assuming that Healy's figures in his handwritten

1 reports on interest earned are correct for purposes
2 of this analysis?
3 A I'm not assuming they're correct. I'm
4 assuming that's what he intended to distribute.
5 Q Okay. You've -- you've seen the -- have
6 you ever seen the complaint in this case that the
7 TTO filed?
8 A No. I haven't seen this complaint.
9 Q Okay. So let's mark that as Bradshaw 4.
10 (WHEREUPON, the document was
11 marked for identification as
12 Bradshaw Deposition Exhibit No. 4.)
13 BY MR. HOFFMAN:
14 Q Have you seen this document before?
15 A I have not.
16 Q This is -- this is District 204's Answer
17 to the Amended Complaint of the TTO. Did you ever
18 see the original complaint of the TTO or the amended
19 complaint of the TTO even if you haven't seen the
20 answer?
21 A I believe I saw a draft of the initial
22 complaint, but I never saw the final draft.
23 Q Okay. And who showed you a copy of the
24 draft complaint?

1 BY MR. HOFFMAN:
2 Q Do you know whether or not that's true?
3 MR. KALTENBACH: Well, it's a different
4 question.
5 BY MR. HOFFMAN:
6 Q All right. Let's start with the first
7 one. Is this a correct statement to the best of
8 your knowledge?
9 MR. KALTENBACH: Objection as to form
10 and foundation.
11 BY THE WITNESS:
12 A To my knowledge there are differences
13 between Mr. Healy's calculation and what was
14 recorded in the ledger.
15 BY MR. HOFFMAN:
16 Q But that is not my question with all due
17 respect. My question, ma'am, was whether the
18 statement, "In fiscal years 1995 through 2012, the
19 treasurer erroneously allocated \$1,574,636.77 in
20 interest on investments to District 204," unquote,
21 whether that is to the best of your knowledge a
22 correct statement?
23 A I mean to the best of my knowledge there
24 are differences that would make it erroneous.

1 A I don't recall.
2 Q Was it lawyer or was it Mr. Bradley or
3 Mr. Theissen?
4 A I believe I would have been included
5 with Jerry Kubasiak and others at the TTO when I
6 would have seen the draft.
7 Q Okay. So it was at a meeting attended
8 by Gerald Kubasiak, the attorney for the district?
9 A Yes.
10 Q Did you review the -- did you review and
11 make any comments on the draft complaint?
12 A I don't recall.
13 Q Okay. And take a look at paragraph 44,
14 please. Paragraph 44 of the TTO's amended complaint
15 states, quote, "In fiscal years 1995 through 2012,
16 the treasurer erroneously allocated \$1,574,636.77 in
17 interest on investments to District 204," quote. Do
18 you see that?
19 A Yes.
20 Q Do you believe that that is a correct
21 statement?
22 MR. KALTENBACH: Objection as to form
23 and foundation, but you can answer.
24

1 Q Okay. So is it your opinion -- is it
2 your testimony based on the analysis you performed
3 that the treasurer erroneously allocated the amount
4 stated in paragraph 44 in interest on investments to
5 District 204?
6 MR. KALTENBACH: I'll object as to form
7 and foundation. Also calls for the witness to
8 render an opinion.
9 BY THE WITNESS:
10 A I'm willing to say that there are
11 differences between Mr. Healy's calculations and the
12 general ledger. I wasn't asked to form an opinion
13 as to the correctness. I was asked to identify the
14 differences and compile those differences.
15 BY MR. HOFFMAN:
16 Q And that's what I'm trying to determine
17 is the limit of your analysis. And so is it true
18 that you have no opinion as to whether the
19 allegation in paragraph 44 of the amended complaint
20 is true or not? You have no opinion on that based
21 on your analysis? You have identified differences,
22 but you have no opinion as to whether the treasurer
23 erroneously paid over \$1.5 million in investment
24 income to District 204, correct?

1 MR. KALTENBACH: Objection as to form.
 2 BY THE WITNESS:
 3 A I mean given the general ledger is
 4 different than what he asserted was to be
 5 distributed, that is an error.
 6 BY MR. HOFFMAN:
 7 Q That is not my question.
 8 Read my question back, please.
 9 (WHEREUPON, the record was read
 10 by the reporter as requested.)
 11 BY THE WITNESS:
 12 A I mean there's an error in that there
 13 are differences.
 14 BY MR. HOFFMAN:
 15 Q That's not my question.
 16 A I don't understand --
 17 MR. KALTENBACH: He didn't ask you a
 18 question. He just made a statement.
 19 BY MR. HOFFMAN:
 20 Q You've identified differences between
 21 two sets of numbers, correct?
 22 A Yes.
 23 Q Okay. But what I'm asking you is
 24 something different which is do you have an opinion

1 investments to District 204," quote. Based on the
 2 analysis you performed, do you have any opinion as
 3 to whether the statement that I just read you in
 4 paragraph 44 of the amended complaint is accurate?
 5 MR. KALTENBACH: Objection as to
 6 foundation and form and calls for the witness -- to
 7 the extent it might call for the witness to make an
 8 opinion.
 9 BY THE WITNESS:
 10 A It would appear to me that they were
 11 overallocated interest income.
 12 BY MR. HOFFMAN:
 13 Q So it's your opinion based on your
 14 analysis and your professional background that
 15 District 204 received a little over \$1.5 million in
 16 interest income from the TTO during these years more
 17 than it should have, correct?
 18 MR. KALTENBACH: Objection. Form!
 19 Foundation. Calls for --
 20 BY MR. HOFFMAN:
 21 Q Am I correct? Is that correct?
 22 A The numbers --
 23 MR. KALTENBACH: Same objection. You
 24 can answer.

1 as to whether the treasurer actually overpaid
 2 District 204 over \$1.5 million in interest during
 3 the time periods that we're talking about which is
 4 the allegation that's made in paragraph 44?
 5 MR. KALTENBACH: Objection.
 6 BY MR. HOFFMAN:
 7 Q You can say I believe that's correct
 8 based on the analysis that I did. You can say that
 9 I can't verified this because my analysis was more
 10 limited. Or you can say anything you want. But I
 11 want to know whether or not your analysis -- how
 12 your analysis relates to the statement of fact in
 13 paragraph 44 of the amended complaint.
 14 MR. KALTENBACH: Objection. Form. And
 15 significantly compound which is part of form. And
 16 foundation.
 17 BY MR. HOFFMAN:
 18 Q Do you understand the question?
 19 A This last one, no. You compiled many
 20 things into there.
 21 Q Okay. Let me ask you a better question.
 22 Paragraph 44 of the amended complaint states, "In
 23 fiscal years 1995 through 2012, the treasurer
 24 erroneously allocated \$1,574,636.77 in interest on

1 MR. HOFFMAN: Please stop interrupting
 2 the witness and let her answer already.
 3 MR. KALTENBACH: Hold on a minute, Jay.
 4 MR. HOFFMAN: Come on, Barry.
 5 MR. KALTENBACH: No, Jay. You asked a
 6 question. I have to get my objection on the record
 7 before she answers as a general rule. You keep --
 8 every time I ask -- I object, you then throw in
 9 another question. You ask a question, I object, she
 10 answers.
 11 BY MR. HOFFMAN:
 12 Q Okay. You can go ahead and answer.
 13 A I don't even remember the question
 14 anymore. There's been so many conversations going
 15 on back and forth.
 16 Q Okay. You can read it back.
 17 (WHEREUPON, the record was read
 18 by the reporter as requested.)
 19 BY MR. HOFFMAN:
 20 Q Go ahead.
 21 MR. KALTENBACH: Are you reasking the
 22 question she just read?
 23 MR. HOFFMAN: I want her to answer the
 24 question that the court reporter just read back.

1 Are you going to interrupt your witness again?
2 MR. KALTENBACH: First of all --
3 MR. HOFFMAN: She just read your
4 objection again. So how many times do you want to
5 go through this?
6 MR. KALTENBACH: Well, how about we
7 don't talk over each other, first of all, because I
8 think that's pretty fair. I'm trying to figure out
9 what question you're asking her because the court
10 reporter just read at least two different questions
11 back.
12 MR. HOFFMAN: She did not.
13 MR. KALTENBACH: Okay. We disagree.
14 BY MR. HOFFMAN:
15 Q Is that correct? That's -- answer the
16 question, please, or do you want it read back one
17 more time?
18 A Could you read just the larger question
19 without all of the noise after it, please?
20 MR. HOFFMAN: Thank you. I agree that
21 would be helpful.
22 (WHEREUPON, the record was read
23 by the reporter as requested.)
24 MR. KALTENBACH: Same objection. You

1 BY MR. HOFFMAN:
2 Q All right. So let's start with -- tell
3 me what these materials are generally, please.
4 A So these two are Mr. Healy's interest
5 sheets.
6 Q Okay. So would you please take my
7 beloved Sharpie and write on the actual exterior of
8 the Redwell file what is contained in that Redwell
9 and then write your name and the date, please.
10 A So they're asserting that they brought
11 1993 through 2000 in this first folder.
12 Q It has a yellow Post-It note --
13 MR. KALTENBACH: Right. That's not
14 Kelly's handwriting.
15 BY MR. HOFFMAN:
16 Q There's a yellow Post-it note taped to
17 this folder that says, "quarterly distribution of
18 interest produced," and it's got the word "not"
19 crossed off and it has 7-15-15 and then "some to be
20 replaced done 1993 and 2000 1 of 2." And then the
21 next Redwell says -- says, "quarterly distribution
22 of interest 2000 to '12, 2 of 2." So these work
23 together, yes, these two Redwells?
24 A Yes.

1 can answer.
2 BY THE WITNESS:
3 A Yes.
4 MR. HOFFMAN: Thank you.
5 MR. KALTENBACH: Jay, it's been another
6 hour. Do you want to take a short break?
7 MR. HOFFMAN: Absolutely. Let's do it.
8 (WHEREUPON, there was a short
9 recess taken.)
10 BY MR. HOFFMAN:
11 Q Back on the record, please. All right.
12 Would you be kind enough to tell me what are
13 contained in the additional files that you and your
14 counsel brought with you today which are contained
15 in three Redwell folders and then some
16 binder-clipped spreadsheets?
17 And why don't we run through them one by
18 one. And this is where my Sharpie is going to come
19 in handy assuming the -- oh, dear. I just saw it.
20 MR. KALTENBACH: Did you take it back to
21 your office?
22 (WHEREUPON, discussion was had
23 off the record.)
24

1 MR. KALTENBACH: And that's just I think
2 because it's a recycled Redwell.
3 MR. HOFFMAN: Okay. Wherever it says
4 WaMu exhibits, that has nothing to do with this
5 case. Let's cross that out, shall we?
6 MR. KALTENBACH: That's fine.
7 MR. HOFFMAN: And this Di Bernardino has
8 nothing to do with the case either.
9 MR. KALTENBACH: No. Just a recycled
10 Redwell.
11 MR. HOFFMAN: Let's cross that out.
12 Glad to see it being recycled.
13 BY MR. HOFFMAN:
14 Q So write on these Redwells what they
15 are, please. All right. And can you put No. 1 on
16 Redwell No. 1 and No. 2 on Redwell No. 2, please.
17 And then would you put your name on both
18 of those so we know the source of them and the date
19 of today which is October 25, 2016.
20 And then mark this as 5 and 6.
21 (WHEREUPON, the folders were
22 marked for identification as
23 Bradshaw Deposition Exhibit
24 Nos. 5 and 6.)

1 BY MR. HOFFMAN:
 2 Q Okay. So we marked as Bradshaw Exhibit
 3 No. 5 the Redwell marked as Healy quarterly interest
 4 sheets No. 1. And we marked as Bradshaw Exhibit
 5 No. 6 the Redwell marked as Healy quarterly interest
 6 sheets No. 2.
 7 Are these your original documents or
 8 are these copies?
 9 A They appear to be copies.
 10 MR. HOFFMAN: Okay. And what I would
 11 like to do is have these copied. And I'd like the
 12 copies to go to you and me, Barry, and then have the
 13 originals be part of the transcript. Is that all
 14 right? Or would you like me to make a copy --
 15 MR. KALTENBACH: We'll figure it out.
 16 MR. HOFFMAN: Obviously I want this -- I
 17 want these part of the record and I want to get a
 18 copy. So you and I will figure out some way to do
 19 this.
 20 BY MR. HOFFMAN:
 21 Q So let's talk about the Healy quarterly
 22 interest sheets. What are these and what part do
 23 they play in your analysis, please?
 24 A So the quarterly interest sheets were

1 A I can't speak to that as I was just
 2 taking the number off of Healy's interest sheets.
 3 Q But so what you're saying is these could
 4 be -- all of these statements of income from Healy's
 5 interest sheets could all be exactly the amount of
 6 interest that the TTO earned in each of these
 7 quarters?
 8 A I can't speak to whether they were
 9 earned or not. This is the number that he was
 10 asserting to distribute.
 11 Q But the amount that Healy intended to
 12 distribute wasn't necessarily a percentage of the
 13 amount of money that was actually earned, was it?
 14 A I can't speak to whether it is or it
 15 isn't.
 16 Q Doesn't that have an impact on whether
 17 your analysis supports a claim of \$1.5 million
 18 overpayment to District 204?
 19 A That isn't what I was asked to do. I
 20 was asked to compile from the -- the amount that he
 21 wanted to distribute, what the differences were.
 22 Q Right. But in order to best determine
 23 how much District 204 deserved to be paid each year
 24 from the income earned, you would have to know

1 used to compile the columns in interest allocation
 2 2 --
 3 MR. KALTENBACH: Refer to the exhibit
 4 number.
 5 BY THE WITNESS:
 6 A I'm sorry. Exhibit No. 3. So the date,
 7 the 204 FB per RH --
 8 BY MR. HOFFMAN:
 9 Q Yes.
 10 A -- the total average FB and the column
 11 that says income.
 12 Q Right. Why is the column that says
 13 income a round number for all of these entries at
 14 least on the first page of your spreadsheet?
 15 Actually on both pages of the spreadsheet that
 16 you're referring to.
 17 A That's the number I compiled from the
 18 Healy interest sheets. I can't speak to why the
 19 number is what it is.
 20 Q Well, isn't it impossible for the actual
 21 interest that the TTO earned on its investments,
 22 impossible for it to have been a round number to the
 23 nearest 50,000 or thousand dollar in all of the
 24 fiscal years 1995 through 2012?

1 exactly how much income was earned and then exactly
 2 what percentage District 204 was entitled to get,
 3 right?
 4 A I can't speak to what the process should
 5 have been. All I can do is take the number that he
 6 said he was distributing.
 7 Q The fact that in every single quarter
 8 it's a round number, doesn't that indicate that
 9 Healy's numbers are all approximations in terms of
 10 the income earned?
 11 A I can't speak to that.
 12 Q So, in your opinion, there's about, oh,
 13 30 numbers on the income column in the second and
 14 third pages of Bradshaw Exhibit 2 and every single
 15 one of them end in 000. Do you see that?
 16 A Yes.
 17 Q And so your statement is you don't know
 18 whether or not those numbers are exact amounts of
 19 income that was earned by the TTO in those years.
 20 You can't tell?
 21 A I cannot tell.
 22 Q In your professional opinion, they could
 23 be amounts actually earned and they could be
 24 estimates, you don't know?

1 A I can't speak to whether they're
2 accurate or not.

3 Q Okay. And you made no effort because
4 you were asked to make no effort to compare the
5 income figures in Healy's quarterly interest sheets
6 to the source documents from financial institutions
7 and brokers, correct?

8 A I made no comparison.

9 Q And based on what you -- the analysis
10 you did in 2012 trying to figure out how much --
11 what the investments were that the TTO held, is it
12 even possible for somebody solely looking at the
13 records of the TTO maintained from 1995 to 2012, is
14 it possible for someone to go back and determine
15 exactly how much income the TTO earned in each year
16 based on source documents?

17 A I wouldn't be able to know that.

18 Q How come you don't know that?

19 A Because I wasn't asked to compile income
20 in those years.

21 Q But aren't you aware that there were
22 missing financial statements that required you to
23 make phone calls to banks and try to figure out
24 where the investments were?

1 Q Okay. For that fiscal year 2012, maybe
2 not the others, but for that one, the records are
3 not all there, right?

4 A They weren't readily available at the
5 time that we were trying to prepare for the audit.

6 Q Are they there now?

7 A For 2012, yes. We believe we had all
8 the records.

9 Q Okay. And what about 2011?

10 A I can't speak to that.

11 Q And any prior years, same answer?

12 A Yes.

13 Q Okay. Now, let's take a look at this
14 third Redwell which says month end. Do you see
15 that?

16 A Yeah.

17 Q Is that your handwriting?

18 A No.

19 Q Okay. And it also says on yellow
20 Post-it-notes interest income, it says C5 or
21 maybe --

22 A Yeah. That's a DCR specific name of a
23 report to run.

24 Q Okay. So a C5 is a report run on the

1 A Yes.

2 Q So doesn't the fact that you had to call
3 those financial institutions mean that there is --
4 that there are not documents that would tell
5 somebody looking at the documents how much income
6 was earned on all of the investments of the TTO in
7 all of these years? Isn't that fair to say?

8 A No. Because I can't speak to -- that
9 was a point in time where the documents weren't
10 readily available. I can't speak to the accuracy of
11 what recordkeeping is there or not in those years
12 because I wasn't asked to compare the income to what
13 Mr. Healy intended to distribute.

14 Q Okay.

15 A Comparing two separate scenarios.

16 Q One of the years you did look at in
17 terms of interest analysis was the fiscal year 2012,
18 correct? That was the final year of your analysis?

19 A Yes.

20 Q And in fact in 2012, you know that for
21 that fiscal year there are not records sufficient to
22 identify all of the investments in the TTO and all
23 of the income earned on those investments, correct?

24 A For that particular point in time, yes.

1 DCR which is the general ledger?

2 A Yes.

3 Q Okay. And then it also has a Post-it
4 note that says related to interest income analysis
5 applicable to items 12 and 47. Do you see that?

6 MR. KALTENBACH: I'm sorry. Can I see
7 that? Yeah, you know what, I didn't even notice
8 that was on there. I'm going to remove that
9 because --

10 MR. HOFFMAN: That has to do with your
11 document production?

12 MR. KALTENBACH: Yeah. It might.

13 MR. HOFFMAN: Or lack thereof.

14 MR. KALTENBACH: Jay, come on. Stop the
15 snide comments. Yeah. This may have been intended
16 to be work product of our office. The other stuff
17 is arguably too, but it's germane.

18 MR. HOFFMAN: Fair enough. I understand.

19 BY MR. HOFFMAN:

20 Q What are -- what is this -- so this
21 Redwell has the general ledger documents that you've
22 used to compare to the Healy calculations, correct?

23 A Yes. I used an electronic form of that.
24 We produced those for the discovery.

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1 Q Okay. So these are a hard copy version
2 of the electronic pages that you looked at?
3 A Right. I reviewed those to determine
4 what to include for the general ledger number.
5 Q Okay. So would you be so kind, please,
6 as to do the same task with this Redwell and put in
7 your handwriting what this Redwell contains and then
8 add your name and date, please.
9 All right. Now, Miss Bradshaw, would
10 you explain the statement that says C5 and then it
11 says 1510 A slash C GIL reports. What is that
12 shorthand for?
13 A C5 is the name of the report in DCR.
14 1510 is what the state calls a function code. A
15 slash C is short for account. G slash L is short
16 for general ledger.
17 Q Gotcha. Okay. Great. And then there's
18 also a series of documents. There are three
19 documents that are stapled together.
20 A Those are three individual copies.
21 These are the only ones that are -- aren't they?
22 MR. KALTENBACH: Yeah. That should be
23 three copies of that spreadsheet.
24 MR. HOFFMAN: All right. So let's --

1 which is entitled average fund balances dot XLS?
2 A So this is a summary of the -- summary
3 of fund balance reports if they were available and a
4 calculation of a quarterly average by fiscal year.
5 Q Okay. And for what years were they
6 available and what years were they not available?
7 A Looks like the predominance of the
8 reports were not available in 1994 and then they
9 were sporadically not available in other years.
10 Q So what did you do when -- you didn't --
11 you excluded 1994 from your analysis, correct?
12 A I did the first pass of it, but I don't
13 recall -- I don't think I would have been able to do
14 the second pass because -- yeah, the second pass
15 which relates to the system reports, fiscal year
16 1994 wasn't available.
17 Q So what did you do when the average fund
18 balances were unavailable in quarters between fiscal
19 year 1995 and 2012?
20 A I identified whether they were
21 unavailable. We then went to the treasurer's office
22 board packets, and at times there was a report
23 called district operations which would have been
24 the -- what was represented as the individual

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1 what we're going -- correct. Thank you. So the
2 Redwell that we're looking at called for the C5
3 G slash L reports will be Bradshaw Exhibit No. 7.
4 (WHEREUPON, the folder was
5 marked for identification as
6 Bradshaw Deposition Exhibit No. 7.)
7 BY MR. HOFFMAN:
8 Q Now, the next set of files are -- is a
9 document that says average fund balances dot XLS
10 produced 2 slash 19 slash 2016, is that correct, in
11 handwriting in the upper right-hand corner?
12 A Yeah. That's not my handwriting, but
13 that is what this is.
14 Q Okay. And so let's mark that as
15 Bradshaw Exhibit No. 8, please.
16 (WHEREUPON, the document was
17 marked for identification as
18 Bradshaw Deposition Exhibit No. 8.)
19 BY THE WITNESS:
20 A I'm assuming we're going to refer back
21 to that if you're going to start asking me these
22 things.
23 BY MR. HOFFMAN:
24 Q Sure. What is Bradshaw Exhibit No. 8

1 district's fund balances at that time. If those
2 reports were not available, then I inserted no data
3 as a notation.
4 Q I see. Thank you. And this is the
5 document that corresponds to the third column of
6 your summary with the \$97,000 figure, correct?
7 A So those would have been what the
8 average fund balances were and those would
9 correspond to the column that says total average --
10 total AVG FB per reports. It's the one, two, three,
11 four, five, six, seven, eight column over.
12 Q I see. Thank you. So in just running
13 across the spreadsheet that we're looking at which
14 is page 2 of Bradshaw Exhibit 3, the interest
15 allocation 2 spreadsheet, the district fiscal year
16 and date columns, what does the date column
17 represent in this spreadsheet?
18 MR. KALTENBACH: I'm sorry. When you
19 say, "this spreadsheet" --
20 BY MR. HOFFMAN:
21 Q I'm sorry. We're looking at page 2 of
22 Bradshaw Exhibit 3, the interest allocation 2
23 spreadsheet. I just said that. So it's got a
24 column for district which in all cases is 204,

1 correct?
 2 A Yes.
 3 Q And it has a column for fiscal year and
 4 for 1995 it has three rows, right?
 5 A Yes.
 6 Q So what do those three rows represent?
 7 A Those would have corresponded to a Healy
 8 income sheet and interest distributions for those
 9 dates.
 10 Q So would that be something that was
 11 typically done by quarter?
 12 A Typically quarterly.
 13 Q How come there are only three quarters
 14 in fiscal year 1995?
 15 A I can't speak to that.
 16 Q That's just the information that Healy
 17 had and that's what you went with?
 18 A No. In that instance, the October 1994
 19 payment was only off 42 cents, and so it doesn't
 20 appear that we did an additional comparison if it
 21 wasn't in the initial system reports.
 22 Q If you look at the next five -- so
 23 whenever there wasn't what you considered to be a
 24 significant difference, you omitted it from the

1 material you need to look at in order to tell me why
 2 for fiscal year 2000 there are only three quarters
 3 listed on this spreadsheet.
 4 A So the top spreadsheet says it's
 5 selected quarters with no missing data.
 6 Q That's the header on the spreadsheet
 7 that we're looking at, page 2 of Bradshaw Exhibit
 8 No. 3?
 9 A Right.
 10 Q And so is it your belief that the --
 11 A Hold on.
 12 Q I'm sorry. I want you to take as much
 13 time as you need. I don't want to rush you.
 14 A So there's missing data in the April of
 15 2000. If you go -- do we need to number these
 16 pages? Is that easier? So on the fifth page for
 17 April of 2000 --
 18 Q Yes.
 19 A -- in total average per reports, there
 20 was missing data to calculate an average so it was
 21 not included in the summary on where selected
 22 quarters where there was no missing data. So that's
 23 why April is not on the page.
 24 Q When there's a line in your spreadsheet

1 spreadsheet?
 2 A I'd have to go through line by line, but
 3 I believe so.
 4 Q Well, there's only three quarters for
 5 fiscal year 2000. Do you see that? And there's
 6 only three quarters for fiscal year 2003, right, on
 7 this spreadsheet?
 8 A Okay. Give me a minute, please.
 9 Q Okay. I'm sorry. Take your time.
 10 A So fiscal 2000 --
 11 Q Yes.
 12 A -- the October 1999 payment was only off
 13 79 cents. I can't speak to why it's not on the --
 14 there's an October -- there's -- oh, it's the
 15 April one that's missing. Hold on.
 16 I don't know why it's not on the system
 17 report one. It is on the initial comparison. There
 18 may have been that it was not -- there wasn't a
 19 difference, but I don't recall.
 20 Q Well, there's a claim here by the TTO
 21 for allegedly overpaid interest in excess of
 22 \$1.5 million that is being supported by this
 23 document that we're looking at, Bradshaw Exhibit 3.
 24 So I'd like you to take your time and look at any

1 that we're looking at here that says hashtag value
 2 exclamation mark --
 3 A That would be an Excel term. Because
 4 there's missing data, it can't calculate a value.
 5 Q Okay. So wherever there's an entry that
 6 says hashtag value exclamation mark, that's an
 7 indicator of missing data, correct?
 8 A Well, if you look at the other lines
 9 next to it, it says missing data.
 10 Q Well, I want to make sure I understand
 11 it. I'm not -- I see there are -- where it says
 12 missing data, that means there's missing data,
 13 right?
 14 A Right. And so it can't make a
 15 calculation and so that's why Excel produces that
 16 pound value exclamation point.
 17 Q Okay. So when there's missing data
 18 Excel can't make a calculation and that's why it
 19 says pound value exclamation mark because it's part
 20 of a formula that the missing data was supposed to
 21 go into?
 22 A Yes.
 23 Q Okay. That's what I need.
 24 A So because there was missing data, we

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1 didn't want to include it in the -- that quarter in
2 the total for system reports and so the top two
3 sheets are a summary of the quarters where we were
4 able to make the actual calculation.

5 Q Does the -- does the number of times
6 that there was data missing for your analysis give
7 you any concern about the accuracy or value of your
8 analysis?

9 A Not in this particular instance because
10 again the general ledger journal entries are able to
11 be produced. This would be just a second look at
12 the fund balances and the accounting system that was
13 in place at that time someone had to remember to
14 save that file so there was either a piece of paper
15 produced that would be in a box or if it's -- if
16 it's an archived file, the employee would have had
17 to remember to archive it at that time. And then
18 our third alternative was to go to those board
19 minutes to see if someone had produced that number
20 to the board.

21 Q So in terms of the second column in your
22 summary, the RH calculation versus the general
23 ledger, just so I'm clear on this, you were looking
24 at the income earned per Healy's written --

1 got additional interest income.

2 Q That was only in 2006, right?

3 A It was a significant portion of the
4 number. It was almost \$500,000 of the whole number.

5 Q Okay. And then why would you rely on
6 the accuracy of numbers that were prepared by a
7 person who's been proven to be a felon who committed
8 a multi-million dollar financial crime involving
9 TTO? Why would you rely on those numbers?

10 A I was asked to compile numbers based on
11 his spreadsheets. And we took it to an additional
12 level to try to compare it to those summary fund
13 balance reports. I completed the work that I was
14 asked to do. I wasn't asked to compare the income
15 numbers.

16 Q But because you gave me the opinion that
17 District 204 was overpaid more than \$1.5 million of
18 interest income, I have to ask you how can you have
19 that opinion if you're relying on the accuracy of
20 numbers produced by Bob Healy who is a convicted
21 class X felon?

22 A I was asked to compare pieces of
23 information. When you tried to pin me to an opinion
24 that was based on the language that is in the

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1 handwritten reports and the amount that he intended
2 to pay District 204 and comparing that to the
3 general ledger to show what they were actually paid?

4 A That's the first column.

5 Q Right. Okay. And that's what it is. I
6 got that part right?

7 A So it's Healy's interest compared to the
8 general ledger journal entries.

9 Q But how do you know that what Healy
10 intended to pay based on his handwritten reports was
11 actually the amount of interest that should have
12 been paid to District 204 in each year?

13 A Again I wasn't asked to assert whether
14 that number was correct. I was asked to take the
15 number that he was intending to distribute and see
16 if it's what District 204 received.

17 Q But when you told me earlier that it's
18 your opinion that District 204 received over
19 \$1.5 million in interest income beyond what it
20 should have gotten, that's based on an assumption
21 that Healy's handwritten calculations on interest
22 were correct, isn't it?

23 A It's a piece of it. It would also be
24 things like the e-mail where they went to lunch and

1 complaint and that my opinion is based on the fact
2 that there are differences between Healy's interest
3 spreadsheets and the general ledger and the fact
4 that the e-mails have suggested that discussions
5 allowed them to get additional interest.

6 Q Okay. Well, you don't want to take back
7 any of the testimony you've given here today, do
8 you? Your answer suggested that somehow I was
9 asking you questions about certain things. Is there
10 any answer you've given here today that on
11 reflection you'd like to take back?

12 A Well, opinion means something different
13 to me than -- I feel like you're trying to assert
14 that I'm giving an accounting opinion. A personal
15 opinion is different than an accounting opinion.
16 I'm not -- I'm not signing off on an audit or
17 anything of that nature. It's kind of a -- based on
18 a reasonableness of the information that has been
19 shared. That would be what an opinion means to me
20 in this setting.

21 Q Okay. Well, is your opinion that the
22 TTO overpaid District 204 in excess of \$1.5 million
23 in interest income during the fiscal years we're
24 talking about, is that a personal opinion or an

1 accounting opinion?
 2 A That would be a personal opinion.
 3 Q Okay. So that is not based on your
 4 background and knowledge and experience and
 5 certainty as an accountant. It's just based on you
 6 as an individual looking at all the facts and
 7 circumstances?
 8 A Yes.
 9 Q Okay. Now, we've marked as exhibit --
 10 as Bradshaw 3 the summary document and the
 11 spreadsheets that back up that summary document.
 12 And we've marked as Bradshaw Exhibits 4 -- or excuse
 13 me -- yeah, Bradshaw Exhibit 5, 6, 7 and 8 the
 14 supporting documents.
 15 Are these all of the documents that you
 16 relied on in doing your analysis? I think they are.
 17 I just want to make sure I'm right.
 18 A Yes. Underneath these, there are actual
 19 system reports that have been inventoried as a part
 20 of the produced document that if you wanted to
 21 compare back to specific pieces of paper you could.
 22 Q And when you say, "these," your hand is
 23 on Bradshaw Exhibit 8?
 24 A I'm sorry. Yes.

1 you're not an expert in the school code, but I do
 2 know that you're intimately familiar with the
 3 recordkeeping at the TTO for the, you know, 1994 to
 4 2012 period that we're talking about and you've gone
 5 through it for several different reasons. So I'm
 6 going to ask you some questions about it. And if
 7 you don't know the answer, you can tell me that and
 8 that's fine. Or if you do know, then you can tell
 9 me and that's fine too. Okay? Fair enough?
 10 MR. KALTENBACH: I'm going to object to
 11 the extent I think that mischaracterizes her prior
 12 testimony. It wasn't a question beyond do you
 13 understand, but that's okay.
 14 BY MR. HOFFMAN:
 15 Q Okay. Well, are you --
 16 A You used the word -- go ahead.
 17 Q I said intimately.
 18 A Yes, you did.
 19 Q Well, how much -- how much money have
 20 you earned to date since you started in 2012 for
 21 your work with the TTO? Approximately ballpark.
 22 A I don't know. I don't keep -- I mean I
 23 don't -- you're asking me over a period of time. I
 24 don't remember.

1 Q Okay. So the only other thing that you
 2 would have relied on in your analysis would be the
 3 actual system reports which are captured and
 4 summarized in Bradshaw Exhibit 8?
 5 A Yes.
 6 Q Okay. Other than the analyses that we
 7 talked about here today, did you perform any other
 8 analyses for the TTO with respect to District 204?
 9 A No. I don't believe so.
 10 Q Okay. Are you familiar with the
 11 requirements set forth in the school code of the
 12 state of Illinois that govern the TTO and its
 13 requirement to keep records?
 14 A I would say that people have told me
 15 that. I wouldn't say I'm an expert or have a
 16 thorough understanding of the school code.
 17 Q Well, let me -- let me show you a couple
 18 provisions from the school code. I'm going to mark
 19 these as 9.
 20 (WHEREUPON, the document was
 21 marked for identification as
 22 Bradshaw Deposition Exhibit No. 9.)
 23 BY MR. HOFFMAN:
 24 Q All right. Now, I understand that

1 Q Yeah. I mean you've earned well in
 2 excess of \$100,000 for your work for the TTO, is
 3 that fair to say?
 4 A Yes.
 5 Q And in the course of working with the
 6 TTO, you've gotten to be familiar with how they kept
 7 records and what records exist for expenses, income,
 8 interest income and accounts payable, payroll and
 9 other accounting issues for the '94 through 2012
 10 period, correct?
 11 A I don't know that I would assert those
 12 years. Certainly the years that I've been involved
 13 with them, I would have more knowledge as to what
 14 recordkeeping they have.
 15 Q Well, in at least three different
 16 instances, you went back as far as 1994 to compile
 17 information for the TTO to assert claims in this
 18 lawsuit against District 204, haven't you?
 19 A Yes.
 20 Q Okay. And so isn't it fair to say that
 21 you're familiar with the recordkeeping at the TTO
 22 for that time period?
 23 A Yes.
 24 Q Okay. Now, I'd like to start with the

1 first page of Bradshaw Exhibit 9. And it's
2 provision 8 dash 5 of the school code. And it says
3 that the -- quote, "The township treasurer shall be
4 provided by the trustees of schools with a cash
5 book, a loan book, a district account book and a
6 journal," unquote.

7 Do you have any understanding of what
8 those terms mean in relation to the types of
9 accounting records that we've talked about today?

10 MR. KALTENBACH: I'm going to object as
11 to foundation. You can answer.

12 BY MR. HOFFMAN:

13 Q So that's why I asked her if she has any
14 understanding. If you do, you do. And if you
15 don't, you don't.

16 A No, I don't.

17 Q Okay. So you don't know whether there
18 is a thing called a cash book or a loan book or a
19 district account book or a journal at the TTO
20 insofar as those terms are used in section 8 dash 5
21 of the school code, correct?

22 A Not in those terms, no.

23 Q Okay. Let's look at section 8 dash 6
24 which is the third page of Bradshaw Exhibit 9. And

1 And it says in the last sentence, "When moneys of
2 more than one fund of a single school district are
3 combined for investment purposes or when moneys of a
4 school district are combined with moneys of other
5 school districts, community college districts or
6 educational service regions, the moneys combined for
7 such purposes shall be accounted for separately in
8 all respects and the earnings from such investments
9 shall be separately and individually computed and
10 recorded and credited to the fund or school

11 district, community college district or educational
12 service region as the case may be for which the
13 investment was acquired," unquote. Do you see that?

14 A I do.

15 Q Okay. And my question is did the TTO
16 from the 1994 to 2012 time period separately account
17 in all respects the earnings from their investments
18 and did they separately and individually compute and
19 record them and credit them to the fund or each
20 school district for which the investment was
21 acquired? Was that done?

22 MR. KALTENBACH: Objection. Foundation.
23 You can answer.

24

1 it talks about the school treasurer, quote, "Shall
2 keep in a cash book separate cash balances. In the
3 cash book, he shall enter in separate accounts the
4 balance, comma, total of all moneys received in each
5 fund, comma, and the total of the orders
6 countersigned or checks signed with respect to each
7 fund and extend the balances and the aggregate cash
8 balance for all fund balances at least monthly,"
9 unquote.

10 Are you familiar with any record that
11 would -- kept at the TTO during the '94 through 2012
12 time period that would correlate to that sentence in
13 section 8 dash 6 of the school code?

14 A Without having a legal background, my
15 interpretation of that would be that there is a cash
16 balance in each district's general ledger that
17 summarizes all of the cash activity related to each
18 district.

19 Q Okay. So in your view, this cash book
20 would correlate to the general ledger?

21 A Yes.

22 Q All right. Fair enough. And turn two
23 more pages to section 8 dash 7 of the school code.

24 It's actually the page after that one. Yes, please.

1 BY THE WITNESS:

2 A I'm not certain that I can interpret
3 what this means versus what was done at the
4 treasurer's office.

5 BY MR. HOFFMAN:

6 Q Well, let's at least take the part where
7 we're talking about money for more than one fund of
8 a single school district being combined for
9 investment purposes. Do you see that language in
10 the second line on that page? "When moneys of more
11 than one fund of a single school district are
12 combined for investment purposes." Do you see that?

13 A Yeah.

14 Q That is what the TTO did, correct? So
15 they took all of the district's money and combined
16 them into one large investment fund. We talked
17 about that earlier. Yes?

18 A They combined all of the school district
19 funds together.

20 Q Right. So that's -- so moneys of more
21 than one fund of a single school district were in
22 fact combined for investment purposes by the TTO in
23 accordance with this tradition here. They can do
24 that. They did that. That's what they did, right?

1 A Yes.
 2 Q Okay. So when there is such a
 3 combination, it says in the fifth line down, "The
 4 moneys combined for such purposes shall be accounted
 5 for separately in all respects." Did the TTO do
 6 that during this time period?
 7 MR. KALTENBACH: Objection.
 8 BY MR. HOFFMAN:
 9 Q Yes, no or I don't know.
 10 MR. KALTENBACH: Objection. Foundation.
 11 You can answer.
 12 BY THE WITNESS:
 13 A Well, again any of their cash
 14 transactions would be accounted for on a district
 15 and fund level within the general ledger.
 16 BY MR. HOFFMAN:
 17 Q Well, you're talking about cash
 18 transactions, but did -- well, let me ask you this
 19 part. It says, "And the earnings" -- quote, "And
 20 the earnings from such investment shall be
 21 separately and individually computed and recorded,"
 22 comma, unquote. Was that done during the '95 to
 23 2012 time period at the TTO according to the records
 24 that you reviewed?

1 MR. KALTENBACH: Objection. Foundation.
 2 You can answer.
 3 BY MR. HOFFMAN:
 4 Q Yes, no or I don't know.
 5 A I mean the individual funds were given
 6 an interest distribution. I can't specifically
 7 interpret school code, but they were individually
 8 computed and recorded by fund.
 9 Q Did the TTO keep records that separately
 10 and individually computed the earnings from each of
 11 their commingled investments?
 12 A I can't speak to that. I wasn't asked
 13 to review that.
 14 Q You don't know?
 15 A No.
 16 Q Okay. Fair enough. Let's take a look
 17 at the next page which is section 8 dash 13 of the
 18 school code. It says, "On or before June 30
 19 annually, the township treasurer shall deliver to
 20 the county superintendent of schools a statement
 21 verified by his affidavit showing the exact
 22 condition of the township funds." It goes on to
 23 say, "Such statement shall contain a description of
 24 all bonds, mortgages, notes and other securities

1 held as principal of the township fund giving names,
 2 dates, amounts, rates of interest when due and other
 3 data necessary to a full understanding of the
 4 condition of the funds." Do you see that?
 5 A Uh-huh. Yes.
 6 Q Do you know whether the TTO provided
 7 those statements described in section 8 dash 13 for
 8 fiscal years 1995 through 2012?
 9 A I do not know.
 10 Q And the last page is section 8 dash 14
 11 of the school code. And it talks about information
 12 that the township treasurer submits to the trustees
 13 of schools. And it says, "Shall submit," quote, "a
 14 statement showing the amounts of interest, rents,
 15 issues and profits on township lands and funds that
 16 have accrued since their last regular meeting,"
 17 quote.
 18 Do you know whether those statements
 19 were provided by the treasurer, Mr. Healy, from 1995
 20 through 2012?
 21 A I do not know.
 22 Q All right. I want to take a short break
 23 and see if I've got any last-minute questions, but
 24 otherwise we're very close to being done. And I

1 appreciate your patience.
 2 (WHEREUPON, there was a short
 3 recess taken.)
 4 BY MR. HOFFMAN:
 5 Q Back on the record. Miss Bradshaw, you
 6 testified earlier about relying on data that was
 7 produced for board minutes that had to do with --
 8 that had to do with amounts held by each district.
 9 Do you recall that testimony?
 10 A Yes.
 11 Q Who produced that data for the board
 12 minutes to the best of your knowledge?
 13 A I don't know.
 14 Q Was that -- do you believe that that
 15 might have been data that was also produced by
 16 Mr. Healy?
 17 A I don't know one way or the other.
 18 Q Okay. And you've never asked anybody at
 19 the TTO who provided those numbers or whether
 20 they're good numbers to rely on?
 21 A No. When we had missing data, there was
 22 a discussion as to if there were any alternatives.
 23 And I don't recall who suggested using these.
 24 Q Was there any analysis that you proposed

1 doing concerning the TTO's records that had to do
2 with the payment for Baker Tilly audits or the
3 interest income paid to District 204 or the share of
4 pro rata expenses? Was there ever any analysis that
5 you suggested doing on any of those issues that
6 either someone told you not to do or you ended up
7 just not doing?

8 A No.

9 Q Okay. And why -- given that you're a
10 CPA and a very experienced professional, why did you
11 simply take the assignments given to you and not try
12 to frame the assignments in a way that you thought
13 might be more consistent with a more thorough
14 accounting approach?

15 MR. KALTENBACH: I'll object. I'm going
16 to object to the form of the question. You can
17 answer.

18 BY MR. HOFFMAN:

19 Q You can answer.

20 A At the time I was asked as a contractor
21 to compile data. I wasn't asked to give any expert
22 opinion as to what should or should not have been
23 analyzed. There was a lot of work that needed to be
24 done at the treasurer's office at that time and I

1 you might want to change later. You can correct
2 transcription errors, but you can't change your
3 testimony. I think that's a fair statement.
4 Do you want an opportunity or would
5 Barry like you to have an opportunity to review your
6 testimony in this case?

7 A Yes.

8 MR. KALTENBACH: If you want -- if you
9 want to, that's fine.

10 THE WITNESS: Sure.

11 MR. KALTENBACH: Okay.

12 MR. HOFFMAN: Okay. Then the court
13 reporter will make sure that that happens.

14 BY MR. HOFFMAN:

15 Q And now that we have gone through our
16 answers for a few hours, again I'll ask you is there
17 any answer that you've given me here today that you
18 would like to change at this time?

19 A No.

20 Q Okay. Then we are done. Thank you.

21 I would like an electronic like a disk
22 or e-mail version of -- I would like an electronic
23 version of the transcript.

24 THE COURT REPORTER: Do you want a PDF

1 was doing what was asked of me.

2 Q Okay. And so it never occurred to you
3 to say, you know, wait a minute, Mr. Bradley, or
4 wait a minute, Mr. Theissen, I really think instead
5 of looking at what you've asked me to look at, I
6 think we should do something different or broader or
7 look at other documents because I think that would
8 be a better or more accurate way to do it?

9 A Not in these instances, no.

10 Q Why not?

11 A I didn't feel that the approach was
12 grossly inaccurate and again I was being paid to do
13 specific work.

14 Q Okay. All right. I have no further
15 questions.

16 Barry, do you have any questions of this
17 witness?

18 MR. KALTENBACH: Nope.

19 BY MR. HOFFMAN:

20 Q Then the thing that the court reporter
21 is going to ask you is whether you would like an
22 opportunity to read the transcript and see if there
23 are any errors made in the actual transcription or
24 writing down of your answers as opposed to answers

1 version or E-tran?

2 MR. HOFFMAN: I suppose -- E-tran is
3 searchable, right?

4 THE COURT REPORTER: They're both really
5 searchable, but E-tran, yeah.

6 MR. HOFFMAN: I'll take E-tran.

7 MR. KALTENBACH: I'll do the same thing.
8 I think -- I'm assuming we have the software to open
9 it at my firm. I haven't had one there yet, but if
10 not, I'll get back to you on that.

11 MR. HOFFMAN: Let's go off the record.

12 FURTHER DEPONENT SAITH NOT. . .
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Kilrea, Timothy

From: Mike Popp <mpopp@west40.org>
Sent: Tuesday, June 19, 2018 3:44 PM
To: Kilrea, Timothy
Subject: External Message -> Re: West 40 and TTO

CAUTION: This e-mail originated outside of Lyons Township High School District 204. **DO NOT** click links or open attachments unless you confirm the incoming address of the sender and know the content is safe.

Hi Tim,

Just a few notes below for clarification.

Since as far back as 2003, West 40 has had a running tab with pro rata payments to the TTO (I believe West 40 has been working with the TTO since 2003. I do not know at what point the TTO provided assistance to West 40 regarding late-state payments).

- This has been caused by late/lagging payments from the State of Illinois (Yes).
- The current amount owed by West 40 to the TTO is approximately \$2.4 million (Yes; We are waiting for the Comptroller to process \$1.4 M this week, and we have secured a loan to cover the rest as we don't expect those payments to be totally made until December. The loan closes this week, and we will have a positive fund balance moving forward).
- This amount is a combination of pro rata charges and monies provided by the TTO to assist West 40 with covering some expenses
- The TTO is carrying this debt on behalf of West 40 (based on grants being paid late by the state).
- West 40 anticipates that it will receive a payment this week from the State of Illinois and intends to "zero out" this debt with the TTO (Along with a loan from a bank as mentioned above; as of this writing, the Comptroller has not yet released the funds, so we may not see them until next week).
- To your knowledge, there is no Intergovernmental Agreement and the TTO is not charging interest to West 40. (I have not seen one; however, this office only has records that go back a few years).

Please let me know if I can offer further information,

Mike

On Tue, Jun 19, 2018 at 11:10 AM Kilrea, Timothy <tkilrea@lths.net> wrote:

Mike,



Thanks for getting back to me regarding monies owed by West 40 to the TTO. I just want to make sure that I heard correctly, so I have summarized what I recall from our conversation below. If this is not accurate, please correct me where I may be mistaken. I appreciate the conversation, as well as the follow-up.

- Since as far back as 2003, West 40 has had a running tab with pro rata payments to the TTO
- This has been caused by late/lagging payments from the State of Illinois
- The current amount owed by West 40 to the TTO is approximately \$2.4 million
- This amount is a combination of pro rata charges and monies provided by the TTO to assist West 40 with covering some expenses
- The TTO is carrying this debt on behalf of West 40
- West 40 anticipates that it will receive a payment this week from the State of Illinois and intends to “zero out” this debt with the TTO
- To your knowledge, there is no Intergovernmental Agreement and the TTO is not charging interest to West 40

Please let me know if this is accurate. Thanks again, Mike.

Sincerely,

Tim Kilrea

Timothy B. Kilrea, Ed.D.

Superintendent

Lyons Township High School

tkilrea@lths.net

708 579-6451



Please save trees. Print only when necessary.

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--
Dr. Michael Popp
Assistant Executive Director
West 40 ISC #2
4413 Roosevelt Road, Suite 104
Hillside, IL 60162
Office: 708.483.6205
Cell: 224.301.3336

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

I N D E X

Page

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

ROBERT HEALY

Examination by Mr. Hoffman 5
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Examination by Mr. Hoffman 110

E X H I B I T S

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Healy Exhibit 6 105
Healy Exhibit 7 108

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

A P P E A R A N C E S

S T I P U L A T I O N

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

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;

(Appearing on behalf of the Plaintiff)

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

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

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

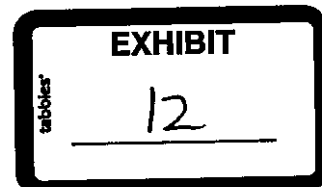
(Appearing on behalf of the Defendant)

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.



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

questions about what it is that you remember. I will show you some documents to help you to remember what happened in the years starting from 1993 running through 2012, sir.

A. Got it.

Q. Have you ever had your deposition taken before?

A. No.

Q. All right. So I will ask you a series of questions. Our court reporter here is only able to write down what she hears. So if you shake your head to the side or up and down, she can't get that. So it's important for you to answer aloud.

And another thing that people do in ordinary conversation sometimes is answer uh-huh or huh-uh. And we all know what that means, but it's very difficult for the court reporter to get that. So yes or no is better. All right, sir?

A. Yes.

Q. All right. Prior to today, have you and I ever spoken or corresponded or communicated in any way?

A. No.

Q. Has anybody from Lyons Township High School

District 204 contacted you about this deposition?

A. No.

Q. Have you gotten any contact from Township Trustees about this deposition?

A. No.

Q. And I understand from talking to you earlier that you first learned about the subpoena earlier today. Is that correct, sir?

A. Correct, yes.

Q. If you don't understand a question that I ask, you have to understand, I'm not an accounting professional. I'm a lawyer. So some of the questions may not make sense to you as a professional in a different area. If I ask you a question that doesn't make sense, tell me that, please. Fair enough?

A. Yes.

Q. And you can explain to me what the problem is and how I should ask a better question. I will be happy to do that.

If you don't tell me that, I will assume that you understood the question. Fair enough?

A. Yeah.

Q. During what years were you -- and let's get

the nomenclature down. Lyons Township High School District 204, what would you call it? Lyons? District 204?

A. LT.

Q. LT. That's what I will call it then.

And then what would you usually call the Township Trustees of Schools? Is it TTO or Township Trustees?

A. Trustees.

Q. Trustees.

So I will try to use LT and trustees. And if I forget, correct me, please.

A. Okay.

Q. During what years, sir, were you treasurer of the trustees?

A. I believe it was -- July 1, 1988, up until -- was it '12?

Q. Some part in 2012, correct?

A. I believe so.

Q. That's what I have seen too.

Let me start by marking a series of documents as an exhibit. And this is going to be Healy Exhibit Number 1.

(Whereupon said document was duly

9

11

marked for purposes of identification
as Healy Exhibit 1, as of this date.)

Q. (By Mr. Hoffman) Sir, the court reporter's handed you a document marked as Healy Exhibit Number 1. It's a collection of a variety of different documents having to do with some dealings between LT and the trustees around the year 2000 and the events that led up to it.

So I am going to ask you if you remember a woman named Dr. Lisa Beckwith, B-E-C-K-W-I-T-H?

A. I remember Lisa.

Q. Lisa was the business manager for LT, correct?

A. Former, yes.

Q. Former, okay.

The first page of Healy Exhibit Number 1 is a memo that someone in LT wrote to Dr. Beckwith on November 6, 1998.

Have you ever seen this document before? You're not listed as a recipient. I have no reason to believe you've seen it.

A. No.

Q. If you look, sir, in the second paragraph, it talks about discussions with Robert Healy.

10

A. Yeah, I'm reading it.

Q. If you go ahead and read that paragraph to yourself. And let me know when you're done, please.

A. Sure.

Q. All right. Is it correct that you were having discussions with LT around November of 1998 about the costs that LT was incurring doing its own business functions and the processing of information, you know, along the lines of being discussed in this memo? Do you remember those conversations, sir?

A. I remember we had -- there were conversations.

Q. Now, it says -- if I could direct your attention, please, to the second paragraph on the first page.

It says: There was a reluctance to consider taking on a workload, which would mean a staff increase.

Am I correct that had the trustees started performing all the accounting business functions that were in-house at LT that the trustees would have needed to hire additional staff to handle that workload?

A. Yes.

Q. And is it correct, as it's stated in this memo, that Argo was the only other high school in the trustees' purview? And Argo is about a third the size of LT?

A. Yes. Let's stop for a second.

Q. Sure.

A. These school districts, almost all of them originally handled their own computer software regarding student software, report cards, their library, etc., etc. Our office mainly handled their payroll and accounting functions. Payment of bills, financial statements, etc.

My predecessor, George Melichar, allowed Lyons Township High School to -- he opened payroll bank accounts and accounts receivable or accounts payable, checking accounts at the local bank, First National Bank of La Grange. Mr. Melichar authorized and opened these accounts before July 1, 1988. He allowed them to -- it facilitated LT doing their own payroll and paying their own bills. He's deceased now. So this stuff preceded my coming to -- starting to work at Lyons Township.

Q. Okay.

A. Lyons Township High School has a lot of

12

money and they had no qualms about spending money to get out from underneath of the trustees. Anything to do with the trustees, basically.

Q. Right.

LT didn't want to be a part of the trustees?

A. Right. But state statutes required them to be.

Q. Right. And they would have to get a law passed in Springfield for them to separate, which --

A. Yes.

Q. -- which never happened.

A. Okay. Let's keep going.

Q. Okay.

On page 2 of this document --

A. Wait. Let me go back.

Q. Yes, sir.

A. It's an important point we have here.

Q. Sure.

A. There are 14 other school districts, I'm guessing -- 14 other school districts served by that office. No one came near having the amount of funds LT did to spend on software or programs or technology that LT had. LT had fund balances -- I'm sure they still do -- that were exorbitant, or I would say it

1 was practically 25 to 30 percent of the total funds
2 handled by the school district. Money was not a
3 problem for them. And keep in mind, they were one
4 school district. We served 14.

5 Q. Right.

6 But it was your desire during the time you
7 were treasurer, sir, to keep LT in the fold?

8 A. Yes.

9 Q. And let's take a look at the -- let me skip
10 ahead to this next document, which is an April 29,
11 1999, letter that you wrote --

12 A. Yes.

13 Q. -- to Dr. Beckwith with -- it's a long
14 letter. It's a nine-page letter.

15 MR. KALTENBACH: April 29th?

16 MR. HOFFMAN: Yes.

17 MR. KALTENBACH: Second document, okay.

18 Q. (By Mr. Hoffman) It's got a CC at the end
19 to all of the trustees -- of the trustees that you
20 reported to, correct?

21 A. Yes.

22 Q. Joseph Nekola, N-E-K-O-L-A, Donna Milich,
23 M-I-L-I-C-H, and Russell Hartigan, right?

24 A. Yes.

1 Q. Did you prepare this letter yourself? Did
2 you prepare it with an attorney? Or both?

3 A. I imagine I prepared it myself.

4 Q. And what was -- you said in the first
5 paragraph that you have -- to Dr. Beckwith that she
6 had requested an analysis of the duties and
7 responsibilities of the treasurer's office.

8 Do you remember getting that --

9 A. Some of it rings a bell.

10 Q. And did you discuss this letter in any way
11 with the trustees?

12 A. I assume so. I don't recall specifically.

13 Q. Okay.

14 A. But it was a long time ago.

15 Q. Let's turn to page five of this letter, sir.

16 A. Shoot.

17 Q. It talks about bank reconciliations.

18 A. Right.

19 Q. In the second paragraph, it talks about
20 reconciling two separate sets of books, as in the
21 case of LT, has become an extremely complicated and
22 time-consuming endeavor. This office has assumed
23 some of the functions pertaining to reconciliation,
24 which were previously handled by the district's

1 business office.

2 Do you see that there?

3 A. Yes. I'm familiar with it.

4 Q. Was -- you had outside auditors at a company
5 which is now called Baker Tilly?

6 A. Right.

7 Q. Which used to be called Virchow Krause,
8 V-I-R-C-H-O-W. And then before that was William F.
9 Gurrie, G-U-R-R-I-E.

10 A. Yes.

11 Q. Is it okay with you, sir, if I call them all
12 Baker Tilly just for convenience?

13 A. Go ahead.

14 Q. Did Baker Tilly get involved in the
15 reconciliation issues?

16 A. Yes.

17 Q. And was the work that Baker Tilly did on the
18 reconciliation of LT books with the trustee books,
19 was that something they did for the trustees' office
20 or was that something they did for the purpose of
21 LT's annual audit? Do you see what I mean? Does
22 that question make sense?

23 A. Yes, I know.

24 Can you repeat it one more time?

1 Q. It looks from this discussion like
2 reconciling the books of LT to the books of trustees
3 was unique for LT, because they had their own
4 business functions, right?

5 A. Yes.

6 Q. And it says in here: This added
7 responsibility is performed for no other district
8 under the jurisdiction of the trustees.

9 Do you see that?

10 A. Right.

11 LT was issuing checks. We issued checks for
12 everybody else.

13 Q. Right.

14 And they issued checks which you then
15 signed, correct?

16 A. Which we were mandated to sign.

17 Q. Correct.

18 So my point is, the work that Baker Tilly
19 did reconciling these books, was that for purposes of
20 the TFO keeping its records straight or did that have
21 some --

22 A. I would say for both records. Both LT's and
23 ours. The money that LT spent, we had to have proper
24 record of to reconcile our books.

17

1 Q. Right.

2 So the Baker Tilly reconciliation work at LT

3 was not performed solely for LT's annual audit,

4 correct? It actually benefited both sides?

5 A. Yes.

6 Q. Now --

7 A. May I say something?

8 Q. Absolutely. Of course.

9 A. They were terrible at reconciling their

10 books. Dr. Beckwith, when she left, leaned over to

11 me in the meeting and said, "You know we haven't

12 reconciled this for about six months." And I looked

13 and I said, "You got" -- I said to her, "You got a

14 problem." She said, "I just quit. You have a

15 problem." She threw it in our lap. They would often

16 reissue checks. There was multiple problems with it.

17 They're all nice people, but they didn't --

18 Q. Understood.

19 A. -- perform professionally, in my opinion.

20 Q. Okay.

21 A. It was very hard to keep track. And as much

22 as we tried, they basically treated us poorly. In

23 fact, I just remembered this. This is the kind of

24 attitude they had. Mr. Slater, that preceded Lisa.

18

1 And when I first started, he told me that we were

2 going to sign those checks. And I said, "Well,

3 you're going to give us this and this and this," at

4 the advice of our attorney at the time, Kathy Janik.

5 And I explained that he's going to send the stuff

6 over. He said, "I am not sending it." I said,

7 "Well, I'm not signing your checks." He said, "Well,

8 we've got a payroll Friday." I said, "Well, your

9 people aren't going to get paid." He said, "Well,

10 I'm going to send them over to your house tonight."

11 So that was the kind of interplay.

12 Q. And that was -- that was back in the early

13 '90s?

14 A. That was in the '80s, the late '80s. Yeah,

15 it wasn't fun.

16 Q. Let me switch over to page six of this

17 document. You see under Annual Audit, it says: The

18 trustees hire and pay for the audit of the school

19 districts and the treasurer's office in Lyons

20 Township.

21 A. Yes.

22 Q. This office has assumed the cost of Lyons

23 Township High School's audit even though the

24 functions were in-house.

19

1 Do you see that?

2 A. Yes.

3 Q. Was that a correct statement at the time?

4 A. Yes.

5 Q. Were those audits being performed for the

6 school districts by Baker Tilly?

7 A. Yes. Gurrie probably for most of my time

8 there.

9 Q. Gurrie then became part of Baker Tilly,

10 right?

11 A. Yes, sir.

12 Q. Why did the trustees -- and so the trustees

13 paid for the audits for not just LT, but the other

14 school districts?

15 A. Right.

16 Q. That's correct?

17 A. There was one audit, big audit comprised of,

18 shall we say for the sake of argument, 14 school

19 districts. LT was one of them. They went in and

20 performed the audit functions.

21 Q. So when -- because -- so LT was different

22 because it performed its own business functions,

23 unlike the other schools in the district?

24 A. After July 1, 1988, they did. Prior to

20

1 that, everything was --

2 Q. This case, just so you know, the starting

3 point in terms of what is important for the case is

4 1994. So let's set aside everything prior to 1994,

5 and that will make it easier, sir. Thank you.

6 Is it true that when Baker Tilly did its

7 work at the trustees' office, it was able, because

8 you had the books for everybody but LT, to do the

9 work it needed for the annual audits of both the

10 trustees and all of the other districts other than

11 LT?

12 A. Well, we had some of LT's records. What

13 records we had were -- we kept track of the totals

14 from -- for example, total of the checklist. We

15 didn't keep a manual list of every check of which

16 there would have been thousands.

17 Q. But here's -- I'm sorry. My question wasn't

18 clear.

19 A. We had all the stuff for everybody.

20 Q. Let's just take District 109 as an example.

21 A. Okay.

22 Q. So District 109, the records for District

23 109 were actually out at the trustees' office,

24 because they performed District 109's business

1 functions, right?

2 A. Well, 109 had certain records over there
3 also. We had everybody's.

4 Q. When Baker Tilly did the annual audits for
5 District 109, where did they do the work? Was it the
6 trustees' office or 109?

7 A. Both.

8 Q. Both.

9 And the trustee would pay Baker Tilly for
10 District 109's audit, correct?

11 A. Right. There was one -- I believe there was
12 one fee for the entire township, including LT.

13 Q. Okay.

14 A. It was taken into account for cost of the
15 fee.

16 Q. And was that situation the same from 1994
17 through 2012?

18 A. I don't recall about the end. It was for a
19 long time.

20 Q. So maybe in the last --

21 A. It was -- I think that there were subsequent
22 services Baker Tilly performed for the individual
23 school districts that were not part of the audit.
24 Each district was different. Some contracted with

1 there had been paid subsequent fee to other part of
2 LT's books, because they were, I think, in bad shape.
3 There was a lot of difficulty in reconciling their
4 own records. We couldn't rely on them. And I think
5 that's why they did -- they may have contracted with
6 Baker Tilly, because they -- I seem to remember the
7 poor quality. Unreliability.

8 Q. I understand.

9 In terms of all the school districts, the
10 trustee paid for their annual audits, except that LT
11 may have contracted separately 2008 forward?

12 A. Additional services for labor required to
13 get their audit done.

14 Q. LT would have paid for that directly?

15 A. I'm trying to remember. Honest to God, I
16 can't remember.

17 Q. But during that 2008 to 2012 time period,
18 the trustee continued to pay for all the other
19 districts?

20 A. We were paying the bulk of their audit. I
21 think they may have required more work towards the
22 end.

23 Q. But for all of the districts other than LT,
24 from 2008 to '12?

1 Baker Tilly to perform these extra functions. Some
2 did not.

3 Q. What type of extra functions are we talking
4 about?

5 A. Oh, my gosh. The auditing of certain state
6 grants, federal grants. It was the district's
7 responsibility to pay those individually. The cost
8 -- their interest funds, certain activity funds,
9 etc., etc.

10 Q. So each district might have funds that
11 were --

12 A. Scholarship programs. Some didn't have any
13 -- so the district would pay them for those things,
14 which were not part of the trustees'
15 responsibilities.

16 Q. But in terms of the funds that each school
17 district of the 14 or so that were in there, in terms
18 of the funds that were under the trustees' purview,
19 the trustee paid for the audit for all of the
20 districts, including LT, correct, like it says in
21 this letter?

22 A. Yes.

23 To tell you the truth, I can't recall
24 towards the end, meaning let's say 2008 forward, if

1 A. They were, of course, cheaper, because we
2 performed all their business functions in-house. We
3 handled those records. Our records were, in my
4 opinion, more reliable. I know what kind of -- the
5 methods used to keep track of the money were strictly
6 adhered to by the staff and the treasurer's office
7 for everybody.

8 Q. Let's take a look at page nine then. Here's
9 a reference, sir, in the last paragraph of this
10 letter to the provisions of statute, which is 105
11 ILCS 5/8-4, right?

12 A. Yes.

13 Q. And that required -- it says it requires
14 that all school districts pay their proportionate
15 share of the expenses of the treasurer's office. The
16 contribution formula, as prescribed by statute, and
17 allows for no variation. Do you see that?

18 A. Yep.

19 Q. That is actually a statement that's in a
20 number of letters you wrote over the years.

21 And is that something that, in terms of
22 where you got that from and your understanding of
23 that statute, is that something that you arrived at
24 by reviewing the statute or --

25

1 A. Yes.

2 Q. -- by consenting with the attorneys?

3 A. It's in the school code.

4 Q. And obviously, as the treasurer, you were

5 intimately familiar with the school code, correct?

6 A. Somewhat.

7 Q. Now, let's take a look at the next page,

8 sir. And it's a May 11, 1999, letter that you wrote

9 to Lisa Beckwith. And it has the expenditures for

10 the 1998 year. And that's a letter that you wrote

11 and sent to her, correct?

12 A. Yeah.

13 Q. And then the -- let's skip ahead to what

14 says Finance Committee Minutes, May 28, 1999. And

15 let's go one more.

16 A. Okay.

17 Q. To there.

18 And sir, you are listed as an attendee at

19 the finance committee, LT.

20 Do you remember attending meetings at LT

21 from time to time?

22 A. Yes.

23 Q. And do you see in the third paragraph there

24 is a statement -- there was a statement discussing

26

1 Mr. Horstman from William F. Gurrie, the predecessor

2 of Baker Tilly. And it says that there was an

3 incorrect report that was filed by his company and

4 that it was an annual financial report that

5 was amended and corrected.

6 Do you see that?

7 A. Yes, I see it.

8 Q. Do you remember anything about that other

9 than --

10 A. No. Too long ago.

11 Q. Do you have any reason to doubt this account

12 that's set forth in these minutes? Any reason to

13 believe it might not be correct?

14 A. I assume it's correct. I would assume it

15 is.

16 Q. Let's look at the last paragraph, if you

17 could, please.

18 A. Sure.

19 Q. It talks about the pro rata billing

20 percentages. And I'm sorry. Let's start on page

21 one. I was unclear. It talks about the pro rata

22 services. And it's correct that it was LT was paying

23 about 26 percent of the trustees' expenses at that

24 time, correct?

27

1 A. Right. Yes.

2 Q. And you see at the last sentence, it says:

3 Mr. Shapiro requested that Mr. Healy review the

4 services provided by the treasurer's office and

5 report back to the committee with several solutions

6 on how duplication of efforts can be reduced.

7 Do you remember that conversation, sir?

8 A. No. But I -- let's just go along with it.

9 Q. June 4th -- the next document in this

10 exhibit is a June 4, 1999, memo from Dennis Kelly to

11 the Board of Education. It talks about a

12 conversation that Dr. Kelly -- you know who Dr. Kelly

13 is, of course?

14 A. Yes.

15 Q. Superintendent of LT?

16 A. Former, yes.

17 Q. Former, yes, sir.

18 And I'd like you to read his account of

19 conversation he had with you and ask what your

20 recollection of it is, if you could, please. Or if

21 you remember anything else or anything different than

22 what is stated in this memo.

23 Does that accurately reflect --

24 A. I don't recall it.

28

1 Q. You don't have any reason to doubt it, do

2 you?

3 A. Well, I don't -- it doesn't -- I don't

4 remember.

5 Q. Do you remember -- well, let's keep going

6 and we will get to more important stuff.

7 The next is the minutes of the board of LT.

8 And it's a meeting, as you can tell from the next

9 page, sir, that you're listed as an attendee.

10 A. Yeah.

11 MR. KALTENBACH: What page are you at?

12 MR. HOFFMAN: I'm sorry. I'm not --

13 MR. KALTENBACH: So you're skipping. You're

14 at July 27th, '99 at 11:00 a.m.

15 MR. HOFFMAN: Yes. Sorry about that.

16 Q. (By Mr. Hoffman) At the very bottom of page

17 two of the minutes, it says: There was a discussion

18 regarding LT and the problems the district has with

19 the pro rata billing system. The trustees discussed

20 with Treasurer Healy several options to include

21 relations with the high school. Some of the items

22 discussed are for the treasurer's office to assume

23 more duties, possibly fund certain business

24 functions, computer sharing and legislation.

1 Do you remember those discussions, sir,
2 either at the board meeting or generally?
3 A. I believe something -- I believe so.
4 Q. Okay.
5 A. Sort of. Not specifically.
6 Q. Let's take a look at the next page. I think
7 that will make everything clear. This is an
8 August 18, 1999, letter that you, sir, wrote to
9 Dr. Lisa Beckwith with a copy to the trustees, which
10 is at the CC at the end of the page. And it's a
11 letter I want you to take a minute and review,
12 because it's very important to our case.
13 A. I see the drift, most of it. Go ahead.
14 Q. Mr. Healy, this is a letter you prepared and
15 sent to Dr. Beckwith on the date of the letter,
16 correct?
17 A. Yeah.
18 Q. You copied all of the three trustees at the
19 time?
20 A. Yes.
21 Q. Before you made these four -- so am I
22 correct that this outlines five different proposals
23 of how the relationship with LT and the trustees
24 could be modified, correct?

1 A. Yes.
2 Q. And did you discuss with the trustees
3 themselves these different proposals before you wrote
4 this letter?
5 A. I don't recall.
6 Q. And would it have been your practice to have
7 done so?
8 A. I think, generally, I'm sure I talked to
9 them.
10 Q. Okay.
11 A. This would be the more specifics, which they
12 were carboned on the letter.
13 Q. But you don't remember sitting here after
14 all these years specific conversation you had with
15 them?
16 A. I don't recall.
17 Q. Fair enough.
18 I'd like to focus in on proposal number one
19 and proposal number two of these. Let's start with
20 number one.
21 Proposal number one would be, am I correct
22 that LT would pay less than its pro rata share of the
23 trustees' billing for its expenses, right? Am I
24 correct?

1 A. As a deviation from pro rata, yeah.
2 Q. Right.
3 And what you say in this letter is that
4 would require an intergovernmental agreement among
5 all 12 taxing bodies in the township where the other
6 11 taxing bodies would agree to absorb the cost of
7 the services District 204 claims it pays for but does
8 not receive.
9 Do you see that?
10 A. Right.
11 Q. That's your understanding of what would
12 happen or what had to happen before LT could pay less
13 than its pro rata share, correct?
14 A. Yeah. I know what we're getting at. Go
15 ahead.
16 Q. Is that -- where did that understanding of
17 the need for an intergovernmental agreement come
18 from?
19 A. I don't recall. I really don't recall.
20 Q. And it was correct at the time, as it says
21 in the letter, that you believed it was, quote,
22 highly unlikely, quote, that the other districts
23 would agree to that approach, that proposal, right?
24 A. Absolutely.

1 Q. And tell me if you remember more about that.
2 A. I'm sure I talked to other people within the
3 township -- superintendents, business managers -- who
4 I think laughed at me when I said LT wanted to pay --
5 I think it was a laughable proposal --
6 Q. Okay.
7 A. -- because of the wealth that 204 LT has,
8 high school has.
9 Q. Let's look at proposal number two, sir.
10 That says: Funding by township school treasurer of
11 some district functions.
12 Do you see that?
13 A. Yes.
14 Q. And what is your understanding of what those
15 -- were those the business and accounting functions
16 that we're talking about?
17 A. Only, yeah.
18 Q. And specifically, the next paragraph talks
19 about accounts payable and payroll. And it says that
20 if that work, quote, were to be returned to the
21 school treasurer's office, it would mean higher
22 operating costs for the treasurer's office in the
23 form of salaries and benefits for increased staff and
24 higher related expenses to accommodate the increase

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1 in workload, quote.

2 So am I correct in understanding that you
3 would have had to hire more people to do the work
4 that LT was doing in-house?

5 A. Yes.

6 Q. And that would have been a very significant
7 expense, correct?

8 A. Maybe; maybe not.

9 Q. But it would have been -- it couldn't --

10 A. It would have been additional cost.

11 Q. You couldn't have done the work with the
12 staff you had on hand?

13 A. Not if LT was to come back. I would have
14 had to hire a few more people.

15 Q. Now, it says, quote, I would expect that
16 when the Trustees of Schools takes into consideration
17 these necessary increases, they would logically
18 conclude that a partial funding by the treasurer's
19 office to cover District 204's costs for the business
20 functions District 204 now performs would be
21 reasonable, end quote.

22 Is that something, when you say you expect
23 the trustees would understand the increase in costs
24 and what they would logically conclude --

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1 A. If 204 were to come back full force, we
2 would have no choice but to have to hire more people
3 to accommodate the increase in workload.

4 Q. So essentially, proposal two would be to
5 take that money that the trustees would have to spend
6 on increased staff and to provide that to LT as sort
7 of a vendor, if you will, for doing that work
8 themselves, yes?

9 A. I wouldn't look -- draw that conclusion.

10 Q. How would you characterize it?

11 A. If we have to do it, we'll have to pay for
12 it.

13 Q. Proposal number two --

14 A. We didn't really mean to subsidize 204 to
15 pay things we could have been doing all along anyway.

16 Q. Proposal number two, ultimately, isn't that
17 what LT and the trustees proceeded with? Isn't that
18 how this arrangement between the two entities
19 developed?

20 A. I don't know. I don't recall.

21 Q. Well, let's --

22 A. It wasn't more give or take. It was --

23 Q. All right. Let's take a look at the next
24 page, if we could. And it's the finance committee

35

1 minutes from September 29, 1999, of LT.

2 MR. KALTENBACH: You mean the next document;
3 not the next page.

4 THE DEPONENT: I got it.

5 Q. (By Mr. Hoffman) It's a meeting that you
6 attended. And in the fourth paragraph, it talks
7 about -- well, read the fourth paragraph, if you
8 could, beginning with "the committee directed
9 Dr. Beckwith to work with Mr. Healy to further define
10 the costs of the business office that can be charged
11 to the treasurer's office."

12 Have you read that paragraph, sir?

13 A. I do.

14 Q. And does that help you to recall that this
15 was the --

16 A. Yeah, it does. We became a little bit more
17 open to seeing 204's argument. That is, to
18 elaborate, we were paying for these services for
19 everybody, especially computer services. I see what
20 you're saying. We were paying for many financial
21 services for the districts. If they did come back,
22 we would have to pick up the bill for those.

23 Q. It says in the last sentence of this
24 paragraph, quote, Mr. Healy indicated the township

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1 board of trustees is supportive of this method,
2 quote.

3 Is that your recollection that you spoke
4 about this arrangement?

5 A. I believe so. I think it was more talking
6 to the trustees individually and explaining that, you
7 know, we're still going to be -- we're paying for
8 these services for everybody. I haven't thought
9 about this in so long.

10 Q. Well, it goes back years. But that's the
11 lawsuit we're dealing with. So I don't have any say
12 in that.

13 A. Right.

14 Q. But your recollection is you discussed this?

15 A. Part of this would be cost of checks.

16 Q. Well, let's take a look at the next, just to
17 be more specific.

18 A. All right.

19 Q. Turn a few pages forward to a memorandum
20 dated February 29, 2000, from Lisa Beckwith to Robert
21 Healy. And it says it's on Treasurer's Office
22 Responsibility. This is the re line. It says:
23 Following is a list of responsibilities --

24 A. I remember.

1 Q. You remember this document, sir?

2 A. Yeah.

3 Q. Does this document help you to recall

4 which --

5 A. Yeah.

6 Q. -- business functions and which costs the

7 trustees would pay for to be performed at LT?

8 A. Yes. I believe we did pay these or some

9 accommodation was made.

10 Q. Right.

11 Am I correct that the way it worked was that

12 you would send a bill for the pro rata expenses of

13 the trustees' office?

14 A. And then send me a note back.

15 Q. And then LT would deduct the cost of their

16 business functions the trustees had agreed to pay for

17 and they would send you a check for the balance. Am

18 I correct?

19 A. I believe so. I really don't recall to tell

20 you the truth. I don't remember the specifics.

21 Q. Let's take a look at the next document.

22 This is a -- it's a notice of meeting and the minutes

23 of a meeting on March 21, 2000, of the trustees.

24 And you can see from the next page, sir,

1 that you were present as treasurer and ex officio and

2 clerk. And that trustees Russell Hartigan and Joseph

3 Nekola also were present. Am I correct?

4 A. That's what it says.

5 Q. Would you look at the next page, sir, and

6 confirm that you signed these minutes --

7 A. Yes.

8 Q. -- as clerk?

9 A. Yes.

10 Q. And I direct your attention to the final --

11 to the end of the first page of the minutes and the

12 beginning of the second page of the minutes that has

13 to do with LT and ask you to read this portion here

14 and this portion there, please.

15 A. There you go.

16 Q. All right. And then, sir, attached to the

17 minutes, as we received them from the trustees, was

18 the Lisa Beckwith memo of February 29, 2000.

19 A. Yeah, I see it.

20 Q. In the minutes, it says: Healy submitted to

21 the trustees the proposal from District 204.

22 Am I correct that that is the February 29,

23 2000, memo to you from Ms. Beckwith?

24 A. Yes.

1 Q. And am I also correct that the trustees

2 voted 2 to 0 to accept the proposal of LT?

3 A. According to the minutes as presented.

4 Q. And do you have any memory of the meeting

5 that differs in any way from what's in the minutes

6 that you signed?

7 A. No. I don't remember the meeting.

8 Q. But based on the minutes that we're looking

9 at -- and of course, there's a reason people take

10 minutes, so that we can, years later, determine what

11 happened.

12 Based on these minutes, is it clear to you

13 that the trustees voted in favor of accepting the

14 proposal from LT whereby the trustees would pay of

15 the cost of the business functions of LT?

16 A. These specific ones totalling 106,403.

17 Q. So let's keep going on the documents. We

18 have a lot of ground to cover. Skip ahead a little.

19 There's a May 24, 2000, letter that you,

20 sir, sent to Dr. Kelly. Do you see that?

21 A. Yes.

22 Q. And this was a letter that you would

23 typically send each year to LT and the other

24 districts setting forth their pro rata portion?

1 A. Yeah.

2 Q. If you turn to the next page, there's a memo

3 from Lisa Beckwith to the Board of Education of LT.

4 You are not copied on this document and I don't have

5 any reason to believe you've seen it before. You can

6 tell me whether you remember it or not.

7 A. This?

8 Q. Yeah.

9 A. No.

10 Q. It's a memorandum that has various

11 attachments to it. And let me ask you this. Were

12 you ever made aware by anybody at LT that LT's board

13 approved the agreement with the trustees on the

14 payment for LT's business functions?

15 A. Could you repeat that, please?

16 Q. Sure.

17 Did anybody from LT ever tell you that LT's

18 Board of Education went ahead and approved the same

19 agreement that the trustees had approved earlier in

20 the year with respect to LT's business functions?

21 A. I don't recall it.

22 Q. We can skip ahead. So we're going to zoom

23 ahead here.

24 A. Okay.

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1 Q. We're going to go -- see this document?
 2 MR. KALTENBACH: I'm looking to see. What
 3 is the date of that one?
 4 MR. HOFFMAN: It's a June 14, 2000,
 5 memorandum from Lisa Beckwith to the Board of
 6 Education.
 7 MR. KALTENBACH: Isn't that what we were
 8 just looking at or no?
 9 MR. HOFFMAN: No. It's this one. It's this
 10 version of it.
 11 MR. KALTENBACH: There's a different
 12 version, okay. I assumed that was your notes up
 13 there.
 14 Q. (By Mr. Hoffman) And take a moment to read
 15 this.
 16 A. I did.
 17 Q. So we talked earlier about how LT, each
 18 year, would take the invoice from -- take your
 19 invoice for the pro rata expenses, deduct the cost of
 20 LT's business services and send the trustees a check
 21 for the difference.
 22 A. Yeah. It's been so long. I will just go
 23 with what is in here.
 24 Q. This is consistent with your understanding

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1 how it worked each year?
 2 A. I don't recall exactly how it worked the
 3 year 2000. I think it varied from year to year on
 4 occasion. I'm trying to remember. It's been so
 5 long, I don't recall.
 6 Q. Let's skip ahead to the September 7, 2000,
 7 letter that you wrote to Dennis Kelly.
 8 Do you see that document, sir?
 9 A. Yeah.
 10 Q. And this is -- based on your signature, this
 11 is a document you sent Dr. Kelly on or about this
 12 date?
 13 A. Yeah. I really -- I'm trying. Go ahead
 14 though.
 15 Q. Even though you don't remember the specific
 16 letter -- and obviously, you wrote thousands of
 17 letters during the time you were treasurer. It says
 18 in the middle of this letter, quote, as it was done
 19 last year, the trustees will continue funding certain
 20 business functions, quote.
 21 Do you see that?
 22 A. Uh-huh.
 23 Q. Yes?
 24 A. Yes.

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1 Q. You did an "uh-huh." That's okay.
 2 Everybody slips.
 3 Now, sir, am I correct that starting in
 4 2000, and for each year through 2012, the trustees
 5 continued to pay for LT's business functions as they
 6 had agreed to in 2000?
 7 A. I believe so.
 8 Q. The next letter is a January 12, 2001,
 9 letter that you wrote Dr. Kelly.
 10 Can you confirm that this is, in fact, a
 11 letter that you prepared and sent to him?
 12 A. It looks like it. Looks like it.
 13 Q. Okay.
 14 A. Looks like me.
 15 Q. And on page five, please, there's a
 16 description of the annual audit.
 17 A. Okay.
 18 Q. And like the letter that we saw in the past,
 19 it says the trustees hire and pay for the audit of
 20 the school districts, plural, and the treasurer's
 21 office in Lyons Township.
 22 Do you see that?
 23 A. Yeah.
 24 Q. And this is -- so this is correct, as of

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1 this time, without question?
 2 A. Sure, should be.
 3 Q. Let's take a look at the last page of the
 4 letter, which is page seven.
 5 A. Okay.
 6 Q. And again, as we've seen in past letters,
 7 you make a reference to 105 ILCS 5/8-4 regarding pro
 8 rata share billing.
 9 Do you see that?
 10 A. Yeah.
 11 Q. And that's in a number of letters that you
 12 have written over the years.
 13 And is it correct that LT was complying with
 14 this provision for paying its pro rata share because
 15 it paid its pro rata share, but it simply deducted
 16 the amount of the business functions that the
 17 trustees had agreed to fund in a separate agreement?
 18 A. Yes. But you know what, I don't think
 19 you're ever going to see the exact specifics of such
 20 agreement spelled out in writing, to my knowledge.
 21 Q. And why is that, sir?
 22 A. I don't know. Most of it was handled by me
 23 and the business people, probably the business
 24 manager or the superintendent. It may sound odd, but

1 it's just the way it was handled.
 2 Q. Right.
 3 A. We communicated frequently.
 4 Q. The trustees of the Township Trustees were
 5 aware of and approved this arrangement in each year,
 6 am I correct about that?
 7 A. I don't know if it was specifically
 8 approved, but it was referenced in that one letter.
 9 And I, frankly, don't remember.
 10 Q. Even if minutes after the year 2000 of the
 11 trustees didn't have any specific reference to the
 12 payment of LT's business functions, am I correct that
 13 both Mr. Hartigan and Mr. Nekola and also Ms. Milich
 14 were aware that this was being done in each year?
 15 A. I assume that -- I think they knew we were
 16 paying some of the bills. And that's probably as
 17 specific as it got.
 18 Q. When you say "some of the bills"?
 19 A. Checks, business functions.
 20 Q. Of LT?
 21 A. Yeah.
 22 Q. During the 2000 to 2012 period, was there
 23 ever an instance where -- I've never seen any
 24 document that says this, but do you recall any

1 instance where you ever rejected a payment -- a net
 2 payment by LT or where you ever voiced any objection
 3 to the statement of the cost of LT's business
 4 functions given to you?
 5 A. I think I seem to remember objecting to some
 6 of them. But it was not in writing. It was mostly
 7 handled over the phone or addressed verbally.
 8 Q. And with whom and when and --
 9 A. Probably Lisa Beckwith. Probably Kelly to a
 10 degree, though minor degree. Beckwith for sure. Who
 11 was the other one? Don't tell me. This was before
 12 Leon Ike. He died.
 13 Q. He did, yes.
 14 Harold?
 15 A. Oh, Harold Huang.
 16 Q. And there was also Sellers.
 17 A. David Sellers, there you go. I'm sure some
 18 of them were addressed with Sellers.
 19 Q. Whenever there was a discussion between you
 20 and somebody at LT about the cost of their business
 21 functions, was that always resolved to your
 22 satisfaction ultimately?
 23 A. No.
 24 Q. Did you ever --

1 A. There wasn't a lot of love sometimes.
 2 Q. Well, I understand the relationship wasn't
 3 always friendly. I get that.
 4 But what I'm trying to say is did you ever
 5 formally notify LT that you were rejecting their
 6 statement of the cost of LT's business functions in
 7 any of these years from 2000 to 2012?
 8 A. I don't recall.
 9 Q. All right. Let me move on to other
 10 exhibits. I can get this out of your way.
 11 Did you ever -- well, actually, you have
 12 never seen this letter, have you?
 13 A. Oh, no.
 14 Q. That's 2013.
 15 A. When was my last day?
 16 MR. HOFFMAN: Do you know, guys?
 17 THE DEPONENT: When was my last day?
 18 MR. KALTENBACH: I think it was August 30,
 19 2012.
 20 Time check.
 21 MR. HOFFMAN: We're at 2:35. We're not
 22 quite an hour in.
 23 MR. KALTENBACH: We started about 1:30 or
 24 so?

1 MR. HOFFMAN: No, we did not. We started at
 2 exactly 1:40. I wrote it down. I was thinking about
 3 it.
 4 Q. (By Mr. Hoffman) These have been marked as
 5 other -- I'm going to show you a document previously
 6 marked as Conway Deposition Exhibit Number 1. This
 7 is a February 9, 1994, letter from Carolyn Jackson at
 8 LT to you, sir.
 9 A. Okay.
 10 Q. Is this a letter and exhibits that you
 11 received on or about this date? Do you have any
 12 reason to doubt that you did?
 13 A. Can you repeat your question, please?
 14 Q. Is this a letter that you got from
 15 Ms. Jackson on or around February?
 16 A. Yes, I assume so.
 17 Q. It says -- it's got a number of bills from
 18 Gurrie attached to it. But it says on the first
 19 page, sir, if I can direct your focus to that. It
 20 says: Attached are copies of memos paid by District
 21 204 to William F. Gurrie for auditing services. It's
 22 my understanding your office will reimburse District
 23 204 for these expenditures. In the future, we will
 24 forward all invoices for auditing services directly

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1 to your attention.

2 Sir, is this -- does this help you remember
3 exactly when the trustees started paying for the cost
4 of LT's audit with Baker Tilly and its predecessors?

5 A. I'm a little confused as to recalling
6 exactly how or why it was paid in this fashion.

7 Q. Was there ever a time that you can remember
8 before 1994 that the trustees did not pay for LT's
9 annual audit?

10 A. No. We always paid for their audit, to my
11 knowledge. Again, this is almost --

12 Q. I know. It's a long time ago.

13 A. It was over 20 years ago.

14 Q. We're all doing our best. You have to
15 understand, the trustees' office has sued LT to
16 recover the cost of Baker Tilly's annual audits going
17 back through 1994. That's why I have to ask you
18 these questions.

19 A. Let's keep going.

20 Q. I'm going to show you an exhibit that's been
21 marked as Conway Exhibit Number 3. And Conway
22 Exhibit Number 3 is a series of memos between 2000
23 and 2012 which are from LT to the trustees setting
24 forth the cost of LT's business functions that the

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 LT 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

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1 trustees were bearing. And I'd like you to -- I'm
2 not going to ask you a lot of questions about this,
3 but I want to confirm that you received these
4 documents over the many years that they cover.

5 A. I would assume I did. I don't remember
6 specifically receiving them, but --

7 Q. But these documents in Conway Exhibit Number
8 3 --

9 A. They look familiar. I have no reason to
10 think I didn't.

11 Q. And these -- each of these memos, along with
12 its attachments, correctly sets out the trustees'
13 responsibilities for paying the LT business function
14 costs?

15 A. The certain costs associated with their
16 payroll and things we were doing for the other
17 districts.

18 Q. Correct?

19 A. Yeah.

20 Q. Thank you, sir.

21 MR. HOFFMAN: Do you want to take a washroom
22 break?

23 THE DEPONENT: I will have to. Do you guys
24 have to?

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.

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1 A. American Funds, Franklin, Kemper, Lord
2 Abbett --

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.

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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

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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

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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 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 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 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

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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?

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1 in Bradshaw Exhibit Number 7?

2 A. Yeah. Looks like the old quarterly -- it's
3 what we called more of a detailed report.

4 Q. And is this a printout of information
5 contained on the general ledger that's kept on a
6 computer at the trustees' office?

7 A. Yeah.

8 Q. And the very first one says 204 Fiscal Year
9 1994, C-5 Detail Activity 1510.PDF. Do you see that?

10 A. Yeah.

11 Q. You see there's a number of interest items
12 stated here for District 204, correct?

13 A. Yes.

14 Q. And some of them say quarterly interest or
15 quarterly distribution of interest.

16 A. Yes.

17 Q. And what are the other interest earnings
18 that are listed here that are a bit smaller?

19 A. I would assume -- this is interest paid by
20 this thing that's marked ZAJDA. This is the Cook
21 Regional Superintendent of Schools would send an
22 interest payment for money that now defunct office
23 was holding on behalf of 204. It's interest that was
24 paid or they got, but it didn't come out of our

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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

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1 investments.

2 Q. I see.

3 A. They got a check for that from Cook County.

4 Q. There's another entry for interest on State
5 Aid 8.23.

6 Do you see that?

7 A. I see it, yeah.

8 Q. Right up here.

9 That would be money that LT earned from
10 another pool of funds; not the trustees?

11 A. Someone that held their money. It would
12 have been probably for everybody.

13 Q. So of all of these interest earnings that
14 are listed on the general ledger, the only ones that
15 relate to the interest income earned on the trustees'
16 investments are the ones that say quarterly
17 distribution of interest. Am I correct?

18 A. Well, on this. We may have held accounts
19 for them that were specifically theirs. For example,
20 *their impress fund.

21 Q. What is an impress fund?

22 A. Impress is what you would consider a
23 checking account. LT's personal checking account for
24 miscellaneous expenses that arise. You know, the bus

1 had a flat tire, so they had to go buy a new tire to
2 put on the bus right away. That would be something
3 they would use an impress fund for.

4 It could have had been on an account that
5 was specifically theirs at the time. For example, a
6 scholarship account. Maybe, you know -- I used to --
7 LT used to do their own scholarship fund and invest
8 the money themselves. They eventually gave it to me,
9 because I could make better money than they could.
10 They pooled it with our funds. It's things like
11 that. You know, and again, in the big picture, it's
12 not a really material amount of money.

13 Q. Right.

14 A. However, if it was theirs, I'm sure it was
15 given to them.

16 Q. That makes sense.

17 So these on the C-5 reports from the general
18 ledger that are Bradshaw Exhibit Number 7, these
19 statements of quarterly interest paid are the
20 accurate and actual --

21 A. Amounts picked up and distributed to the
22 district by the treasurer's office for that quarter.

23 Q. I just want to run through a couple of
24 documents to just confirm that these are things --

1 Q. And it's got various payments made from 1993
2 through 1994 relating to William F. Gurrie and
3 Company.

4 Do you see that?

5 A. Yes.

6 Q. Do you see how some of the statements relate
7 to --

8 A. 204 specifically.

9 Q. -- to business services annual audit?

10 Do you see that?

11 A. Yes.

12 Q. Do you see there's other statements that
13 just refer to District 204 or that just in the
14 description field refer to District 204 balancing?

15 Do you see that?

16 A. Uh-huh.

17 Q. Yes?

18 A. Yes, I see it.

19 Q. District 204 balancing, was that the work
20 that Gurrie was doing to sync the records of the
21 trustee and LT?

22 A. Yes. It required additional work.

23 Q. Right.

24 A. LT had the information.

1 let's mark this as Healy Exhibit Number 2, please.
2 (Whereupon said document was
3 duly marked for purposes of
4 identification as Healy Exhibit 2,
5 as of this date.)

6 Q. (By Mr. Hoffman) Sir, would you confirm
7 that Healy Exhibit Number 2 is a letter you got from
8 Patti Horstman at William F. Gurrie on about
9 October 21, 1999, with an invoice that related to
10 District 204's audit?

11 A. Looks like it. Well, yeah.

12 Q. And this is consistent with the previous
13 testimony you gave about the trustee paying for the
14 audits of LT, correct?

15 A. Yeah.

16 MR. HOFFMAN: Let's mark this Healy 3.
17 (Whereupon said document was duly
18 marked for purposes of
19 identification as Healy Exhibit 3,
20 as of this date.)

21 Q. (By Mr. Hoffman) Sir, Healy Exhibit
22 Number 3 is a printout dated 5/11/2015 from what I
23 believe is the general ledger of the trustees.

24 A. Okay.

1 Q. And that wasn't --

2 A. More than we had.

3 Q. That wasn't work done solely for LT's annual
4 audit. It was done for a different --

5 A. No. It may have been. I would assume it
6 was done in preparation of their audit.

7 Q. But it would also have to be done for the
8 trustees' --

9 A. It was work that had to be done.

10 Q. It had to be done for the trustees' audit as
11 well, right?

12 A. Yes. But that specifically applied or was
13 meant for 204. It would have had nothing to do with
14 any other district.

15 Q. Right. I understand that.

16 But in order for the trustees' books to
17 be --

18 A. Accurate.

19 Q. -- fully understood and accurate, you need,
20 in part, to have information that District 204/LT
21 held, correct?

22 A. Yeah.

23 Q. I would like to show you a document you have
24 never seen before. It's Bradshaw Exhibit Number 3.

1 And this is a document that Kelly Bradshaw prepared.
 2 And it was produced to us in February of 2016.
 3 A. Yeah.
 4 Q. And as I understand -- and you can look at the
 5 detail. And you would see here that what, as I
 6 understand it, Ms. Bradshaw did, was compare the
 7 calculations in your handwritten notes, which were
 8 Bradshaw Exhibit Number 5 and Bradshaw Exhibit
 9 Number 6, to the general ledger in order to see
 10 whether there was a difference between the interest
 11 figures in those two sets of records. Correct?
 12 A. You will have to repeat that. You lost me.
 13 Q. When I spoke with Ms. Bradshaw, what she
 14 told me did, she looked at your --
 15 A. What is this for? 204 specifically?
 16 Q. Yes.
 17 So what she did was she found differences
 18 between your records, which we looked at, which were
 19 Bradshaw Exhibit Number 6 and Bradshaw Exhibit
 20 Number 5, your handwritten records, and looked at
 21 those and compared those to Bradshaw Exhibit
 22 Number 7, which were the general ledger reports from
 23 Cheryl.
 24 A. You lost me, but let's go forward. If we

1 have to re-ask.
 2 Q. Let me do better. Let's make it a visual
 3 display.
 4 Now, we've looked at Bradshaw Exhibit
 5 Number 6. And those were all of your handwritten
 6 records on interest, correct?
 7 A. I assume.
 8 Q. Bradshaw Exhibit Number 5, which are the
 9 same records for -- the same type of records for
 10 years 1993 through 2000.
 11 A. May I?
 12 Q. Of course you may.
 13 A. Okay.
 14 Q. All right. So you have got -- and what Ms.
 15 Bradshaw did, as she explained it to me when I
 16 deposed her, was compared the interest calculations
 17 in your handwritten documents, which are exhibits
 18 Bradshaw 5 and 6, to the general ledger reports of
 19 interest recorded for LT, which are in Bradshaw
 20 Exhibit Number 7. I can't vouch for any of the
 21 numbers in here, sir.
 22 Here's the question I wanted to ask you
 23 about this project. Does it make any sense for
 24 somebody to compare the interest payments that are

1 set out in your handwritten notes to the interest
 2 payments that were actually recorded in the general
 3 ledger?
 4 A. In LT's general ledger?
 5 Q. No. I'm sorry. In the trustees' general
 6 ledger, which are these general ledger reports,
 7 Bradshaw Exhibit Number 7, the ones we looked at
 8 earlier stating quarterly interest payments.
 9 You told me that the general ledger reports
 10 were the true and accurate statement.
 11 A. They should match.
 12 Q. Let me ask you this question, sir. Are you
 13 aware of any reason that there would be or could be
 14 differences in substantial amounts between your
 15 records of interest payments and the general interest
 16 records of interest payments?
 17 A. I don't recall.
 18 Q. But again, if you want to get the accurate
 19 and exact amount of the interest that was due to LT
 20 each quarter for interest earned, we would look at
 21 the general ledger reports in Bradshaw Exhibit
 22 Number 7, yes?
 23 A. I would think so, yes.
 24 Q. We are moving along nicely. I know Barry

1 has some questions. I want to ask you a few --
 2 MR. KALTENBACH: I will be quick, I promise.
 3 MR. HOFFMAN: -- a few more.
 4 Actually, let's go off the record for a
 5 second.
 6 (Discussion held off the record.)
 7 MR. HOFFMAN: We agreed that while I take a
 8 look at some things, Barry would go ahead and ask
 9 questions.
 10 MR. KALTENBACH: Mr. Hoffman can go beyond
 11 the scope of my questioning.
 12 MR. HOFFMAN: Thank you.
 13 EXAMINATION
 14 BY MR. KALTENBACH:
 15 Q. Mr. Healy, good afternoon. I want to cover
 16 a few things that you covered. And I will have a
 17 couple of new things.
 18 With respect to the payment of the audits.
 19 As I understand it, each year, pursuant to the school
 20 code, each school district would have to have an
 21 annual audit performed for its finances. Is that
 22 correct?
 23 A. Correct.
 24 Q. And in addition, the Township Trustees would

1 themselves have an annual audit, correct?

2 A. Correct.

3 Q. So in essence, let's just assume that

4 there's 14 districts. There would be a total of 15

5 audits that would be performed. Is that right?

6 A. Yes. Maybe more.

7 Q. Maybe more.

8 Why would there be more?

9 A. There were a couple of programs -- certain

10 districts required more work than others.

11 Specifically, I am trying to remember, state and

12 federal. State funds and federal funds. If they

13 receive them, those had to be audited. And they were

14 kept -- we traded them as a separate district for our

15 books.

16 Q. Okay.

17 A. And then but some districts didn't get that

18 money. So their audits were easier.

19 Q. And so I understand your testimony, because

20 I -- it is surprising to me, for what that's worth.

21 You're saying that the Township Trustees'

22 office paid for the audit for every school district

23 every year?

24 A. Yes.

1 Q. So in other words, if 102 has an audit

2 performed for just 102, you're saying that the

3 trustees' office would pay that not out of 102 funds,

4 but out of their own funds?

5 A. Out of treasurer's funds.

6 Q. Out of treasurer's funds?

7 A. Right.

8 102, in addition to that, might have

9 contracted, in all probability, with the same auditor

10 to do additional work.

11 Q. To do extra.

12 And would they pay for that out of their own

13 funds or would that be paid for by the treasurer in

14 that scenario?

15 A. God, I don't remember.

16 Q. Okay.

17 A. It wouldn't be as material as a regular

18 audit. But still a lot of work.

19 Q. There was testimony regarding -- maybe I

20 will do it this way.

21 A. I think we did pay it. I don't know. You

22 will have to check. They would know.

23 Q. If the treasurer's office, out of its own

24 funds, paid for the audit of every school district,

1 that should be reflected in the general ledger,

2 correct?

3 A. Yeah. The amounts paid would be in those

4 ledgers. I think there's a separate account for it.

5 Should be.

6 Q. I want to look back at what was marked as

7 Healy Exhibit 1, which is this rubber-banded group of

8 documents. And I am going to --

9 A. Do I get these?

10 MR. HOFFMAN: No. But I can send you

11 copies. I can send a copy, no problem.

12 MR. KALTENBACH: I'm fine with that.

13 MR. HOFFMAN: I can't leave them here,

14 because that's an original.

15 Do you want me to send them to John?

16 THE DEPONENT: Yeah.

17 MR. HOFFMAN: No problem. Hold on a second.

18 Let me make a note.

19 THE DEPONENT: 30 North LaSalle. I think

20 it's north.

21 MR. HOFFMAN: Okay.

22 Q. (By Mr. Kaltenbach) If you could turn to on

23 the -- I'm sorry. On the bottom, I think there ought

24 to be something that has bates numbers. Let me

1 grab -- it's page 170, but I just want to -- it was a

2 letter we looked at earlier. It's the letter doesn't

3 start on the page with the bates number of 170, but

4 it's the August 18, 1999, letter that you wrote to

5 Dr. Beckwith.

6 Do you remember looking at this earlier,

7 sir?

8 A. Yes, sir.

9 Q. And you testified about this second proposal

10 at the top.

11 Do you recall that?

12 A. Yes.

13 Q. And the gist of the proposal is that the 204

14 was doing some -- had hired people and was doing

15 certain business functions on its own. And the idea

16 was that maybe rather than hire the people to do

17 those functions and have the treasurer do them,

18 instead, the treasurer would partially fund 204's

19 performance, correct?

20 A. Yes.

21 Q. Now, if the treasurer, in fact, took those

22 functions over, you testified earlier the treasurer

23 would probably incur additional expenses?

24 A. Yes, sir.

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1 Q. 204 would then though be responsible for
2 their pro rata share of those expenses, correct?

3 MR. HOFFMAN: Objection. Calls for
4 speculation. Lack of foundation.

5 You're talking about something I think that
6 didn't happen.

7 THE DEPONENT: Well, if we spent the money,
8 part of the funds would be reflected in their pro
9 rata bill.

10 Q. (By Mr. Kaltenbach) And I think you
11 testified at the very start of the dep, on average,
12 they were somewhere in the 25 to 30 percent range?

13 A. Twenty-five percent of the additional money
14 spent would be their responsibility, in theory.

15 Q. In theory.

16 And in here, the start of the second
17 paragraph, you state: I would expect that when the
18 Trustees of Schools take into consideration these
19 necessary increases, they would logically conclude
20 that a partial funding by the treasurer's office to
21 cover District 204's cost for the business functions
22 District 204 now performs would be reasonable.

23 You understood that the decision of whether
24 to proceed with this proposal or not was up to the

1 nice. Sellers was a little antagonistic. He wanted
2 us to pay as much as he could get out of us, and I
3 don't know how much of that was reasonable. I don't
4 know. He was already, at the same time, you know, we
5 would try to get along. Amicably. People and the
6 staff were very nice. Kathy Moran and those people
7 were always ladylike and very nice, a pleasure to
8 deal with.

9 MR. KALTENBACH: Do you have Conway 3? I
10 have my copy of it. We used it here. It's a packet
11 of all these memos.

12 MR. HOFFMAN: Yeah. Let me get that out.

13 Q. (By Mr. Kaltenbach) Mr. Healy, this is a
14 packet of memos that we looked at a little bit
15 earlier. And I think you testified specifically with
16 respect to this first memo. And this is a memo you
17 received from Lisa Beckwith on or about February 29,
18 2000. Is that correct?

19 A. Looks like it, yeah.

20 Q. This is what she was proposing the District
21 204 would, in essence, transfer the cost to of the
22 treasurer, correct?

23 A. Yes.

24 Q. And it was three people. And it was a total

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1 trustees, correct?

2 A. Yes.

3 Q. It was not your decision to make. You
4 understood that, right?

5 A. Yes.

6 Q. I think we're done with that page. Try to
7 keep your desktop free of documents so we can move
8 quicker.

9 You testified that you addressed some things
10 with Sellers regarding -- with Mr. Sellers regarding
11 the, you know, this kind of tradeoff of business
12 functions.

13 A. Yes.

14 Q. And you seem to have kind of a reaction when
15 you said that, a physical reaction.

16 Were those unpleasant conversations with
17 Mr. Sellers?

18 A. Normally.

19 Q. They were normally unpleasant?

20 A. They weren't exactly my favorite
21 conversations to have.

22 Q. Was that generally true of all the 204
23 people that you dealt with?

24 A. No. Oh, no. Normally, everybody was very

1 of \$106,403, right?

2 A. Yes.

3 Q. That's their salary, their Medicare, their
4 contributions to the IMRF and their medical insurance
5 and their life insurance, where applicable, right?

6 A. Yes.

7 Q. If you turn, there's numbering at the bottom
8 of each page, I think. If you turn to the next memo,
9 which is page 192. So maybe four or five pages. It
10 should be a May 30, 2001, memo, this time from Harold
11 Huang, H-U-A-N-G. Do you see that one?

12 A. Yeah.

13 Q. And this is a memo that you received from
14 Harold Huang on or about May 30 of 2001?

15 A. Yes.

16 Q. And it's the same three positions, right? A
17 programmer analyst, an accounts payable bookkeeper and
18 a payroll bookkeeper?

19 A. I think so, yes.

20 Q. This time though, one year later, they're up
21 to \$133,289, right?

22 A. Yes.

23 Q. So that's about a 25 percent or so increase
24 in one year?

1 A. Yes.

2 Q. Was -- sir, I'll tell you, I looked in all

3 of the minutes for the Township Trustees meeting and

4 I can't find a reference to the trustees approving

5 the proposal that 204 made that they would pay

6 \$133,289.

7 MR. HOFFMAN: Objection. Foundation. Form.

8 Q. (By Mr. Kaltenbach) You don't -- and if

9 they had approved that, that would be in the meeting

10 minutes that you kept as the clerk, correct, sir?

11 MR. HOFFMAN: Objection. Foundation. Form.

12 Calls for speculation.

13 THE DEPONENT: I don't recall.

14 Q. (By Mr. Kaltenbach) And the next page is

15 another memo. This one the next year, from

16 February 4th of 2002. Do you see that, sir?

17 A. Yes, sir.

18 Q. And we're now up to 138,339 for the same

19 three people, right?

20 A. Yes.

21 Q. And after that, there's a whole bunch of

22 invoices. But if we go a handful of pages, we see

23 another memo, this time for a year later, March 10,

24 2003. Do you see that?

1 there's -- looks like it's the same memo. Let's go

2 after the really dark copy, we will go to April 12th

3 of 2004. And this is a memo to you.

4 A. Same.

5 Q. Looks like the same thing, right? But now

6 we're looking at four people accounting for 175,000,

7 right?

8 A. Right.

9 Q. Did you ever feel that 204 paid its people

10 particularly well, Mr. Healy?

11 A. I think everyone in Cook County knows 204 is

12 very generous in their salaries.

13 Q. Do you think that you would have paid the

14 same people the same salaries that 204 did?

15 A. No.

16 Q. You would have paid them less, correct?

17 A. Trustees would have paid them less.

18 Q. Fair enough.

19 And the trustees were responsible for

20 determining your salary, correct?

21 A. Oh, yes.

22 Q. In fact, they would vote periodically to

23 approve your contract, correct?

24 A. Yes.

1 MR. HOFFMAN: The one that's really dark.

2 MR. KALTENBACH: No. This one is not.

3 March 10, 2003.

4 THE DEPONENT: I got it.

5 MR. HOFFMAN: Same one.

6 MR. KALTENBACH: It might be.

7 Q. (By Mr. Kaltenbach) This is, again, states

8 that 204 proposes that these costs be absorbed by the

9 treasurer's office, right?

10 A. Yes.

11 Q. This time, there's four people appearing,

12 correct?

13 A. Yes.

14 Q. And as well as some invoices for envelopes

15 to be used?

16 A. Yes.

17 Q. So it's 168,000 now, just a couple years

18 later, right?

19 A. Yes.

20 Q. Do you have any recollection of the Township

21 Trustees voting to approve the proposal that 204 made

22 in this memo, sir?

23 A. No.

24 Q. And then a couple of pages after that,

1 Q. And your staff's salaries, that was the

2 trustees would approve those, correct?

3 A. Yes.

4 Q. When a raise was given, you did not have

5 authority to just give a raise to your own staff, did

6 you?

7 A. No, I did not.

8 Q. The trustees had to formally vote and

9 approve that, correct?

10 A. Yes, they did.

11 Q. And when they did that, you recorded that in

12 the minutes, correct?

13 A. Should have.

14 Q. Now, if we turn to the next memo, we've got

15 June 14, 2005. A memo, again, from Mr. Sellers to

16 you. And he proposes that the treasurer's office

17 this time pay 184,000.

18 A. Yes.

19 Q. Remember, we started at 106,000 in 2000,

20 right?

21 A. Yes.

22 Q. Seems to be escalating pretty quickly,

23 doesn't it?

24 MR. HOFFMAN: Object to the form of the

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1 question.

2 MR. KALTENBACH: I was waiting for an
3 answer.

4 Q. (By Mr. Kaltenbach) Preserving the
5 objection, it seems to be escalating pretty quickly,
6 doesn't it, Mr. Healy?

7 A. It is increasing rather rapidly.

8 Q. Then we go to the June 7, 2007, memo a
9 couple of pages later. And there's another page in
10 there that I'm not sure what that is.

11 We turn to the costs for '06/'07, we're now
12 at 206,000. So we have added \$100,000 in six or
13 seven years, correct, Mr. Healy?

14 A. Yes, sir.

15 Q. Did you discuss with Mr. Sellers or
16 Mr. Huang or Ms. Beckwith -- because those are the
17 three people I have seen sending you the memos -- the
18 fact that this cost seems to be shooting up through
19 the roof when the first memo was for only three
20 people and \$106,000?

21 A. I remember that they added the programming
22 expenses, which were material somewhere -- it was
23 after a few years they included the programmer.

24 Q. Is that the database administrator?

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1 A. Yeah. That they claim was for the software
2 expense.

3 Q. Did you discuss with them whether it was
4 appropriate to include that?

5 A. Well, it was kind of a one-sided discussion,
6 I would think.

7 Q. One-sided from them to you, I'm guessing?

8 A. Yeah.

9 Q. In other words, they told you they were --

10 A. Pretty much said this is the way it is.

11 Q. Why didn't you say no?

12 A. Experience proved some kind an argument
13 wouldn't have been very futile with Mr. Sellers.

14 Q. He wouldn't have accepted it?

15 A. No.

16 That was probably more for that programmer
17 than we spent on programming for 14 other districts.
18 You would have to check the records. We didn't have
19 a programmer. We used the software company, Data
20 Control and Research, who had something like
21 30 percent of the school districts in the state of
22 Illinois, and we paid them as they were needed.

23 Q. Do you think you paid them less than
24 Mr. Sellers paid his one programmer?

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1 A. Originally, it would be pretty close. Down
2 the road, I really can't remember all the numbers.

3 Q. I want you to turn to the last memo in here,
4 which is on page, it says, 271 in the bottom right.
5 It's about maybe a half dozen or so pages in from the
6 end. Maybe eight pages in from the end. It's dated
7 June 13, 2012.

8 A. I'm almost there. Okay.

9 Q. And so this is a memo from Mr. Sellers to
10 you. And if we turn to the next page, which actually
11 has everything, we have got \$297,000 now up from the
12 original 106,000, correct? And there's five people
13 now that 204 wants you to pay for, correct?

14 A. Yes.

15 Q. So we have got 75 percent of that database
16 administrator at -- which totals 91,000. And then
17 100 percent of --

18 A. I would say that approximates my salary at
19 the time.

20 Q. The 91,000?

21 A. Yes.

22 Q. So what the trustees were paying you to
23 serve as the treasurer for 14 school districts,
24 you're saying that that's about equal to what 204 was

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1 paying 75 percent of its database administrator?

2 A. Yes.

3 You guys check the records. I'm sure you've
4 got them somewhere.

5 Q. I understand, sir.

6 This is the best of your recollection?

7 A. Yeah.

8 Q. We have got two accounts payable bookkeepers
9 at 100 percent, and they total 65,000 and 59,000
10 respectively, right?

11 A. I don't doubt that. They're paid --
12 compared to what we were paying our girls --

13 Q. And then a payroll specialist --

14 A. -- significantly higher.

15 Q. 204 paid significantly more?

16 A. Yes.

17 Q. And then a payroll specialist, 100 percent
18 of that person, that's at 65,000, right?

19 A. Yeah. Payroll clerk.

20 Q. Sorry.

21 A. Payroll clerk. Payroll lady.

22 Q. Just -- and I don't mean to be derogatory
23 when I say this. A payroll lady making \$65,000 a
24 year though?

1 A. It depends on how you look at it. You know,
2 I didn't supervise her.

3 Q. Right.
4 I'm sorry. Go ahead.

5 A. I didn't supervise her. I don't doubt she's
6 worth it. We don't -- the salaries at the high
7 school far exceeded salaries paid at the treasurer's
8 office. And that's mainly the part of the trustees.
9 They were tight as drums.

10 Q. And then we have got the accounting manager,
11 and that's 15 percent of that salary?

12 A. I asked for a raise one year. You know what
13 he told me. Get married. I said, "Do you know how
14 many laws you just broke? And he said, "I don't
15 care."

16 MR. HOFFMAN: Which one?

17 THE DEPONENT: Nekola.

18 Get married and have some kids, I'll give
19 you more money. That's what I dealt with.

20 Q. (By Mr. Kaltenbach) So to your knowledge,
21 Mr. Healy, the trustees -- oh, never mind. I've got
22 to hurry up and get through this. Let me --

23 A. Tighter with money.

24 Q. Trustees were tight? Tight is one word.

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 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 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.)

1 Q. (By Mr. Kaltenbach) Mr. Healy, this is a
2 document that we retrieved off of your computer. And
3 it appears to be two e-mails in a chain. The bottom
4 e-mail looks like it's an e-mail from David Sellers
5 to you on August 1, 2006, at 5:18 p.m. And then that
6 e-mail gets re-sent, along with some additional
7 comments, the next day --

8 A. Okay.

9 Q. -- from Mr. Sellers to you, and he copies
10 Kathy Moran.

11 A. I have a good idea if you would like me to
12 explain it.

13 Q. Yes, I would. Thank you.

14 A. At the end of the year, as I explained to
15 you guys, we left a little leeway, I did. I gave
16 myself -- I didn't want to get -- I like to leave a
17 little leg room. Mr. Sellers probably told me that
18 what I had done wasn't up to his satisfaction and
19 could I help him -- could I increase his interest
20 earnings by an early distribution. For example, you
21 know, instead of giving it in September of the
22 following year, could I -- could they realize that
23 income at the time -- at the end of 6/30. And I
24 didn't have a problem with it. You know, so it was

1 more of an early distribution than a -- just an early
2 distribution.

3 Q. So the first -- the bottom e-mail, which is
4 the first one sent, mentions that you and him I guess
5 had lunch.

6 A. Yeah, probably.

7 Q. And it said the initial -- he writes: The
8 initial interest was \$1.451 million. And then you
9 indicated there was 280,000 more to be added.

10 Did you have an understanding what he meant
11 when he wrote that?

12 A. Let's read this again. You know, I don't
13 recall exactly, as it was ten years ago.

14 Q. Okay.

15 A. But it would seem to me that it was logical
16 that we helped him by giving an early money to be
17 used against the following year.

18 Q. So in the top e-mail then, which was the
19 more recent of the two, he says: Dear Bob, per our
20 conversation this morning, I understand the 280,000
21 was already included and appreciate the increase of
22 172,165 that we talked through.

23 A. He wanted more money, certain funds. Which
24 I didn't probably have any problem with, because, in

1 my opinion, it was their money. He simply had to
2 transfer it in a memo to us and we would do it. It's
3 his money. It wasn't hours. It was just an
4 interfund thing. I probably spread it proportionally
5 a certain way and he had asked that we use a
6 different proportion and application of interest.

7 MR. HOFFMAN: Excuse me. Court reporter,
8 you got "interfund"?

9 COURT REPORTER: Interfund, yes.

10 MR. HOFFMAN: Just wanted to make sure. My
11 hearing is not perfect.

12 Q. (By Mr. Kaltenbach) Why is -- why is he
13 getting an increase of 172,000 though?

14 MR. HOFFMAN: Object to the form of the
15 question. Contradicts the witness's testimony.

16 THE DEPONENT: Can you repeat --

17 MR. HOFFMAN: Lack of foundation.

18 Q. (By Mr. Kaltenbach) Preserving the
19 objection, why is District 204 getting an increase of
20 \$172,165?

21 A. I would assume it was --

22 MR. HOFFMAN: Same objection.

23 THE DEPONENT: -- an earlier -- a
24 distribution of future interest that the district

1 needed at the time.

2 Q. (By Mr. Kaltenbach) Did 204 complain to you
3 that it felt you were not making them a good enough
4 rate of return?

5 A. It was probably never a good enough rate of
6 return.

7 Q. Nothing would have been a good enough rate
8 of return?

9 A. No.

10 Q. So if you gave them additional money, you're
11 saying it would have been an advance on money they
12 had coming in the future?

13 A. It should have been then.

14 Q. Do you know if, in fact, it was booked that
15 way?

16 A. I don't recall.

17 Q. Was this e-mail in August of 2006 the only
18 time that you think you may have done this for 204?

19 A. It may have been done another time.

20 MR. HOFFMAN: Objection. Lack of
21 foundation.

22 THE DEPONENT: I don't recall. Honestly, I
23 don't recall.

24 Q. (By Mr. Kaltenbach) You don't recall

1 whether it was or wasn't --

2 A. Was it a common practice, no.

3 Q. I will take that. I will leave it with the
4 originals. Sir, I'm going to try to avoid going to
5 them, but we can if we have to.

6 You attended, at least from time to time,
7 meetings of the District 204 finance committee,
8 correct?

9 A. Once in a blue moon.

10 Q. Okay.

11 A. Not regularly.

12 Q. Do you recall attending a meeting of the
13 finance committee in connection with this proposal
14 that we discussed where the treasurer's office may
15 assume the cost of certain business functions?

16 A. No, I don't think so. I don't remember.

17 Q. Let's see if this refreshes your memory.
18 This will be five.

19 MR. KALTENBACH: It might be something
20 already in your packet, Jay. I don't want to dig
21 through the whole thing.

22 (Whereupon said document was duly
23 marked for purposes of
24 identification as Healy Exhibit 5,

1 Does that jog your memory at all about
2 whether you attended a finance committee meeting with
3 204 to discuss the issue of the treasurer's office
4 maybe absorbing the cost of certain functions?

5 A. Can you repeat that, please?

6 Q. Having looked at this minute meeting now --

7 A. Yes, I do recall. They were relatively open
8 to making peace with 204.

9 Q. This is great relationship.

10 At the meeting --

11 MR. HOFFMAN: It's an involuntary one. You
12 can stop it at any time. So if you want to comment
13 on the relationship of the parties, keep in mind,
14 your party wants us to stay a part of the trustees --

15 MR. KALTENBACH: You know, Jay, I'm trying
16 to question the witness. We're under a time crunch.

17 MR. HOFFMAN: Well, if you want to make side
18 comments, you're going to get side comments back. Go
19 ahead.

20 MR. KALTENBACH: I don't think we can stop
21 it at any time.

22 Q. (By Mr. Kaltenbach) This last sentence
23 says: Mr. Healy indicated the Township Board of
24 Trustees is supportive of this method.

1 as of this date.)

2 Q. (By Mr. Kaltenbach) That is what we have
3 marked as Healy Deposition Exhibit 5, which looks to
4 be finance committee meeting minutes from
5 September 29th of 1999. And this indicates at least
6 -- and I understand, sir, I don't have any reason to
7 think you drafted these minutes, but this indicates
8 you were in attendance at this meeting. And I think
9 I'm almost positive we did look at this one earlier.
10 I think you read that fourth paragraph in particular.

11 A. Which one?

12 Q. I'm sorry. So the committee meeting
13 minutes.

14 A. Okay.

15 Q. The fourth paragraph down, it starts --

16 A. Dr. Kelly.

17 Q. The committee directed Dr. Beckwith to work
18 with Mr. Healy. And then it continues.

19 Do you recall reading that earlier today,
20 sir?

21 A. I think so, briefly.

22 Q. And the last sentence of that states:
23 Mr. Healy indicated that the Township Board of
24 Trustees is supportive of this method.

1 Do you recall advising District 204 that any
2 agreement regarding your office assuming the cost of
3 certain business functions is something that the
4 trustees themselves would have to approve?

5 A. No. I think it was more of a general
6 discussion where we would assume some of the costs.

7 Q. Did you ever tell them that you had
8 authority to assume -- that you had authority to
9 enter into that sort of agreement yourself?

10 A. No.

11 The treasurer had a lot of authority.

12 Q. But the treasurer did not have authority to
13 enter into this sort of agreement. You did not have
14 the authority by yourself, correct?

15 A. I think you should look at the contract,
16 mine. There's a specific paragraph on there that
17 says the treasurer is allowed to enter into
18 contracts. I haven't looked at it in many years.

19 Q. But in 2000, you submitted the proposal from
20 Dr. Beckwith to the Township Trustees. And according
21 to the meeting minutes they looked at, they voted to
22 accept that proposal, correct?

23 A. Right.

24 Q. If I tell you that no other meeting minutes

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1 indicate that subsequent year proposals were
2 presented to them or that they voted to accept those
3 proposals, if that's not in the meeting minutes, you
4 don't have any recollection that they, in fact, voted
5 to accept those?

6 A. I don't recall.

7 Q. I have seen the name of someone appearing at
8 some meetings as David Healy. You have never --

9 A. David Healy?

10 Q. You have never gone by the name of David,
11 have you?

12 A. No, sir. They probably got my name wrong.

13 Q. Could have been someone who showed up. I
14 have no idea.

15 A. I don't know any David Healy. Don't recall
16 any David Healy.

17 MR. KALTENBACH: Mark this as six.

18 (Whereupon said document was duly
19 marked for purposes of
20 identification as Healy Exhibit 6,
21 as of this date.)

22 Q. (By Mr. Kaltenbach) Mr. Healy, these are
23 minutes or look to be minutes from a Trustees of
24 Schools meeting for Monday August 28, 2006. And it

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1 indicates that you were present. And if you look at
2 the next page, that appears to be your signature on
3 the left as clerk, is it?

4 A. Yes.

5 Q. So you were present at this meeting and you
6 took these minutes, correct?

7 A. Yes.

8 Q. And on the second page, sir, on the second
9 entry down, it states: A motion was made by Edward
10 Maloney. Paul Newman reiterated his directive that
11 the treasurer not enter into any contract with
12 employees as was done with Lauralee Conrad. The
13 motion was then seconded to approve the treasurer's
14 contract.

15 Do you see that, sir?

16 A. Yes.

17 Q. And you prepared these minutes, right, sir?

18 A. Yes.

19 Q. What was that issue?

20 A. That was Lauralee did some work for us. And
21 I believe we paid her with comp time as opposed to
22 where she would be paid at a later date. That's
23 that. She did extra work for us.

24 Q. And so was the issue that the trustees were

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1 telling you you didn't have the authority to
2 change --

3 A. To not pay anybody with comp time.

4 Q. That was a different form of compensation
5 than they had approved earlier?

6 A. Correct.

7 Q. Sir, as part of your job, did you, from time
8 to time -- strike that.

9 You know what an intergovernmental agreement
10 is, right, Mr. Healy?

11 A. Yes.

12 Q. From time to time, did you sign
13 intergovernmental agreements on behalf of the
14 trustees?

15 A. Probably. I don't recall.

16 Q. If you ever did or if you signed an
17 amendment to an intergovernmental agreement on behalf
18 of the trustees, that's something they specifically
19 had to authorize you to do, correct?

20 MR. HOFFMAN: Objection. Calls for
21 speculation, given that he never did it.

22 THE DEPONENT: I think it depends on what
23 we're talking about.

24 MR. KALTENBACH: Let's just mark this as

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1 seven and I think I'll be done.

2 (Whereupon said document was duly
3 marked for purposes of
4 identification as Healy Exhibit 7,
5 as of this date.)

6 Q. (By Mr. Kaltenbach) So Mr. Healy, this
7 looks to be a resolution of the trustees to approve
8 amendments to increase state and amended
9 intergovernmental cooperative agreement.

10 A. Oh, sure. I know what that is.

11 Q. This is a heck of an acronym. Lyons
12 Township Elementary School District's Employee
13 Benefit Cooperative.

14 A. It's a mouthful. Yeah, that's the insurance
15 trust. I handled that also. I treated it as a
16 separate school district.

17 Q. This is the type of thing you talked about
18 earlier with respect to the audit sometimes?

19 A. This was part of the audit also.

20 Q. This was -- it isn't a school district?

21 A. No, it's not a school district. We treated
22 it as a separate school district, District 999.
23 There was also a dental trust 995. They paid -- they
24 received interest and paid pro rata everything across

1 the board as if they were a school district.
 2 Q. And here on the second page, you can see
 3 that if we look at Section 3 of this resolution to
 4 approve amendments, it says that the Lyons Township
 5 school treasurer be and is hereby authorized and
 6 directed to sign the above described Third Amended
 7 and Restated Intergovernmental Cooperative Agreement
 8 to acknowledge in signifying its approval by the
 9 Trustees of Schools.

10 Do you see that, sir?

11 A. Yes.

12 Q. So you understood that, through this, the
13 trustees were officially authorizing you to sign an
14 intergovernmental agreement, correct?

15 A. Yes, yes.

16 Q. Do you ever recall signing intergovernmental
17 agreements on behalf of the trustees where you were
18 not specifically authorized?

19 A. I would sign on behalf of the trustees. You
20 know, I don't remember. I know I signed this.

21 Q. So you don't remember if you ever signed any
22 other intergovernmental agreements on behalf of the
23 trustees without them adopting a resolution
24 specifically authorizing that?

1 A. Can you repeat, please?

2 Q. In the first proposal that's listed here in
3 paragraph number one, that was for deviations from
4 pro rata billing.

5 Do you remember that proposal?

6 A. All right. Yes.

7 Q. And in that, you say that it would require
8 an intergovernmental agreement among all 12 taxing
9 bodies in the township. And you go on to say that
10 was highly unlikely, right?

11 A. Correct.

12 Q. So turning to proposal number two, which is
13 the funding by township school treasurer of some
14 district functions -- and that's the one that,
15 ultimately, the trustees and LT agree to, correct?
16 That's what was ultimately memorialized in the memo
17 of Lisa Beckwith, right?

18 A. Yes.

19 Q. Now, this proposal number two in your letter
20 here, the one that ultimately became reality, that
21 did not require an intergovernmental agreement,
22 correct?

23 MR. KALTENBACH: Objection. Calls for a
24 legal conclusion.

1 A. Not to my knowledge.

2 MR. KALTENBACH: Fair enough.

3 I will take that back and I will, pursuant
4 to the agreement we have with opposing counsel, pass
5 the witness back to Mr. Hoffman now.

6 EXAMINATION

7 BY MR. HOFFMAN:

8 Q. All right. We're getting near the end of
9 this, Mr. Healy.

10 A. Good.

11 Q. Let me show you, again, a document that we
12 have already looked at. And that was an
13 August 19th -- August 18, 1999, letter that you wrote
14 to Lisa Beckwith.

15 MR. KALTENBACH: Exhibit 1?

16 MR. HOFFMAN: Yes.

17 Q. (By Mr. Hoffman) And you recall that
18 letter, correct, sir?

19 A. Yeah, appears I wrote it.

20 Q. We talked about the proposal number one,
21 which was the deviation from pro rata billing. And
22 in that first proposal, you talked about how that
23 would require an intergovernmental agreement.

24 Do you remember that testimony?

1 THE DEPONENT: I don't know the answer.

2 Q. (By Mr. Hoffman) Did you ever -- without
3 telling me the substance of any legal opinions you
4 got, did you ever seek a legal opinion about this
5 agreement with LT from Michael Cainkar,
6 C-A-I-N-K-A-R?

7 A. We may have had discussion. Any discussion
8 we would have had would have been -- would have been
9 followed up with a written memo.

10 MR. KALTENBACH: I'm going to --

11 MR. HOFFMAN: I'm not asking the substance
12 of these communication --

13 MR. KALTENBACH: Let me get this on the
14 record, if I can.

15 MR. HOFFMAN: Sure.

16 MR. KALTENBACH: Mr. Healy, your
17 communications with Mr. Cainkar, or rather counsel
18 representing the Township Trustees are privileged
19 communications, and I would ask and very respectfully
20 instruct you to not reveal the substance of your
21 communications with counsel.

22 THE DEPONENT: I agree with you.

23 Q. (By Mr. Hoffman) I'm not trying to get at
24 what Mr. Cainkar told you. There's a letter from May

113

115

1 of 2000 that Mr. Cainkar wrote you concerning
2 District 204.

3 My question is, does that -- and that's a
4 document, by the way, that the trustee refused to
5 produce to us and the court agreed with their
6 position that it was attorney/client privilege.

7 My question is, does that information help
8 you to recall whether you sought a legal opinion at
9 this time?

10 A. I don't remember if I did or not.

11 Q. And you will agree that in proposal number
12 one, on the first page of this letter, there's a
13 reference that there would be an intergovernmental
14 agreement required for proposal one. For proposal
15 two, there is no such statement about an
16 intergovernmental agreement.

17 You agree with that, right?

18 A. Well, I think there are two avenues to
19 address the same problem.

20 Q. Right.

21 But the second avenue, which would be the
22 trustee paying for the business functions of LT,
23 that, in your understanding at the time, the other
24 school districts did not have to specifically

1 MR. KALTENBACH: Objection. Calls for legal
2 conclusion.

3 Q. (By Mr. Hoffman) In your understanding.

4 A. I believe they would have the authority to
5 spend money for a specific purpose or hire an
6 employee with a specific purpose.

7 Q. And paying for LT's business functions, as
8 we have seen in a number of these documents, you
9 regarded as the equivalent of paying for additional
10 staff for the trustee, correct?

11 A. It was paying for cost associated with
12 handling District 204.

13 Q. Now, in early years, as we saw in the
14 documentation -- off the record.

15 (Discussion off the record.)

16 Q. (By Mr. Hoffman) Now, on the subject of the
17 agreement between the trustees and LT on the payment
18 of LT's business functions, we saw in 2000 that the
19 trustees who were present at the meeting that we
20 looked at specifically voted to approve this
21 arrangement, correct?

22 A. Yes.

23 Q. Now, even if there aren't specific votes
24 taken in the year 2001 and 2002 and 2003 and

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116

1 approve?

2 MR. KALTENBACH: Objection. Calls for a
3 legal conclusion.

4 MR. HOFFMAN: Asking for his understanding.

5 MR. KALTENBACH: I understand. I will make
6 my own objection.

7 THE DEPONENT: Can you repeat? Sorry. I'm
8 getting tired.

9 MR. KALTENBACH: Same objection.

10 Q. (By Mr. Hoffman) With the objection, is it
11 fair to say that it was your understanding at the
12 time this letter was written in 1999 that no
13 intergovernmental agreement would be required for the
14 proposal number two, which was the trustee paying for
15 LT's business functions?

16 A. I don't think an intergovernmental agreement
17 was taken into account in proposal two.

18 Q. Why is that? Because that's different from
19 proposal one.

20 A. It would seem less material than the scope
21 covered it to.

22 Q. Is that because the trustees had the
23 authority to spend funds on what was basically the
24 equivalent of additional staffing for the trustee?

1 subsequent years, am I correct that the trustees were
2 aware during the 2001 to 2012 time period that the
3 trustee was paying for LT's business functions during
4 that time?

5 MR. KALTENBACH: Objection. Asked and
6 answered.

7 THE DEPONENT: It was known that there was
8 some costs were being paid associated specifically
9 with 204. I don't know if it ever got -- I don't --

10 MR. HOFFMAN: You say "it was known."

11 MR. KALTENBACH: Let him finish.

12 MR. HOFFMAN: I just want to clarify.

13 Q. (By Mr. Hoffman) When you say "it was
14 known," are you saying --

15 A. We told them.

16 Q. You told who? The trustees?

17 A. Trustees.

18 Q. Go ahead.

19 A. Part of our expenses -- we were paying part
20 of -- money to help with -- I'm saying it
21 incorrectly.

22 That we were picking up some of the costs
23 for 204 to process the regular business functions of
24 which we were paying 100 percent for the other

1 districts. So yes.

2 Q. And in 2001 to 2012, do you recall any of

3 the trustees of Township Trustees voicing to you any

4 objection to that arrangement?

5 A. Just that the cost seemed high.

6 Q. Did they ever reject those costs?

7 A. They also asked that we ask for performance

8 reports from 204, which we never received.

9 Q. So they voiced complaints about the lack of

10 performance reports and the cost, correct?

11 A. And the oversight too. If we were paying

12 for them, they should have worked for me. For the

13 treasurer. They should have worked for the

14 treasurer. We had no control over these people.

15 Q. Were there any other complaints they voiced?

16 A. No, not to my recollection.

17 Q. Is it true, despite voicing those

18 complaints, the trustees were aware of and approved

19 the expenditures that the trustees made to LT for

20 LT's business functions?

21 A. They approved the expenditures of the

22 treasurer's office as a whole.

23 Q. Those would have included the LT business

24 functions?

1 A. LT business functions would have been

2 included as a whole.

3 Q. But they were -- it wasn't like it was

4 hidden in there and they didn't know what was going

5 on. They knew, yes?

6 A. They knew some -- we were picking up some of

7 the cost for LT.

8 Q. In later years --

9 A. High school.

10 Q. Now, we looked at -- Mr. Kaltenbach showed

11 you some of the total numbers for LT's business

12 functions and showed it increasing over the years.

13 In certain later years, were the costs of

14 LT's business functions ever greater than the pro

15 rata expenses?

16 A. I don't recall.

17 Q. Do you ever recall any -- because the

18 records don't indicate that there was ever a payment

19 that the trustees made on top of what the pro rata

20 expenses are.

21 Do you remember an instance like that?

22 A. I don't recall.

23 Q. Okay. Almost done here.

24 MR. KALTENBACH: So far, I don't have

1 anymore.

2 MR. HOFFMAN: Cool.

3 THE DEPONENT: Let's finish.

4 Q. (By Mr. Hoffman) Oh, you mentioned in

5 response to Mr. Kaltenbach's questions an instance

6 where you believe you made an advance payment of

7 interest to LT --

8 A. Interest distribution.

9 Q. Interest distribution in advance.

10 And that would have been reduced in a

11 following year, according to your business practices,

12 correct?

13 A. Yes, should have been.

14 Q. Now, did you ever make any similar advances

15 to other districts --

16 A. No.

17 Q. -- like District 109?

18 A. No. Um --

19 Q. District 109 possibly?

20 A. I'm trying to think. There might have been

21 one or two over the years. But they were small and

22 they were treated in the same fashion. Reduced. I

23 can't remember specifically. I'm sorry. That's a

24 long --

1 MR. HOFFMAN: I have no further questions,

2 sir. And I want to thank you --

3 MR. KALTENBACH: Nor do I.

4 MR. HOFFMAN: -- for your patience.

5 THE DEPONENT: We done?

6 MR. KALTENBACH: We are, sir.

7 MR. HOFFMAN: You're all done.

8 There's one last thing, which is I will send

9 John copies of all of the --

10 THE DEPONENT: You got his name and --

11 MR. HOFFMAN: I know John from a case years

12 ago.

13 THE DEPONENT: It's 20 or 30 North LaSalle.

14 MR. HOFFMAN: I will have no problem finding

15 him.

16 Here's the last bit of business. You have

17 the legal right to look over the transcript for any

18 transcription errors that the court reporter might

19 have made or you can waive that right.

20 THE DEPONENT: I'd like to read it.

21 MR. HOFFMAN: Then I will make sure you get

22 a copy.

23 THE DEPONENT: Send it here. Do you have

24 our address?

1 MR. HOFFMAN: I do. I will make sure you
2 get a copy.

3 THE DEPONENT: I hope it comes better than
4 that subpoena.

5 (FURTHER DEPONENT SAITH NAUGHT.)

6 (Time concluded: 4:15 p.m.)
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1 ERRATA SHEET

2 I, ROBERT HEALY, do hereby certify that I have
3 read the foregoing deposition and that it is a true
4 and accurate translation of the questions asked of me
5 and the answers given by me, with the following
6 change(s):

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Page	Line	Should Be	Reason
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ROBERT HEALY

Subscribed and sworn to before me

this day of , 2016.

Notary Public

Township Trustees of Schools Township 38 North, Range
12 East v. Lyons Township High School District 204
Deposition taken November 14, 2016
Rptr/act

1 STATE OF ILLINOIS)
2)SS
3 COUNTY OF SANGAMON)

C E R T I F I C A T E

4
5 I, Angela C. Turner, a Certified Shorthand
6 Reporter, do hereby certify that prior to the taking
7 of the deposition herein, and on November 14, 2016,
8 the Deponent ROBERT HEALY was, by me, sworn to
9 testify to the truth in relation to the matter in
10 controversy herein. That on said date the foregoing
11 deposition was taken down in shorthand by me and
12 afterwards reduced to typewritten form by me, and
13 that the foregoing transcript contains a true and
14 accurate translation of all such shorthand notes.

15 Given under my hand this 16th day of
16 November, 2016, at Springfield, Illinois.
17
18

19 Certified Shorthand Reporter
20 License No. 084-004122
21
22
23
24

EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346

BOARD OF SCHOOL TRUSTEES
Joseph Nekola, President
Donna A. Milich, Trustee
Russell W. Hartigan, Trustee

ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

April 29, 1999

Dr. Lisa Beckwith, Business Manager
Lyons Township High School
100 S. Brainard Avenue
LaGrange, IL 60525

Dear Dr. Beckwith:

You have requested an analysis of the duties and responsibilities of the Lyons Township School Treasurer's Office, and the specific services provided by the office as mandated by the School code (105 ILCS 5/1-1, et seq.).

Statutory Duties and Responsibilities

Most of the provisions pertaining to the Township Treasurers are found in Article 8 of the School Code of the School Code, 105 ILCS 5/1-1, et seq. Those provisions unequivocally demonstrate the responsibilities of the Township Treasurer in accounting for and controlling the funds of all school districts within the Township.

Article 8 of the School Code expressly provides for numerous duties and responsibilities of the township school treasurer relative to the accounting and control of the funds for all school districts within the township. The statutory duties and responsibilities, in par, are as follows:

Section 8-1 requires that the township school treasurer shall attend all meetings of the trustees of schools and shall act as the ex-officio clerk for the board of trustees. The treasurer is required to maintain records of the meetings for public perusal. In addition to its regular meetings, the trustees of schools conducts meetings pertaining to boundary changes (annexations, disconnections, consolidations, etc.). By resolution, the Lyons Township School Treasurer acts as the hearing officer for all meetings pertaining to boundary changes.

EXHIBIT

13

tabbles

Section 8-2 requires that the school treasurer execute a surety bond insuring the faithful performance of his duties.

Section 8-5 requires the trustees of schools to provide the township treasurer with a cash book, a loan book, a district account book and a journal. The township treasurer is required to keep his accounts in the manner directed by the State Board of Education, the Regional Superintendent of Schools or the Trustees of Schools. In the cash book, the treasurer is required to "enter in separate accounts all moneys received and paid out, with the amount, date, from whom, to whom and on what account received or paid out; or, if loaned, the date, to whom, and the amount." The information from the cash book is then used to post information in the district account book, which requires the posting of "all receipts and expenditures on account of any district, with the amount, date, from or to whom, and from what source and for what purposes."

Section 8-6 of the School Code requires that the school treasurer "shall have custody of the school funds and shall keep in a cash book separate balances," entering the balance, total of all moneys received in each fund, and the total of the orders countersigned or checks signed. He is also required to extend the balance at least monthly and then reconcile the balance of the school funds with accounting or bookkeeping departments of the various districts

Section 8-7 states, without qualification, that the township treasurer "shall be the only lawful custodian of all school funds and shall demand receipt for and safely keep, according to law, all bonds, mortgages, notes, moneys, effects, books and papers belonging to any school district or township, as the case may be, which he serves as treasurer."

Section 8-8 requires that the township treasurer invest all funds and establishes the parameters of an investment policy. Notably, the investment policy for a township treasurer leaves substantial discretion in the treasurer's office regarding the investment of funds.

Section 8-9 and 8-10 authorizes the township treasurer to execute mortgages pertaining to school district property and to initiate legal proceedings in the event of default.

Under Section 8-13, the township treasurer is required to deliver a statement showing condition of the township funds to the county superintendent on or before June 30 each year. He is also required to provide the annual statement of affairs for each district within the township.

Section 8-14 requires that the township treasurer prepares and submits a biannual statement showing the investment proceeds and other income received and the distribution of funds on hand.

Section 8-15 requires that the school treasurer furnish a monthly reconciliation to the board of trustees verifying the receipt and distribution of funds. The school treasurer is required to comply with any lawful demands of the board of trustees or school board regarding any fund balances.

Section 8-16; requires the treasurer to pay out funds of any school district "only upon an order of the school board signed by the president and clerk or secretary or by a majority of the board...". The only exception to this is in the payment of social security taxes, which may be made upon a certification by the clerk or secretary in the amount of the obligation only. Sections 10-18 and 10-20.19 of the School Code provide further details as to the procedure to be followed in submitting orders for payment. The form of order is specifically provided for in Section 10-18. Section 10-20.19 however, also allows a board to choose to substitute a certified copy of the portions of the board minutes, properly signed by the secretary and president, or a majority of the board, showing all bills approved for payment by the board and clearly showing to whom, and for what purpose budgetary item each payment shall be debited. That certified copy provides "full authority" to the treasurer to make the payments. A voucher system may also be used so long as it provides the same information.

Section 8-17 of the School Code contains a specific enumeration of the duties of the treasurer, some of which reiterate some of the previously defined duties, and others which merely clarify the general statements of duties. Insofar as financial matters are concerned, the township treasurer is obliged to return the certificate of tax levy made by each school board in his township and to collect the full amount of taxes levied by the school boards.

School Districts Served by the Lyons Township School Treasurer

Cook County School District #101 (Western Springs)
Cook County School District #102 (Brookfield, LaGrange, LaGrange Park)
Cook County School District #102.3 Headstart
Cook County School District #102.5 Multi-District
Cook County School District #103 (Lyons, McCook)
Cook County School District #104 (Summit, Bedford Park)
Cook County School District #105 (LaGrange, Hodgkins, Countryside, McCook)
Cook County School District #106 (LaGrange Highlands, Indian Head Park)
Cook County School District #107 (Burr Ridge, Willow Springs, Countryside)
Cook County School District #108 (Willow Springs)
Cook County School District #109 (Hickory Hills, Bridgeview, Justice)
Cook County High School District #217
Cook County High School District #204
LaGrange Area of Special Education (LADSE)
Du Page District #69 Puffer Hefty (Downers Grove)
Lyons Township Elementary Medical Self Insurance Pools

Business Functions Specifically Performed

This office provides for multiple financial services to the township school districts. This is accomplished by utilizing a central mainframe computer system, which the individual schools/school districts use to perform daily business functions. The computer is used on a regular basis by more than 275 users. Please keep in mind that there is one group of people (computer operators & programmers) utilizing one computer, which is simultaneously serving several offices throughout the township. All individual business functions provided by this office are utilized by all school districts with the only exception being school district #204. Below is a breakdown by major category.

Accounts Payable. The Lyons Township School Treasurer's office produces the accounts payable check for the school district. This function includes, but is not limited to, maintaining and producing purchase orders, preparation of 1099's, accounting relating to vendors, all fiscal and calendar financial reports, maintaining a data base pertaining to vendors and other aspects of the duties performed by this office. The foregoing functions are prepared in conjunction with a multitude of duties and reports mandated by statute.

Budget. This office maintains a computer database used by all the school districts regarding their budgets. The specific reports which are generated include but are not limited to the annual LEA reports, budget validations, report writers, source of funds, and a variety of miscellaneous reports.

Payroll. The payroll department in the treasurer's office is responsible for working with all the above mentioned school districts to produce approximately 475 separate payrolls per year for approximately 4500 employees. This can be translated into producing upwards of 7000 payroll checks per month involving five different banking institutions. Please keep in mind that each and every check must be and is accounted for at all times. The balancing and production of a payroll can be a complex service and becomes even further complicated by dealing with so many different district procedures within the 15 different offices. Some of the reports and monthly payments to be produced include and are not limited to Illinois Municipal Retirement Fund, Payroll Report, The T.R. S. teachers report, FICA, 941's, employee directories,

An annual payroll function is the timely production of W-2s (3500 - 4000).

The direct deposit function is a service provided to all the districts in Lyons Township by this office. There is a separate procedure, which allows us to process the Lyons Township High School employee's direct deposit checks. This is done on a timely basis and does involve follow up work and/or investigation when problems occur. Another service provided to the school districts is to electronically transmit all Federal, FICA, and Medicare payments to the Federal government. This is mandated to our school districts because of the size and the amount of payments. This is done on a timely basis for all school districts.

Employee Attendance. A business service, which all districts utilize, is the tracking of employees on the computer. The software allows the school districts to keep a record of all teachers and other employees. Individual reports are accessible to the individual district business offices. Some of the available reports are the teacher service record, employee's history, seniority list, census, etc.

General Ledger and Reconciliation. This office produces monthly financial reports for all the school districts served by this office. Because of the large number of school boards, it is necessary for the reports to be produced in a timely fashion for their board meetings. Monthly reports are sent to each school board which include, but are not limited to, the following items: Summary of Fund Balance, Function Summary Reports, Real Estate Tax Receipts and Distributions, Statement of Position, Budget Reports, and Receipt and Disbursement Reports. Several copies may be produced.

Bank Reconciliations. Due to the large volume of checks produced by the school districts both in payroll and accounts payable, it is imperative that this be closely monitored. This service is provided to all the school districts. A monthly "tying out" or reconciliation is performed to keep districts up to date on its current financial position.

Reconciling two separate sets of books, as in the case of Lyons Township High School, has become an extremely complicated and time-consuming endeavor. This office has assumed some of the functions pertaining to the reconciliation, which were previously handled by the district's business office. This added responsibility is performed for no other district under the jurisdiction of the Lyons Township Trustees of Schools.

The above mentioned financial services are provided to all of the districts in Lyons Township by this office with the exception of Lyons Township High School. On July 1, 1988, Lyons Township High School assumed these responsibilities in house with the complete knowledge of any and all costs of their actions. Lyons Township High School knew fully well that this office would continue to provide the other 14 districts with full service. Below are some of the services which Lyons Township High School continues to utilize.

Other Services Provided.

Annual Publication. This office meets all legal requirements for the publication of the complete financial reports for each school district within the township.

Land Acquisition and Disposition. The Trustees of Schools acts as the sole custodian of any and all school property.

This may include the acquisition or sale of any property by a school district. Although, limited in activity, this function becomes more complex and expensive when the appraisal of school property enters into consideration. For example, this office hired an appraiser to appraise Lyons Township High Schools land last year at a cost of over \$14,000.00.

Annual Audit. The trustees hire and pay for the audit of the school districts and the Treasurer's office in Lyons Township. This office has assumed the cost of Lyons Township High School's audit, even though the functions were in house.

Receipts. This office is responsible for the receipt of all state and federal monies and notification of the districts. Other forms of monies received could be interest, tax receipts, real estate taxes, personal property replacement taxes, etc.

Tax Objections. An annual function of this office is to fight the tax protests filed by taxpayers within the township who think they are overcharged, and are willing and able to fight their tax bill (i.e., Railroads, Dominick, Jewel, UPS) This office hires an attorney to represent all of the school districts in Lyons Township, thereby saving the districts the time and headaches associated with this.

De-annexation/Annexation. When the regional board of superintendents was done away with by the legislature, the duties and responsibilities went to the school trustees. The trustees became responsible for the approval or denial of a claim by a resident or group of residents to leave a particular school district and go to another one. Although rare, it is a very time consuming and complex situation when it arises. A few years ago Lyons Township High School and School District 101 were involved in such a case with the Hinsdale property. It would be a low estimate that this office spent \$30, 000.00 or more defending the denial to leave Lyons Township.

Centrex. This office maintains in conjunction with AT&T two Centrex telephone systems by use in two groups of elementary school districts within the township. Up until very recently all districts with the exception of Lyons Township High School participated in this cost saving venture. Lyons Township High School has its own Centrex system and chose not to become a part of the system at the Treasurer's office.

Insurance Trust. This office is a member of the Lyons Township Elementary Self-Insurance Pool plan. This is a self-insurance pool by school district for medical insurance purposes. This office acts as central accountant and bill payer for primary services. Other participants are District 88, Districts 101, 102, 103, 105, 106, 107, and 108.

Investment of School Funds. The most important function which I perform for Lyons Township High School is to invest the funds of the school district. My goal is to maximize returns within the confines of low risk tolerance. The funds are managed in a prudent manner as it relates to such issues as rate of return, investment vehicles, liquidity and diversification among individual investments.

Except for cash in certain restricted and special funds, the Lyons Township School Treasurer will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Structuring the maturity dates on all securities maintained in the investment portfolio to secure a maximum rate of return while meeting the cash requirements for ongoing operations requires careful monitoring of the portfolio and the expenses of each school district.

Since all possible cash demands cannot be anticipated, the portfolio consists partially of securities with active secondary or resale markets. Return on the investment is of secondary importance compared to the safety and liquidity objectives. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. As chief investment officer to the trustees of schools, it is my responsible to establish and maintain an internal control structure designed to insure the assets of not only Lyons Township High School, but fourteen other school districts are protected from loss, theft or misuse. An aspect of this is that all investments are held and accounted for to indicate ownership by the Lyons Township School Treasurer. As sole custodian of the district funds I am responsible for the accounting, record keeping, custodial safekeeping, confirmations of transactions, wire-transfers and any bank agreements.

The primary reason that Lyons Township High School has been the recipient of the higher rate of return on investments is that it benefits from the pooling of its funds with the other school districts in the area. Below the receipts for the year ended June 30, 1998:

DISTRICT	FUND HANDLED	PERCENTAGE
101	11,013,122.16	3.8632
102	20,907,596.36	10.9790
103	15,133,296.45	7.9469
104	12,127,331.18	6.3684
105	10,123,096.63	5.3159
106	7,339,123.52	3.8540
107	8,962,137.53	4.7062
108	2,359,493.14	1.2390
109	20,381,133.98	10.7026
204	61,817,929.55	26.7514
LADSE	9,999,867.51	5.2512
217	20,952,854.41	11.0029
DENTAL	171,355.00	.0899
MEDICAL	3,674,163.94	1.9293
TOTAL	\$204,962,501.36	100.0000

Below are the available figures for the current year as of March 31, 1999.

DISTRICT	FUNDS HANDLED	PERCENTAGE
101	7,586,311.26	4.65
102	19,174,433.62	11.73
103	18,407,636.78	11.26
104	10,523,025.73	6.44
105	9,490,202.77	5.81
106	6,118,100.88	3.75
107	6,546,665.42	4.01
108	2,259,295.14	1.39
109	15,214,662.83	9.31
204	39,545,187.44	24.19
LADSE	7,341,909.11	4.50
217	18,485,041.33	11.31
MEDICAL	2,783,840.43	1.65
TOTAL	\$163,476,312.84	100.00

As the Treasurer for Lyons Township Schools for the last decade, I have continued to out perform the Illinois Liquid Asset Fund, all short-term (Three to Five Year Range) Treasury securities and the State Treasurer's Investment Pool. The assets of Lyons Township out performed many of the neighboring school districts and at the same time no funds have ever been jeopardized.

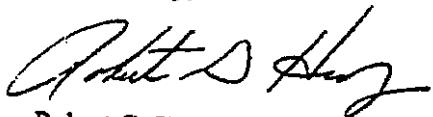
Special Services Provided to School District 204.

- Hand delivery of weekly and monthly financial statements
- Produce monthly magnetic computer tapes for 3 accounts
- Daily cash/coin delivery to both north and south campus cafeterias
- Cash /coin available for school buy back program
- Provide supplies when requested — coin bags, ties, etc.
- Deposits are delivered each day by external courier.
- Purchase of all Accounts Payable Checks
- Purchase of all Payroll Checks
- Purchase of all Imprest Fund and Miscellaneous Checks.

The Lyons Township School Treasurer's Office serves the taxpayers by achieving economies of scale through consolidating and implementing the financial affairs and obligations of the individual school districts. Far from being an anachronism, the modern trend for units of local government is towards consolidating or centralizing functions to achieve both cost savings and efficiency. Respectfully, regardless of whether or not Lyons Township High School believes it receives the full value of services from the Lyons Township Treasurer's office, given the autonomous financial functions it performs, the provisions of 105 ILCS 5/8-4 requires that all school districts pay their proportionate share of the expenses of the Treasurer's Office. The contribution formula is prescribed by statute and allows for no variation. The situation at hand is analogous to a resident who sends his children to parochial schools, but is nonetheless required to pay that portion of his real estate tax bill earmarked for public school education.

If you have any questions or comments after reviewing the foregoing, please do not hesitate to call.

Respectfully,



Robert G. Healy
Lyons Township School Treasurer

RGH/grm

CC: Mr. Joseph Nekola, President
Mrs. Donna A. Milich, Trustee
Mr. Russell W. Hartigan, Trustee

EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346



BOARD OF SCHOOL TRUSTEES
Joseph Nekola, President
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Russell W. Hartigan, Trustee

ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

January 12, 2001

Dr. Dennis Kelly, Superintendent
Cook County High School District #204
100 S. Brainard Avenue
La Grange, IL 60525

Dear Dennis,

You have requested an analysis of the duties and responsibilities of the Lyons Township School Treasurer's Office, and the specific services provided by the office as mandated by the School code (105 ILCS 5/1-1, et seq.).

Statutory Duties and Responsibilities

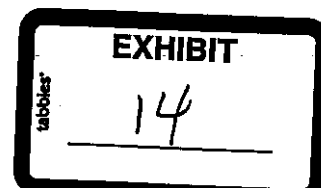
Most of the provisions pertaining to the Township Treasurers are found in Article 8 of the School Code of the School Code, 105 ILCS 5/1-1, et seq. Those provisions unequivocally demonstrate the responsibilities of the Township Treasurer in accounting for and controlling the funds of all school districts within the Township.

Article 8 of the School Code expressly provides for numerous duties and responsibilities of the township school treasurer relative to the accounting and control of the funds for all school districts within the township. The statutory duties and responsibilities, in par, are as follows:

Section 8-1 requires that the township school treasurer shall attend all meetings of the trustees of schools and shall act as the ex-officio clerk for the board of trustees. The treasurer is required to maintain records of the meetings for public perusal. In addition to its regular meetings, the trustees of schools conducts meetings pertaining to boundary changes (annexations, disconnections, consolidations, etc.). By resolution, the Lyons Township School Treasurer acts as the hearing officer for all meetings pertaining to boundary changes.

Section 8-2 requires that the school treasurer execute a surety bond insuring the faithful performance of his duties.

Section 8-5 requires the trustees of schools to provide the township treasurer with a cash book, a loan book, a district account book and a journal. The township treasurer is required to keep his accounts in the manner directed by the State Board of Education, the



Regional Superintendent of Schools or the Trustees of Schools. In the cash book, the treasurer is required to "enter in separate accounts all moneys received and paid out, with the amount, date, from whom, to whom and on what account received or paid out; or, if loaned, the date, to whom, and the amount." The information from the cash book is then used to post information in the district account book, which requires the posting of "all receipts and expenditures on account of any district, with the amount, date, from or to whom, and from what source and for what purposes."

Section 8-6 of the School Code requires that the school treasurer "shall have custody of the school funds and shall keep in a cash book separate balances," entering the balance, total of all moneys received in each fund, and the total of the orders countersigned or checks signed. He is also required to extend the balance at least monthly and then reconcile the balance of the school funds with accounting or bookkeeping departments of the various districts

Section 8-7 states, without qualification, that the township treasurer "shall be the only lawful custodian of all school funds and shall demand receipt for and safely keep, according to law, all bonds, mortgages, notes, moneys, effects, books and papers belonging to any school district or township, as the case may be, which he serves as treasurer."

Section 8-8 requires that the township treasurer invest all funds and establishes the parameters of an investment policy. Notably, the investment policy for a township treasurer leaves substantial discretion in the treasurer's office regarding the investment of funds.

Section 8-9 and 8-10 authorizes the township treasurer to execute mortgages pertaining to school district property and to initiate legal proceedings in the event of default.

Under Section 8-13, the township treasurer is required to deliver a statement showing condition of the township funds to the county superintendent on or before June 30 each year. He is also required to provide the annual statement of affairs for each district within the township.

Section 8-14 requires that the township treasurer prepares and submits a biannual statement showing the investment proceeds and other income received and the distribution of funds on hand.

Section 8-15 requires that the school treasurer furnish a monthly reconciliation to the board of trustees verifying the receipt and distribution of funds. The school treasurer is required to comply with any lawful demands of the board of trustees or school board regarding any fund balances.

Section 8-16; requires the treasurer to pay out funds of any school district "only upon an order of the school board signed by the president and clerk or secretary or by a

majority of the board...". The only exception to this is in the payment of social security taxes, which may be made upon a certification by the clerk or secretary in the amount of the obligation only. Sections 10-18 and 10-20.19 of the School Code provide further details as to the procedure to be followed in submitting orders for payment. The form of order is specifically provided for in Section 10-18. Section 10-20.19 however, also allows a board to choose to substitute a certified copy of the portions of the board minutes, properly signed by the secretary and president, or a majority of the board, showing all bills approved for payment by the board and clearly showing to whom, and for what purpose budgetary item each payment shall be debited. That certified copy provides "full authority" to the treasurer to make the payments. A voucher system may also be used so long as it provides the same information.

Section 8-17 of the School Code contains a specific enumeration of the duties of the treasurer, some of which reiterate some of the previously defined duties, and others which merely clarify the general statements of duties. Insofar as financial matters are concerned, the township treasurer is obliged to return the certificate of tax levy made by each school board in his township and to collect the full amount of taxes levied by the school boards.

School Districts Served by the Lyons Township School Treasurer

Cook County School District #101 (Western Springs)
 Cook County School District #102 (Brookfield, LaGrange, LaGrange Park)
 Cook County School District #102.3 Headstart
 Cook County School District #102.5 Multi-District
 Cook County School District #103 (Lyons, McCook)
 Cook County School District #104 (Summit, Bedford Park)
 Cook County School District #105 (LaGrange, Hodgkins, Countryside, McCook)
 Cook County School District #106 (LaGrange Highlands, Indian Head Park)
 Cook County School District #107 (Burr Ridge, Willow Springs, Countryside)
 Cook County School District #108 (Willow Springs)
 Cook County School District #109 (Hickory Hills, Bridgeview, Justice)
 Cook County High School District #217
 Cook County High School District #204
 LaGrange Area of Special Education (LADSE)
 Du Page District #69 Puffer Hefty (Downers Grove)
 Lyons Township Elementary Medical Self Insurance Pools

Business Functions Specifically Performed

This office provides for multiple financial services to the township school districts. This is accomplished by utilizing a central mainframe computer system, which the individual schools/school districts use to perform daily business functions. The computer is used on a regular basis by more than 275 users. Please keep in mind that there is one group of people (computer operators & programmers) utilizing one computer, which is simultaneously serving several offices throughout the township. All

individual business functions provided by this office are utilized by all school districts with the only exception being school district #204. Below is a breakdown by major category.

Accounts Payable. The Lyons Township School Treasurer's office produces the accounts payable check for the school district. This function includes, but is not limited to, maintaining and producing purchase orders, preparation of 1099's, accounting relating to vendors, all fiscal and calendar financial reports, maintaining a data base pertaining to vendors and other aspects of the duties performed by this office. The foregoing functions are prepared in conjunction with a multitude of duties and reports mandated by statute.

Budget. This office maintains a computer database used by all the school districts regarding their budgets. The specific reports which are generated include but are not limited to the annual LEA reports, budget validations, report writers, source of funds, and a variety of miscellaneous reports.

Payroll. The payroll department in the treasurer's office is responsible for working with all the above mentioned school districts to produce approximately 475 separate payrolls per year for approximately 4500 employees. This can be translated into producing upwards of 7000 payroll checks per month involving five different banking institutions. Please keep in mind that each and every check must be and is accounted for at all times. The balancing and production of a payroll can be a complex service and becomes even further complicated by dealing with so many different district procedures within the 15 different offices. Some of the reports and monthly payments to be produced include and are not limited to Illinois Municipal Retirement Fund, Payroll Report, The T.R. S. teachers report, FICA, 941's, employee directories,

An annual payroll function is the timely production of W-2s (3500 - 4000).

The direct deposit function is a service provided to all the districts in Lyons Township by this office. All direct deposit procedures are done on a timely basis and does involve follow up work and/or investigation when problems occur. Another service provided to the school districts is to electronically transmit all Federal, FICA, and Medicare payments to the Federal government. This is mandated to our school districts because of the size and the amount of payments. This is done on a timely basis for all school districts.

Employee Attendance. A business service, which all districts utilize, is the tracking of employees on the computer. The software allows the school districts to keep a record of all teachers and other employees. Individual reports are accessible to the individual district business offices. Some of the available reports are the teacher service record, employee's history, seniority list, census, etc.

General Ledger and Reconciliation. This office produces monthly financial reports for all the school districts served by this office. Because of the large number of school boards, it is necessary for the reports to be produced in a timely fashion for their board meetings. Monthly reports are sent to each school board which include, but are not

limited to, the following items: Summary of Fund Balance, Function Summary Reports, Real Estate Tax Receipts and Distributions, Statement of Position, Budget Reports, and Receipt and Disbursement Reports. Several copies may be produced.

Bank Reconciliations. Due to the large volume of checks produced by the school districts both in payroll and accounts payable, it is imperative that this be closely monitored. This service is provided to all the school districts. A monthly "tying out" or reconciliation is performed to keep districts up to date on its current financial position.

Reconciling two separate sets of books, as in the case of Lyons Township High School, has become an extremely complicated and time-consuming endeavor. This office has assumed some of the functions pertaining to the reconciliation, which were previously handled by the district's business office. This added responsibility is performed for no other district under the jurisdiction of the Lyons Township Trustees of Schools.

Annual Publication. This office meets all legal requirements for the publication of the complete financial reports for each school district within the township.

Land Acquisition and Disposition. The Trustees of Schools acts as the sole custodian of any and all school property.

This may include the acquisition or sale of any property by a school district. Although, limited in activity, this function becomes more complex and expensive when the appraisal of school property enters into consideration. For example, this office hired an appraiser to appraise land last year at a cost of over \$14,000.00.

Annual Audit. The trustees hire and pay for the audit of the school districts and the Treasurer's office in Lyons Township.

Receipts. This office is responsible for the receipt of all state and federal monies and notification of the districts. Other forms of monies received could be interest, tax receipts, real estate taxes, personal property replacement taxes, etc.

Tax Objections. An annual function of this office is to fight the tax protests filed by taxpayers within the township who think they are overcharged, and are willing and able to fight their tax bill (i.e., Railroads, Dominick, Jewel, UPS) This office hires an attorney to represent all of the school districts in Lyons Township, thereby saving the districts the time and headaches associated with this.

De-annexation/Annexation. When the regional board of superintendents was done away with by the legislature, the duties and responsibilities went to the school trustees. The trustees became responsible for the approval or denial of a claim by a resident or group of residents to leave a particular school district and go to another one. Although rare, it is a very time consuming and complex situation when it arises. A few years ago Lyons Township High School and School District 101 were involved in such a case with the

Hinsdale property. It would be a low estimate that this office spent \$30, 000.00 or more defending the denial to leave Lyons Township.

Centrex. This office maintains in conjunction with AT&T two Centrex telephone systems by use in two groups of elementary school districts within the township. system

Insurance Trust. This office is a member of the Lyons Township Elementary Self - Insurance Pool plan. This is a self- insurance pool by school district for medical insurance purposes. This office acts as central accountant and bill payer for primary services. Other participants are District 88, Districts 101, 102, 103, 105, 106, 107, and 108.

Investment of School Funds. The most important function I perform for the school districts of Lyons Township is the investment of funds. My goal is to maximize returns within the confines of low risk tolerance. The funds are managed in a prudent manner as it relates to such issues as rate of return, investment vehicles, liquidity and diversification among individual investments.

Except for cash in certain restricted and special funds, the Lyons Township School Treasurer will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. Structuring the maturity dates on all securities maintained in the investment portfolio to secure a maximum rate of return while meeting the cash requirements for ongoing operations requires careful monitoring of the portfolio and the expenses of each school district.

Since all possible cash demands cannot be anticipated, the portfolio consists partially of securities with active secondary or resale markets. Return on the investment is of secondary importance compared to the safety and liquidity objectives. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. As chief investment officer to the trustees of schools, it is my responsible to establish and maintain an internal control structure designed to insure the assets of (15) fifteen school districts are protected from loss, theft or misuse. An aspect of this is that all investments are held and accounted for to indicate ownership by the Lyons Township School Treasurer. As sole custodian of the district funds I am responsible for the accounting, record keeping, custodial safekeeping, confirmations of transactions, wire-transfers and any bank agreements.

The primary reason that Lyons Township High School has been the recipient of the higher rate of return on investments is that it benefits from the pooling of its funds with the other school districts in the area. Below the receipts for the year ended June 30,2000:

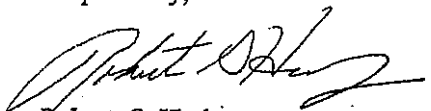
DISTRICT	FUND HANDLED	PERCENTAGE
101	8,444,182.11	3.9711
102	22,486,609.49	10.5780
103	19,364,374.38	9.1192
104	20,416,825.63	9.6043
105	11,272,764.66	5.3028
106	8,929,716.43	4.2006
107	7,580,421.79	3.5679
108	2,908,872.95	1.4784
109	24,583,585.57	11.5644
204	45,409,954.18	21.4714
LADSE	13,557,459.54	6.3776
217	23,757,362.04	11.1757
DENTAL	231,194.75	0.0108
MEDICAL	3,636,532.07	1.7107
TOTAL	\$212,579,855.59	100.0000

As the Treasurer for Lyons Township Schools for the last decade, I have continued to out perform the Illinois Liquid Asset Fund, all short-term (Three to Five Year Range) Treasury securities and the State Treasurer's Investment Pool. The assets of Lyons Township out performed many of the neighboring school districts and at the same time no funds have ever been jeopardized.

The Lyons Township School Treasurer's office serves the taxpayers by achieving economies of scale through consolidating and implementing the financial affairs and obligations of the individual school districts. Far from being an anachronism, the modern trend for units of local government is toward consolidating or centralizing functions to achieve both cost savings and efficiency. The provisions of 105 ILCS 5/8-4 requires that all school districts pay there proportionate share of the expenses of the Treasurer's Office. The contribution formula is prescribed by statute and allows for no variation.

If you have any questions or comments after reviewing the foregoing, please do not hesitate to call.

Respectfully,



Robert G. Healy
Lyons Township School Treasurer

STATE OF ILLINOIS)
) SS:
COUNTY OF C O O K)

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

TOWNSHIP TRUSTEES OF)
SCHOOLS TOWNSHIP 38)
NORTH, RANGE 12 EAST,)
)
Plaintiff,)

-vs-

) No. 13 CH 23386
)

LYONS TOWNSHIP HIGH)
SCHOOL DISTRICT 204,)
)
Defendant.)

The discovery deposition of RUSSELL HARTIGAN, taken before MAUREEN A. WOODMAN, a Certified Shorthand Reporter and Notary Public in and for the County of Cook and State of Illinois, pursuant to 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 20 North Clark Street, Chicago, Illinois, on November 22, 2016, at the hour of 12:00 o'clock p.m.



1 APPEARANCES:
 2
 3 MILLER CANFIELD
 BY: MR. BARRY P. KALTENBACH
 4 225 West Washington Street
 Suite 2600
 Chicago, Illinois 60606
 5 312.460.4251
 Kalttenbach@millercanfield.com,
 6
 On behalf of the Plaintiff,
 7
 HOFFMAN LEGAL
 8 BY: MR. JAY HOFFMAN
 20 North Clark Street
 Suite 2500
 Chicago, Illinois 60602
 9 312.899.0899,
 On behalf of the Defendant.
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24

1 (Witness was duly
 2 sworn.)
 3 RUSSELL HARTIGAN,
 4 called as a witness herein, after having been
 5 first duly sworn, was examined and testified as
 6 follows:
 7 THE WITNESS: I do.
 8 EXAMINATION
 9 BY MR. HOFFMAN:
 10 Q. Would you please state your name for
 11 the record.
 12 A. Russell W. Hartigan. H-A-R-T-I-G-A-N.
 13 Q. And, sir, what is your place of
 14 business and what is your business address?
 15 A. I'm an elected Judge of Cook County,
 16 Circuit Court Judge, and I'm currently assigned
 17 to the Fifth Municipal District, Bridgeview,
 18 Illinois.
 19 Q. What types of cases do you hear?
 20 A. Civil jury the last few years.
 21 Q. The gentleman sitting next to you,
 22 Barry Kalttenbach, is he your lawyer for
 23 purposes of this deposition here today?
 24 MR. KALTENBACH: Yes.

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 12 (NOT ATTACHED)
 (Retained by Attorney Hoffman)
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 18
 19
 20
 21
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 23
 24

1 THE WITNESS: Okay. I was unclear, but I
 2 think yes.
 3 BY MR. HOFFMAN:
 4 Q. Sir, I know as a judge and former
 5 attorney, you're very familiar with the
 6 litigation process. Nevertheless, I want to
 7 ask you whether you've ever had your deposition
 8 taken before?
 9 A. I don't believe so. I've done a
 10 number of depositions but never sat on the
 11 other side.
 12 Q. I guess there's a first for
 13 everything.
 14 Sir, I will do my very best to
 15 ask questions that make sense, that are
 16 understandable and clear. If for any reason
 17 you do not understand my question, will you be
 18 kind enough to let me know that? Otherwise I
 19 will assume you did understand it.
 20 A. Sure.
 21 Q. The court reporter, as you know, can
 22 only take down yeses and nos and verbal
 23 answers, so nods of the head and uh-uh or uh-uh
 24 are all bad for us. Agreed?

1 **A. Agreed.**
2 Q. If at any time you want to take a
3 break, please inform me, you will be allowed to
4 do so.
5 Do you need anything in the way
6 of coffee, water?
7 **A. I've got it.**
8 Q. Terrific.
9 Sir, by now you are familiar that
10 there is a lawsuit for which we are here. It
11 was filed by the plaintiff in this case which
12 goes by a few different names. Some people
13 call it the Treasurer's Office, some people
14 call it the Township Trustees, some people call
15 it the TTO. Which do you feel most comfortable
16 with?
17 **A. Probably the Township Trustees, I**
18 **think, of Schools.**
19 Q. Township Trustees of Schools. How
20 about if I shorten that to TTO?
21 **A. That's fine.**
22 Q. The defendant in this case is the
23 Lyons Township High School District 204, some
24 people call that Lyons, some people call that

1 THE WITNESS: Yeah.
2 BY MR. HOFFMAN:
3 Q. And did you meet with Barry Kaltenbach
4 or anybody else representing the TTO in
5 preparation for this deposition?
6 **A. I did. It was a brief meeting.**
7 Q. Whom did you meet with?
8 **A. Barry.**
9 Q. And when did that occur?
10 **A. God, a couple of weeks ago. And your**
11 **partner was there, too.**
12 Q. Was that Mr. Kubasiak?
13 **A. Yeah.**
14 Q. Gerald?
15 **A. Yes.**
16 Q. Did they show you any documents in
17 connection with this lawsuit?
18 **A. I don't recall that. I think maybe**
19 **you had sent me some documents.**
20 Q. Yes. And you got a letter from me as
21 well as some attached documentation, correct?
22 **A. Correct.**
23 Q. Along with a subpoena?
24 **A. Yeah.**

1 LT, some people call it District 204. What are
2 you most comfortable with?
3 **A. 204 or LT, either way. I hear it both**
4 **ways.**
5 Q. Thank you. When were you -- when did
6 you first become aware of the existence of this
7 lawsuit?
8 **A. Probably maybe month and a half ago.**
9 **Possibly two months.**
10 Q. How did you become aware of the
11 lawsuit, sir?
12 **A. I got a call from the attorney**
13 **regarding the fact that there may possibly be a**
14 **deposition forthcoming. And I might have read**
15 **something in the paper, local paper, too, but I**
16 **can't recall that at this time. There might**
17 **have been an article in the paper.**
18 Q. So you got a call from an attorney for
19 the TTO, correct?
20 **A. Right.**
21 Q. And do you recall who that was?
22 **A. You or your partner.**
23 MR. KALTENBACH: I can't tell you. I can't
24 give you the answer.

1 Q. And you were testifying here pursuant
2 to that subpoena; am I right, sir?
3 **A. Correct.**
4 Q. Did you review the documents that I
5 sent you?
6 **A. You know, I can't say I reviewed them**
7 **line item by line item. I have a pretty heavy**
8 **call. And I skimmed them is probably the best**
9 **way to say it.**
10 Q. Did those documents help refresh your
11 memory about the issues involved in this
12 lawsuit?
13 **A. A little bit.**
14 Q. And so am I correct that up until
15 about two months ago, you had not gotten any
16 communications from either people at the TTO or
17 attorneys representing the TTO asking you about
18 issues involved in this case?
19 **A. No, only what I may have read in the**
20 **paper is all I can recall.**
21 Q. And there's an issue where the
22 question and the answer may not have matched
23 up. I asked if I was correct that you hadn't
24 gotten communications as I described to you and

1 then you answered no.
 2 A. No.
 3 Q. So let me ask you a question that's
 4 better.
 5 Prior to two months ago, did you
 6 get any communications of any kind from anyone
 7 at the TTO or attorneys representing the TTO
 8 about the matters involved in this lawsuit?
 9 A. No.
 10 Q. Thank you.
 11 Have you had -- when, sir, did
 12 you serve as a trustee of the TTO?
 13 A. That's a good question.
 14 Q. Thank you. Would it help you to
 15 remember, sir, if I showed you --
 16 A. I think I can recall vaguely.
 17 Q. Okay.
 18 A. I think I was appointed, perhaps, in
 19 the late '90s. And I believe I ran unopposed.
 20 And I think it's a six-year term. So I am
 21 thinking it may be late '90s, '96 maybe, when I
 22 got appointed to fill a vacancy and then I ran.
 23 I may be off on these years, but I ran in like
 24 '98 for a six-year term.

1 Q. Assuming that the six-year term you
 2 described ended in 2004, did you run for a
 3 subsequent term?
 4 A. No.
 5 Q. So as best you can recall, you were
 6 trustee of the TTO from 1996 to 2004?
 7 A. Somewhere like that, yeah.
 8 MR. HOFFMAN: Let's mark this document as
 9 Hartigan Exhibit 1, please.
 10 (WHEREUPON, said
 11 document was marked as
 12 Hartigan Exhibit No. 1
 13 for Identification.)
 14 BY MR. HOFFMAN:
 15 Q. Sir, in an effort to speed up this
 16 deposition, I'm showing you a candidate profile
 17 from 2012 from the Daily Herald, and I believe
 18 this is from when you were running as -- for a
 19 Circuit Court judicial vacancy.
 20 Would you be kind enough to take
 21 a look at the bio portion of this document and
 22 tell me if that information in it is correct.
 23 A. Appears to be correct.
 24 Q. Okay. And there's a number of

1 positions noted in terms of civic involvement
 2 and elected offices held, and obviously you
 3 gave a lot of your time and effort to your
 4 community. Would you be kind enough to tell me
 5 which of these is your service as a trustee of
 6 the TTO?
 7 A. I don't follow you. It says elected
 8 offices held.
 9 Q. Right. And so did you serve -- let's
 10 talk about the different positions you've held,
 11 because it looks like you were --
 12 A. I can help you on that. The Trustee
 13 of Schools was the first elected position for
 14 me and then I think followed by the township
 15 and the village.
 16 Q. So you were a Trustee of Schools, in
 17 other words a TTO, then you became Trustee of
 18 Lyons Township, and then you became trustee --
 19 did you say the village?
 20 A. Right.
 21 Q. And that was the village of what, sir?
 22 A. Western Springs.
 23 Q. Did you hold all of those positions
 24 simultaneously at some point?

1 A. I think one of them I might have.
 2 Perhaps it might have been the township
 3 trustee, perhaps.
 4 Q. And you're also on Board of Governors
 5 for the Illinois State Bar Association as well?
 6 A. Right, that's a volunteer position.
 7 Q. It says here elected Lyons Township
 8 School Trustee 1998 through 2005. Is that
 9 information correct?
 10 A. I would hope so. I would think so.
 11 Q. Okay. It looks like you were on quite
 12 a few boards and other legal and civic
 13 organizations. Did you find that you had
 14 enough time to devote to your position as
 15 trustee of the TTO?
 16 A. Well, with that it meets only
 17 quarterly; it wasn't really a real
 18 time-consuming-type job.
 19 Q. Tell me, sir, what you did in
 20 connection with that job?
 21 A. Showed up at meetings, looked
 22 over -- usually they had a listing of the banks
 23 who had funds deposited with them. The
 24 meetings were fairly brief. I wouldn't think

1 they lasted more than a half hour.
 2 Q. What did you understand your
 3 responsibility for oversight to be?
 4 A. Well, basically it was to -- well, you
 5 had the money that was invested, would go to
 6 the banks for -- and through the treasurer
 7 would be put into safe funds. There's
 8 also -- we dealt with personnel, the checks of
 9 personnel of the various school districts
 10 issuing them, besides the funds and depositing
 11 those and investing those. I think there's
 12 also school land that they had to come to us if
 13 there was any sale of the land or any boundary
 14 change.
 15 Q. Did you also review and approve the
 16 expenses of the TTO?
 17 A. I believe so. I'm not totally sure.
 18 It's been over sixteen years.
 19 Q. Now, sir, I have to mention to you
 20 that in this lawsuit, my client, District 204,
 21 has been sued based on events that go back as
 22 far as 1994.
 23 So while I understand that a lot
 24 of these subject matters we're talking about

1 here today occurred a long time ago, that's
 2 because the lawsuit stretches back that far.
 3 Do you understand that?
 4 A. Yes.
 5 Q. And you will do your best to provide
 6 me with your full recollection as best you can.
 7 A. Whatever I recall.
 8 Q. Okay.
 9 MR. HOFFMAN: Mark this as No. 2.
 10 (WHEREUPON, said
 11 document was marked as
 12 Hartigan Deposition
 13 Exhibit No. 2 for
 14 Identification.)
 15 BY MR. HOFFMAN:
 16 Q. Sir, I'm handing you a document which
 17 is a printout of an Illinois statute, it's 105
 18 ILCS 5/5-20. It's from the school code and the
 19 article that relates to trustees of schools.
 20 Would you take a moment to read that paragraph
 21 to yourself, please.
 22 A. Okay.
 23 Q. Am I correct, sir, that this statute
 24 sets forth the obligations of trustees of

1 schools such as yourself?
 2 A. Looks like it.
 3 Q. And you can see from the notes below
 4 that this is the law that was in place at the
 5 time you were a trustee based on the revisions,
 6 correct?
 7 A. Okay.
 8 Q. And my question, sir, is: Did you
 9 comply with the statutory obligations stated in
 10 this Section 5-20 during the time you were
 11 trustees of schools?
 12 MR. KALTENBACH: I will object as it calls
 13 for the witness to make a legal conclusion
 14 which in his capacity today Judge Hartigan
 15 should not be doing. But nonetheless you can
 16 answer despite my objection.
 17 THE WITNESS: I would certainly hope so.
 18 BY MR. HOFFMAN:
 19 Q. I'm not asking whether you hope so,
 20 I'm asking, based on your recollection of what
 21 you did, did you, in fact, do the things that
 22 are set out in this statute?
 23 A. I would think so.
 24 Q. Okay. So --

1 A. If they're brought to our attention,
 2 then yes.
 3 Q. Okay. So it says in this section,
 4 sir, "The trustees of schools," and I'm
 5 starting midway through the first
 6 sentence -- well, why don't I read the whole
 7 thing. "At each regular meeting, and at such
 8 other meetings as they may think proper, the
 9 Trustee of Schools shall examine all books,
 10 notes, mortgages, securities, papers, monies
 11 and affects of the corporation, and the
 12 accounts and vouchers of the township treasurer
 13 or other township school officer," and then it
 14 goes on from there.
 15 And your best recollection, sir,
 16 is that you did those things while you were a
 17 school trustee?
 18 A. If they were brought to my attention
 19 and we reviewed them, we had legal counsel, we
 20 had auditors, if they're brought to our
 21 attention, then yes, at the meeting.
 22 Q. Have you spoken with any of your
 23 fellow trustees such as Donna Milich,
 24 M-I-L-I-C-H, or any other of the gentlemen or

1 ladies you served with as Trustee of Schools
 2 about the matters involved in this lawsuit?
 3 **A. I have not. Donna Milich my**
 4 **understanding has moved out of the area.**
 5 Q. She lives in Arizona, correct?
 6 **A. Yeah, I think so.**
 7 Q. Was it your understanding that the TTO
 8 acted as the agent and fiduciary for the
 9 various school districts, including District
 10 204, with respect to investment of their funds
 11 and accounting functions and other related
 12 business issues?
 13 **A. Yes, I mean we worked through our**
 14 **treasurer and worked through our auditor, and**
 15 **mainly treasurer would do whatever necessary to**
 16 **make sure that the funds were invested and**
 17 **secure funds. I think designated by statute.**
 18 **I think you couldn't do anything beyond what's**
 19 **in the statute.**
 20 Q. And what was the treasurer's
 21 responsibilities with respect to expenditures?
 22 **A. Well, I think he got money through,**
 23 **you know, taxing money, and then he would make**
 24 **payroll to the various school districts, and**

1 **also do the investing of funds, as mentioned,**
 2 **and deposit funds with local banks.**
 3 Q. So --
 4 **A. Or CDs or whatever it might be.**
 5 Q. And, sir, the entire time that you
 6 were a trustee at schools, am I correct that
 7 Robert Healy was the treasurer?
 8 **A. I believe so.**
 9 Q. What was his professional background?
 10 **A. I think he worked for the court system**
 11 **at one time in his life. I believe he had a**
 12 **degree, bachelor's degree, but I don't know if**
 13 **he had anything further, anything advanced.**
 14 Q. Do you know whether or not he was a
 15 CPA?
 16 **A. I don't believe so.**
 17 Q. Do you know whether or not he had any
 18 investment-related training or credentials?
 19 **A. I don't know that.**
 20 Q. And you were involved in extending
 21 Robert Healy's contract from time to time; am I
 22 correct about that?
 23 **A. That's correct.**
 24 Q. And tell me why you believe that

1 Robert Healy was capable of performing his
 2 duties as treasurer during your time as
 3 trustee?
 4 **A. Well, I mean given the fact we had**
 5 **auditors, given the fact we had a board, given**
 6 **the fact that the -- kept saying that the --**
 7 **things were going well, through the auditor and**
 8 **through legal counsel and through our board, we**
 9 **had no reason to suspect otherwise.**
 10 Q. Sir, Hartigan Exhibit No. 1 sets forth
 11 your undergraduate and law degree; am I
 12 correct?
 13 **A. Yes.**
 14 Q. And do you have any training or
 15 education as an accounting or investment
 16 professional?
 17 **A. I have a B.S. in commerce from DePaul**
 18 **and took some courses in the M.B.A. program.**
 19 **I'm not a CPA, but I did have a business**
 20 **degree. Did have accounting and finance in it.**
 21 Q. Do you know where -- you know a
 22 gentleman, of course, named Joseph Nekola,
 23 N-E-K-O-L-A; am I correct?
 24 **A. Yeah.**

1 Q. He was a fellow trustee with you,
 2 correct?
 3 **A. He was the president and trustee.**
 4 Q. He is now deceased?
 5 **A. Yes.**
 6 Q. Did Mr. Nekola have any accounting or
 7 investment background to your knowledge?
 8 **A. I doubt that.**
 9 Q. Same question for Ms. Milich?
 10 **A. No, I don't think so.**
 11 Q. Sir, I'd like to show you a document
 12 that's previously been marked as Healy Exhibit
 13 No. 1, and it's a compilation of a series of
 14 documents. We're not going to go through all
 15 of them, however I'm going to have you look at
 16 a few of them. So let me hand you that stack.
 17 I'd like you to turn to the third page, please.
 18 **A. Third page here?**
 19 Q. Yes. This is an April 29, 1999,
 20 letter that Bob Healy wrote to Lisa Beckwith,
 21 the business manager at District 204. Do you
 22 see that?
 23 **A. Yes.**
 24 Q. And have you ever had any

1 communications with Dr. Beckwith?
 2 **A. No.**
 3 Q. Sir, if you look at the last page of
 4 this letter, it shows you and your fellow
 5 trustees as carbon copies of this letter on
 6 page nine. Do you see that?
 7 **A. I do.**
 8 Q. And is this a letter that you believe
 9 you received on or about the date that it
 10 bears?
 11 **A. I couldn't say one way or the other.**
 12 Q. You don't remember this letter?
 13 **A. I do not.**
 14 Q. Do you have any reason to doubt that
 15 you received it?
 16 **A. No.**
 17 Q. And you see in here in the very first
 18 paragraph on the first page, sir, that it talks
 19 about an analysis of the duties and
 20 responsibilities of the TTO and specific
 21 services provided by the office. Do you see
 22 that?
 23 **A. Yes.**
 24 Q. Do you recall back in 1999 discussions

1 between the TTO and District 204 about
 2 financial issues?
 3 **A. About what issues?**
 4 Q. Financial issues or really any issues.
 5 **A. Only I would say from hearsay, not**
 6 **specifically with me.**
 7 Q. Well, regardless of whether you were
 8 personally involved in those discussions, sir,
 9 am I correct that you do remember there being
 10 discussions around this 1999 time period
 11 between the TTO and District 204, correct?
 12 **A. All I know there was some**
 13 **dissatisfaction with the treasurer's office,**
 14 **that's all I know.**
 15 Q. And what dissatisfaction did you
 16 understand there to be?
 17 **A. I don't know if it was in 1999 or**
 18 **subsequent thereto. I think they wanted, as I**
 19 **recall -- again, this is almost 20 years ago.**
 20 **I think they wanted to handle things themselves**
 21 **and something with computers. They wanted -- I**
 22 **don't know if it was an upgrade of the computer**
 23 **in the treasurer's office or something and**
 24 **whether they were compatible or not. Something**

1 **with the computer program. And they felt they**
 2 **could do a better job on their own.**
 3 Q. And anything else you remember about
 4 that?
 5 **A. Possibly personnel, but I don't recall**
 6 **specifically.**
 7 Q. When you say possibly personnel, sir
 8 what do you mean by that?
 9 **A. I don't remember.**
 10 Q. And you recall, am I correct, that
 11 District 204 could not leave the TTO without a
 12 state statute being passed?
 13 **A. That's correct.**
 14 Q. And you also recall that the TTO
 15 opposed District 204's departure from the TTO?
 16 **A. That I don't think I -- I'm not sure I**
 17 **was around for that.**
 18 Q. Do you remember any involvement by
 19 Mr. Landek to attempt to keep District 204 in
 20 the TTO?
 21 **A. I don't. That may have been past me.**
 22 Q. Do you know who Mr. Landek is?
 23 **A. Sure, I know him.**
 24 Q. And I'd like you, sir, to turn in this

1 April 29th, 1999, letter you received based on
 2 the CC here to page six, and you'll see there
 3 is a reference to annual audit. Do you see
 4 that?
 5 **A. Yes.**
 6 Q. And you recall that there was a firm
 7 called William F. Gurrie, G-U-R-R-I-E, that
 8 then became Virchow Krause, or maybe you don't
 9 remember them becoming Virchow Krause, but they
 10 did, then they became part of Baker tilly,
 11 which is an even bigger accounting firm. Are
 12 you familiar with that firm?
 13 **A. I am to the former that you mentioned.**
 14 Q. Gurrie?
 15 **A. Yeah.**
 16 Q. Let's call it Gurrie. And Gurrie was
 17 the auditor of the TTO as well as the school
 18 districts within the TTO, correct?
 19 **A. That is correct.**
 20 Q. And it says in this letter that Bob
 21 Healy wrote, "The trustees hire and pay for the
 22 audit of the school districts and the
 23 treasurer's office in Lyons Township." Is that
 24 consistent with your understanding of what the

1 trustees did?
 2 **A. I believe so.**
 3 Q. And then it says, "This office has
 4 assumed the cost of Lyons Township High
 5 School's audit, even though the functions were
 6 in-house." Is that also consistent with your
 7 understanding?
 8 **A. I believe so.**
 9 Q. On the last page of this letter, sir,
 10 page nine, there's a reference to a statute
 11 that says, "Requires that all school districts
 12 pay their proportionate share of the expenses
 13 of the treasurer's office. The contribution
 14 formula is prescribed by statute and allows for
 15 no variation."
 16 Do you see that statement?
 17 **A. Yes, I do.**
 18 Q. Are you familiar with that statute
 19 having to do with pro rata expenses of the
 20 treasurer's office?
 21 **A. All I can vaguely recall is that the**
 22 **pro rata share was based on money, I believe,**
 23 **and I don't think population, I think it was**
 24 **based on money.**

1 Q. It was based on the -- if I may, was
 2 it based on the amount of money that each
 3 district had maintained at the treasurer's
 4 office and invested through the treasurer's
 5 office?
 6 **A. I believe that's correct.**
 7 Q. Okay. So each district paid a share
 8 of the TTO's expenses based on the amount of
 9 money they had rather than the amount of
 10 services they received from the TTO?
 11 **A. Well, they kind of went hand in hand.**
 12 **I guess if they paid, they got certain**
 13 **services. But I think that's generally true.**
 14 Q. Okay. Sir, I'd like you to skip ahead
 15 a few pages and you'll see an agenda for a TTO
 16 meeting for July 29th of 1999.
 17 MR. KALTENBACH: Is there a Bates number on
 18 it?
 19 MR. HOFFMAN: These are not Bates numbered
 20 because we got them from you.
 21 MR. KALTENBACH: 27 you said?
 22 MR. HOFFMAN: Yes.
 23 THE WITNESS: I got it.
 24 BY MR. HOFFMAN:

1 Q. TTO's documents were not Bates
 2 numbered when we received them.
 3 **A. That's fine.**
 4 Q. Sir, you recognize this as an agenda
 5 and then right behind it the minutes of a board
 6 meeting during the time you were a trustee as
 7 indicated in the upper-left-hand corner of the
 8 agenda where your name appears; am I correct?
 9 **A. That's correct.**
 10 Q. All right. And on the minutes of the
 11 meeting of July of 27th, 1999, it indicates you
 12 were present at the meeting; am I correct?
 13 **A. That's correct.**
 14 Q. And then on page two at the very
 15 bottom, sir, it says, "There was a discussion
 16 regarding the Lyons Township High School and
 17 the problems the district has with the pro rata
 18 billing system. The trustees discussed with
 19 the Treasurer Healy several options to improve
 20 relations with the high school. Some of the
 21 items discussed are for the treasurer's office
 22 to assume more duties, possibly fund certain
 23 business functions, computer sharing and
 24 legislation." Do you see that?

1 **A. I do.**
 2 Q. Can you tell me what you recall about
 3 the discussion at that meeting other than
 4 what's stated here in these minutes?
 5 **A. You're going -- no, obviously I can't**
 6 **recall back then. This is 1999, you're talking**
 7 **almost 20 years.**
 8 MR. HOFFMAN: Off the record.
 9 (Discussion off the
 10 record.)
 11 MR. HOFFMAN: Back on the record.
 12 BY MR. HOFFMAN:
 13 Q. So, sir, you don't remember anything
 14 about this meeting other than what's set forth
 15 in the minutes?
 16 **A. Well, certain -- possibly fund certain**
 17 **business functions. I don't know if there**
 18 **was -- I don't know necessarily what that**
 19 **meant. Computer sharing --**
 20 Q. Can I interrupt you on that one?
 21 **A. Yeah.**
 22 Q. Does it help you to remember -- does
 23 it refresh your recollection to ask you whether
 24 District 204 at this time in 1999 was

1 performing its own business functions with its
 2 own staff rather than having the treasurer's
 3 office do that work like the other districts
 4 did, does that help you to remember?
 5 **A. That could be, uh-huh. Yes.**
 6 Q. And so do you remember anything about
 7 this possibly funding certain business
 8 functions?
 9 **A. I do not.**
 10 Q. And because it's in the minutes, you
 11 don't have any reason to believe this
 12 conversation did not occur as it's written
 13 here, do you?
 14 **A. I assume they're accurate.**
 15 Q. That's the point of having minutes,
 16 right?
 17 **A. Yes.**
 18 Q. Let's take a look at the next document
 19 which is an August 18th, 1999, letter to Dr.
 20 Beckwith at District 204 from Robert Healy, and
 21 I'll note for you on the third and final page
 22 of this letter there's a CC to Lyons Township
 23 Trustee of Schools. Do you see that?
 24 **A. Yes.**

1 Q. And is it fair to say that you
 2 received a copy of this letter on or about the
 3 date it bears, sir?
 4 **A. Well, the CC says trustees, so I**
 5 **assume I did.**
 6 Q. You see that this letter talks about
 7 five different proposals following up on the
 8 discussion of a month earlier at the trustees
 9 meeting. Do you see that?
 10 **A. I see that.**
 11 Q. And you see that there's -- in the
 12 very first sentence it talks about proposed
 13 possible solutions. In the very first page of
 14 this paragraph. Do you see that?
 15 **A. I do.**
 16 Q. And were these the proposals that Bob
 17 Healy had discussed with you and the other
 18 trustees?
 19 **A. I'm not sure he discussed them with**
 20 **us. I think we may have gotten a copy it looks**
 21 **like of the letter, but it's possible that he**
 22 **did, but I certainly don't recall any specific**
 23 **conversation.**
 24 Q. And so you don't remember getting this

1 letter and calling Bob Healy and asking him
 2 further information or details about this?
 3 **A. We may have got the letter. I don't**
 4 **recall calling him, no.**
 5 Q. So the first proposal is "Deviation
 6 From Pro Rata Billing." Do you see that?
 7 **A. Yes.**
 8 Q. And then it basically says that there
 9 would be -- under this first proposal that
 10 there would be a reduction in District 204's
 11 pro rata share, and it goes on to say that all
 12 of the other districts in the TTO would have to
 13 approve that change. Do you see that?
 14 **A. I do.**
 15 Q. And it talks about the necessity for
 16 an intragovernmental agreement among all 12
 17 taxing bodies in the township. Do you see
 18 that?
 19 **A. I do.**
 20 Q. Does that help you to remember the
 21 discussions that were had at that time about
 22 this proposal?
 23 **A. It does not.**
 24 Q. Is that consistent with your

1 understanding if there was a change in the pro
 2 rata billing that the treasurer issued to
 3 District 204, it would require an
 4 intragovernmental agreement?
 5 **A. I do not recall that.**
 6 Q. Do you know anything in particular
 7 about intragovernmental agreements? Are you
 8 verse in what requires an intragovernmental
 9 agreement and what does not?
 10 **A. Only through the Village of Western**
 11 **Springs when I was trustee, but I don't**
 12 **remember if it was fire or police or something.**
 13 Q. And what was that situation in which
 14 the Village had an intragovernmental agreement?
 15 **A. I'm not sure. I think they talked**
 16 **about an intragovernmental agreement. I'm not**
 17 **sure. It was sharing maybe a fire or**
 18 **ambulance. I don't think it ever came to pass**
 19 **though.**
 20 Q. The idea was that different taxing
 21 bodies would --
 22 **A. Right.**
 23 Q. -- kind of share responsibilities for
 24 fire and police?

1 **A. Exactly.**
2 Q. And because that -- okay.
3 Turn the page, please, to page
4 two of the August 18th, 1999, letter. There's
5 a proposal number two that's, quote, "Funding
6 by township school treasurer of some district
7 functions." Do you see that
8 **A. Yes.**
9 Q. And it discusses in the first
10 paragraph, "If the responsibilities for the
11 accounts payable and payroll production were to
12 be returned to the school treasurer's office,
13 it would mean higher operating costs for the
14 treasurer's office in the form of salaries and
15 benefits for increased staff and higher related
16 expenses to accommodate the increase in
17 workload." Do you see that?
18 **A. Yes.**
19 Q. Is that consistent with your
20 recollection that if the TTO had taken in-house
21 the business functions that District 204 was
22 performing for itself, that the TTO's costs
23 would have increased?
24 **A. I don't remember that.**

1 Q. But you have no reason to doubt that
2 that is true, do you?
3 **A. Well, if it's in the letter and it was**
4 **sent out by Healy, I suspect that's accurate.**
5 Q. And then in the next paragraph of
6 proposal number two it says, "I would expect
7 that when the Trustee of Schools takes into
8 consideration these necessary increases, they
9 would logically conclude that a partial funding
10 by the treasurer's office to cover District
11 204's costs for the business functions District
12 204 now performs would be reasonable.
13 Especially in light of the fact that the
14 treasurer's office is currently performing the
15 same business functions for the 11 other school
16 districts."
17 Is that consistent with your
18 recollection of this proposal and the
19 discussions at the TTO?
20 **A. I don't have a recollection. If it's**
21 **in here and it was sent us to us, then it is**
22 **what it is.**
23 Q. Do you believe it to be accurate as
24 the prior paragraph because it's in Mr. Healy's

1 letter?
2 **A. From looking at this, again, I don't**
3 **have any specific recall, but if it was in a**
4 **letter sent out to us, then, fine.**
5 Q. Then fine?
6 **A. I mean fine as far as accurate.**
7 Q. So you believe it to be accurate
8 because it's set forth in this letter?
9 **A. Right. Not that I have a recall, as I**
10 **mentioned.**
11 Q. I got you.
12 Sir, I'd like to skip ahead to a
13 notice and agenda of a Township Trustees of
14 Schools meeting March 21, 2000.
15 **A. Got it.**
16 Q. And you've seen this document before,
17 correct?
18 **A. Many years ago. Unless you sent it to**
19 **me.**
20 Q. Did your attorneys show you this
21 document, do you recall?
22 **A. They possibly did.**
23 Q. Okay. So you see on the agenda item
24 number eight there's a listing for the District

1 204 business office, correct?
2 **A. Is it on the second page or first?**
3 Q. Turn back one more page, sir.
4 **A. Sorry. On the agenda.**
5 Q. On the agenda on point eight, there's
6 the District 204 business office listed.
7 **A. Correct.**
8 Q. And then if you look at the minutes on
9 the following page, it reflects that you were
10 present at this March 21, 2000, trustees'
11 meeting, correct?
12 **A. Correct.**
13 Q. And Bob Healy was there as well?
14 **A. That's right.**
15 Q. And then on the very last paragraph of
16 the first page of minutes, Healy submitted to
17 the trustees the proposal from District 204
18 stating that this office absorb certain
19 payroll, accounts payable and computer
20 processing expenditures by District 204." Do
21 you see that?
22 **A. Yes.**
23 Q. And attached to these minutes was --
24 if you turn a couple of pages, as we received

1 them, was the February 29th, 2000, memo from
 2 Lisa Beckwith to Robert Healy. Do you see
 3 that?
 4 **A. Yes.**
 5 Q. Are you familiar with that Lisa
 6 Beckwith memo setting forth the proposal of
 7 District 204?
 8 **A. Not really. I don't recall it.**
 9 Q. Do you have any reason at all to doubt
 10 that this memo was something you received at
 11 this meeting as the minutes indicate?
 12 **A. It appears that way.**
 13 Q. And you don't remember anything about
 14 this memo independently?
 15 **A. No.**
 16 Q. And then this -- the minutes go on to
 17 say, "As these costs would be incurred by the
 18 treasurer's office if the Lyons Township High
 19 School were to totally utilize the facilities
 20 of the treasurer's office. These costs would
 21 certainly be incurred."
 22 Is that consistent with your
 23 recollection of the discussions that were had
 24 regarding District 204's proposal?

1 **A. I have no recollection.**
 2 Q. Do you have any reason to doubt that
 3 those were discussions that were had?
 4 **A. If it's in the minutes, I assume**
 5 **that's accurate.**
 6 Q. It also says, "A further
 7 recommendation by Trustee Hartigan is that the
 8 trustees be given an evaluation of the
 9 employee's performance for those aforementioned
 10 personnel employed at the high school." Do you
 11 see that?
 12 **A. I do.**
 13 Q. Is that something that you
 14 recommended?
 15 **A. Sounds logical.**
 16 Q. And you have no reason to doubt it
 17 based on the --
 18 **A. No.**
 19 Q. Let's turn to page two of the March
 20 21, 2000, minutes, please. It says, "A motion
 21 was made by Russell Hartigan, seconded by
 22 Joseph Nekola to accept the proposal given to
 23 the Lyons Township Trustees of Schools by Cook
 24 County High School District number 204." And

1 then it has you and Mr. Nekola voting aye and
 2 no one voting nay, correct?
 3 **A. Correct.**
 4 Q. Is that the motion that you made, sir?
 5 Did you make that motion at that meeting?
 6 **A. Apparently.**
 7 Q. Based on the minutes, you believe that
 8 the trustees voted to accept the proposal of
 9 District 204, whereby the TTO would pay for
 10 business functions at District 204, correct?
 11 **A. Appears that way.**
 12 Q. And it appears that way because it's
 13 set forth in the minutes, correct?
 14 **A. Yes.**
 15 Q. Okay. Now, sir, do you recall that
 16 the way that the TTO's payments for District
 17 204's business functions -- actually, let me
 18 take that from you. I'll take that exhibit
 19 back.
 20 Sir, do you recall that what
 21 would happen in practice was that the TTO would
 22 bill District 204 for its share of pro rata
 23 expenses and District 204 would deduct the cost
 24 of the business functions at District 204 that

1 the TTO was paying for and then District 204
 2 would pay the balance?
 3 **A. I don't recall the financial**
 4 **interworkings, but it sounds somewhat accurate.**
 5 **I think there was, what, a**
 6 **general account or something. General fund,**
 7 **maybe that's it.**
 8 Q. Right, and the payments were more in
 9 the nature of adjustments or line items because
 10 District 204 wouldn't pay the treasurer because
 11 the treasurer already had District 204's money,
 12 right?
 13 **A. I believe so.**
 14 Q. So in showing you a document, which is
 15 a June 14th, 2000, memo from Lisa Beckwith to
 16 the Board of Education, and that by the way is
 17 the Board of Education of District 204.
 18 MR. KALTENBACH: Is it part of the packet?
 19 MR. HOFFMAN: Yes, it is.
 20 BY MR. HOFFMAN:
 21 Q. I don't have any reason to believe
 22 you've ever seen that memorandum, but the
 23 question I'm asking you, sir, does this -- the
 24 June 14th, 2000, memo from Lisa Beckwith talks

1 about the pro rata billing from the TTO, then a
2 deduction for the TTO's payment of Lyons'
3 business functions and then a net payment by
4 the District 204.

5 Does that memo refresh your
6 recollection as to the process by which this
7 agreement was implemented by the parties?

8 **A. Well, as I mentioned, I've never seen
9 this.**

10 **So, again, I was not involved
11 heavily with the interworkings of who gets paid
12 to any great degree.**

13 **So I would assume that that seems
14 accurate.**

15 Q. And you were aware, sir, that from the
16 year 2000 through the remainder of your term as
17 trustee, that the TTO was paying for certain
18 business functions performed at District 204,
19 correct?

20 **A. I think so.**

21 Q. And that is an expenditure that you
22 and the other trustees approved on a regular
23 basis when you approved the expenses of the
24 TTO?

1 Q. Okay. When you look back at the
2 August 19th, 1999, letter that Bob Healy sent
3 to Lisa Beckwith, and there's a proposal number
4 two for the payment by the TTO of certain
5 District 204 business functions, nothing in
6 that letter suggests that this was somehow only
7 an agreement applicable to one fiscal year,
8 does it?

9 **A. I'm sorry. I didn't get the latter
10 part of your question.**

11 MR. HOFFMAN: You can read it back, please.
12 (Said question was read
13 back.)

14 MR. KALTENBACH: I'm sorry. This is Healy
15 I still?

16 MR. HOFFMAN: Yes.

17 THE WITNESS: I mean the paragraph reads,
18 you know -- includes a partial funding by the
19 Treasurer's Office to cover the 204 costs.

20 BY MR. HOFFMAN:

21 Q. And it was -- the purpose of this
22 proposal was to deal with District 204's
23 concerns that it was paying too much because it
24 was doing its own business functions and paying

1 **A. Again, you know, if it was brought
2 before us and we had an auditor and an attorney
3 present, we would generally approve those.**

4 Q. Okay. Am I also correct that there
5 was never any issue during the time you were a
6 trustee with District 204 not paying its pro
7 rata share of the treasurer's expenses?

8 **A. I don't think so.**

9 Q. Did you ever hear from anyone whether
10 District's 204's Board of Education approved
11 the agreement between the TTO and District 204
12 that the trustees had approved in March of
13 2000?

14 **A. I did not.**

15 Q. And this agreement that you and the
16 trustees approved in March of 2000, this was
17 not intended as a one year only for the 2000
18 fiscal year agreement, was it?

19 MR. KALTENBACH: Objection. I think it
20 misstates the witness' prior testimony.
21 Subject to that, you can answer.

22 THE WITNESS: Yeah, I mean I don't know
23 what the nature of the longevity of it was.

24 BY MR. HOFFMAN:

1 for its own business functions, yet it was also
2 paying a full share of the pro rata expenses of
3 the Treasurer's Office, correct?

4 MR. KALTENBACH: Objection. Lack of
5 foundation.

6 THE WITNESS: Yeah, I don't know what -- if
7 any or what business functions they were doing
8 204.

9 BY MR. HOFFMAN:

10 Q. Doesn't it refer to accounts payable
11 and payroll here?

12 **A. It says that in the letter, but --**

13 Q. But you don't know?

14 **A. No, I didn't hear from 204 about that.**

15 Q. Are you aware of any instance from
16 2000 until the end of your term as trustee,
17 sir, in which the TTO ever rejected District
18 204's net payment or statement of net payment
19 to the TTO?

20 **A. I'm not aware.**

21 Q. And you understand what I mean by net
22 payment, that it's the pro rata expenses minus
23 the cost of District 204's business functions?

24 **A. Yeah, I don't recall. I'm not aware.**

1 Q. You're not aware of any instance in
 2 which the TTO ever said that's not the right
 3 amount, we won't accept that?
 4 A. **Correct. That's more internal.**
 5 Q. Well, let me show you what we marked
 6 previously, sir, in this case as Connolly
 7 Exhibit No. 3. I'm not going to ask you to go
 8 through and read every page in this exhibit,
 9 but you'll see here, sir, that the first
 10 document is that February 29th, 2000, Beckwith
 11 memo that we saw earlier that was presented to
 12 the trustees in March of 2000, correct?
 13 A. **It looks like the same one.**
 14 Q. And then if you turn the page, sir,
 15 there's a similar memorandum for 2001?
 16 A. **Okay.**
 17 Q. And if you turn the page again,
 18 there's a similar memorandum for 2002. And
 19 again if you keep going, for each subsequent
 20 year there's a memorandum that lays out the
 21 costs of District 204's business functions that
 22 the TTO will bear under their agreement. Do
 23 you see that?
 24 A. **I do.**

1 Q. And have you seen these memoranda,
 2 sir?
 3 A. **Have I seen them?**
 4 Q. Yes.
 5 A. **No. Unless you sent them to me.**
 6 Q. Okay. But at the time they were
 7 issued, you don't remember getting these
 8 contemporaneously?
 9 A. **I don't recall.**
 10 Q. Do you remember being told at the time
 11 by Bob Healy about the information contained in
 12 these memos?
 13 A. **No.**
 14 Q. Do you have any reason to believe that
 15 the TTO ever rejected these statements of
 16 expenses to be borne by the TTO?
 17 A. **I don't remember one way or the other.**
 18 **I doubt it.**
 19 Q. You doubt --
 20 A. **I don't know.**
 21 Q. Very well, sir.
 22 MR. HOFFMAN: Off the record.
 23 (Discussion off the
 24 record.)

1 MR. HOFFMAN: Let's mark this as Exhibit
 2 No. 3.
 3 (WHEREUPON, said
 4 document was marked as
 5 Hartigan Deposition
 6 Exhibit No. 3 for
 7 Identification.)
 8 BY MR. HOFFMAN:
 9 Q. Sir, I marked as Hartigan Exhibit No.
 10 3 the deposition transcript of Robert Healy
 11 taken in this case on November 14th of 2016.
 12 Because some of your recollection is a little
 13 limited, I'm going to run through some of the
 14 testimony that Mr. Healy gave, and I'm going to
 15 ask you whether you agree with that testimony
 16 or if you don't have a basis to agree with it,
 17 I'm going to ask you whether you have any basis
 18 to disagree with it. And we'll just kind of
 19 run through this that way.
 20 Then, along the way, if you have
 21 any independent recollection of any of these
 22 issues, please be kind enough to tell me that,
 23 but I don't want to ask you a lot of
 24 unnecessary questions.

1 A. **Sure.**
 2 Q. It sounds like you were a higher level
 3 on some of these issues.
 4 On page nineteen, sir, of
 5 Mr. Healy's deposition --
 6 MR. KALTENBACH: The actual transcript
 7 page, not the exhibit page, right?
 8 MR. HOFFMAN: Right.
 9 BY MR. HOFFMAN:
 10 Q. Mr. Healy testified on lines 12
 11 through 16:
 12 "Question: So the
 13 trustees paid for the
 14 audits for not just LT
 15 but the other school
 16 districts?
 17 Answer: Right."
 18 Is that consistent with your
 19 understanding of who paid for the --
 20 A. **I think it is. I think we did pay for**
 21 **the audits of others, as far as I recall.**
 22 Q. On page 33, sir, when we were
 23 discussing with Mr. Healy whether the TTO had
 24 the capacity to take in-house the business

1 functions that District 204 was performing for
2 itself, unlike the other districts, Mr. Healy
3 testified in line ten:

4 "It would have been
5 additional cost.

6 Question: You couldn't
7 have done the work with
8 the staff on hand?

9 Answer: Not if LT would
10 was to come back. I
11 would have had to higher
12 a few more people."

13 Is that consistent with your
14 recollection that the -- or do you simply not
15 recall?

16 **A. I don't recall.**

17 Q. And when it says on page 34 of the
18 transcript starting with line one, and this is
19 Healy's testimony:

20 "If 204 were to come
21 back full force, we
22 would have no choice but
23 to have to hire more
24 people to accommodate

1 the increase in
2 workload."

3 You have no reason to disagree
4 with that statement, do you?

5 **A. Disagree or agree, I don't recall.**

6 Q. Okay. Well, you do recall that
7 District 204 was by far the largest school?

8 **A. That's correct.**

9 Q. It was one of two high schools and it
10 was much bigger than Argo, right?

11 **A. I believe so.**

12 Q. And so LT accounted for about -- a pro
13 rata share about 25 percent of the TTO?

14 **A. If you say so.**

15 Q. Well, that's what the records
16 indicate. I don't think Barry is going to
17 disagree with that.

18 **A. I agree that I think they're the
19 largest, as I recall.**

20 Q. So if by far the largest school, if
21 all of their business and accounting functions
22 suddenly came into the TTO, you're not
23 suggesting that the TTO's current personnel
24 would have had enough capacity to deal with all

1 that additional work, are you?

2 **A. I assume that there might be
3 additional personnel needed.**

4 Q. Fair enough. On page 44 of the
5 deposition testimony of Mr. Healy, sir, on line
6 six, I note a reference in a letter that Healy
7 wrote to 105 ILCS 5/8-4 regarding pro rata
8 share billing, which we talked about earlier in
9 the deposition. Do you recall that provision?

10 **A. I recall you mentioning it in the
11 deposition, yes.**

12 Q. And starting on line 13, Healy
13 testified:

14 "Question: And is it
15 correct that LT was
16 complying with this
17 provision for paying its
18 pro rata share because
19 it paid its pro rata
20 share but it simply
21 deducted the amount of
22 the business functions
23 that the trustees had
24 agreed to fund in a

1 separate agreement?
2 Answer: Yes."

3 Do you see that?

4 **A. I do.**

5 Q. Do you have any reason to doubt the
6 accuracy of that testimony?

7 **A. I don't recall, again, the intricacies
8 of the financial on that.**

9 **I assume that they did some of
10 it, yeah. Seems logical.**

11 Q. Skipping ahead quite a bit here.

12 On page 116, sir, of Bob Healy's
13 deposition testimony -- let's make it 115 of
14 Bob Healy's testimony beginning on line 12, it
15 says?

16 "Question: Now, even if
17 there aren't specific
18 votes taken in the year
19 2001 and 2002 and 2003
20 and subsequent years, am
21 I correct that the
22 trustees were aware
23 during the 2001 to 2012
24 time period that the

1 trustees were paying for
 2 LT's business functions
 3 during that time?"
 4 And there's an objection and
 5 colloquy. On line fifteen:
 6 "Answer: We told them.
 7 Question: You told who,
 8 the trustees?
 9 Answer: Trustees."
 10 And then it says on line 22:
 11 "That we were picking up
 12 some of the costs for
 13 204 to process the
 14 regular business
 15 functions of which we
 16 were paying a hundred
 17 percent for the other
 18 districts, so, yes."
 19 Do you recall -- is it true that Healy
 20 discussed with you and the other trustees in
 21 2001 and subsequent years the fact that the TTO
 22 was paying for certain business functions at
 23 District 204?
 24 MR. KALTENBACH: I'm going to object. I

1 think it's a compound question. I think you
 2 didn't read all of the transcript. And I think
 3 it was asked and answered.
 4 Subject to that, your Honor can
 5 answer.
 6 THE WITNESS: I don't recall. And some of
 7 these years I wasn't a trustee either.
 8 BY MR. HOFFMAN:
 9 Q. Right.
 10 A. **So I don't know if he had discussions**
 11 **with other trustees.**
 12 Q. On page 117 there's a discussion
 13 generally speaking about trustees and a broader
 14 time period than you served, so there's nothing
 15 specific to you, and it has to do with some
 16 complaints or questions some of the trustees
 17 might have raised with respect to District
 18 204's business function costs.
 19 Do you recall anything like that
 20 being discussed by you or the other trustees?
 21 A. No.
 22 Q. Okay. Let's set this document aside,
 23 sir.
 24 Now, am I correct that one of the

1 treasurer's jobs was to figure out how
 2 much -- well, strike that question.
 3 We talked earlier about the TTO
 4 holding a considerable amount of money for the
 5 school districts and investing that money
 6 pursuant to statute, correct?
 7 A. Correct.
 8 Q. And so the TTO held over \$200 million
 9 in funds during the time you were trustee; is
 10 that fair to say?
 11 A. **I know it was a large amount. I don't**
 12 **know 200 or not. But a very large amount.**
 13 Q. It doesn't sound out of proportion,
 14 does it?
 15 A. **I don't think so.**
 16 Q. And whose job was it to figure out --
 17 if you know, whose job was it at the TTO to
 18 figure out how much money the districts earned
 19 on their investments and how much money each
 20 district should be credited with for its
 21 investment income?
 22 A. **I think that was Healy and his office**
 23 **staff and the auditor and -- those are people**
 24 **we generally look to.**

1 Q. And you didn't get -- you and the
 2 other trustees didn't get personally involved
 3 in the specifics of that issue, did you?
 4 A. **Personally involved in what?**
 5 Q. In the specifics of that issue, did
 6 you, in terms of how much money was made and
 7 what each district would get?
 8 A. **Not at all.**
 9 Q. And if Bob Healy testified that the
 10 accurate statements of the amounts due to each
 11 district in investment income are set forth in
 12 the general ledger of the TTO, do you have any
 13 reason to doubt the accuracy of that testimony?
 14 A. **I wouldn't know one way or the other**
 15 **on that.**
 16 Q. Okay.
 17 MR. HOFFMAN: Let's mark this as Exhibit
 18 No. 4.
 19 (WHEREUPON, said
 20 document was marked as
 21 Hartigan Deposition
 22 Exhibit No. 4 for
 23 Identification.)
 24 BY MR. HOFFMAN:

1 Q. Sir, I'm handing you a document dated
 2 November 1st, 2012, from the website of the
 3 Better Governmental -- excuse me. The Better
 4 Government Association which is also known as
 5 BGA. Are you familiar with that organization?
 6 A. I've heard of them.
 7 Q. And at the time this document was
 8 prepared, you were already no longer a trustee,
 9 right?
 10 A. Right.
 11 Q. And are you familiar with the BGA
 12 doing a report on the TTO?
 13 A. No.
 14 Q. Have you ever seen a copy of either
 15 the letter or the reform suggestions that are
 16 part of this exhibit?
 17 A. I have never.
 18 Q. On page three of this document, sir,
 19 under solutions, it says, "The trustees should
 20 consider the following reform proposals," then
 21 it says, "The two trustees who were on the
 22 board when the now former treasurer was
 23 engaging in questionable conduct should resign,
 24 and they should be replaced by people with

1 financial experience." Do you see that?
 2 A. I do.
 3 Q. Do you think that's a fair criticism
 4 of the trustees that they should be people who
 5 have financial experience?
 6 A. I don't know. I mean it's -- first of
 7 all, that's a job that, you know, kind of a --
 8 little bit of an archaic office. I'm not sure
 9 people are even aware about how to run for it
 10 or if they really want to engage in that type
 11 of office.
 12 Q. Well, it's an --
 13 A. It would help, put it that way. It
 14 would help. I don't think it's an absolute
 15 requirement, but it would help.
 16 Q. One of the problems that the TTO ran
 17 into was that Bob Healy stole over a million
 18 dollars from the TTO in school district funds,
 19 you're aware of that?
 20 A. Shocking, I'm aware. I know we did
 21 have a surety bond. I do recall that.
 22 Q. And you had a -- do you recall it
 23 being a million dollars?
 24 A. I do recall I think it was a million,

1 yeah.
 2 Q. And was it your understanding that the
 3 surety bond that if the treasurer or anybody
 4 else at the TTO engaged in any kind of
 5 misconduct, that the losses to the district and
 6 their funds would be covered by the surety bond
 7 to the extent that they weren't in excess of a
 8 million dollars?
 9 A. I'd have to look at the bond and
 10 what's covered.
 11 I would assume that's for
 12 anything wrong that the treasurer did.
 13 Q. Would you be surprised to learn that
 14 TTO recovered a million dollars on a surety
 15 bond but did not distribute those funds to the
 16 member districts that were affected by Healy's
 17 fraud?
 18 A. I don't know one way or the other.
 19 Q. How was it that Bob Healy was able to
 20 steal so much money from the TTO without being
 21 detected for so many years?
 22 In hindsight you had to have
 23 asked yourself that question.
 24 MR. KALTENBACH: Objection. Compound. You

1 can answer.
 2 THE WITNESS: I wish I knew. We had an
 3 auditor. We had an attorney. Appeared to be
 4 reputable on the surface. I think everybody
 5 was shocked.
 6 BY MR. HOFFMAN:
 7 Q. Okay. And you're aware that Bob Healy
 8 currently is serving a nine-year sentence for a
 9 class X felony of theft of school funds at the
 10 Taylorville Correctional Center?
 11 A. I'm aware he is in jail, yes.
 12 Q. And you haven't had any contact or
 13 communications with Bob Healy since you were a
 14 trustee, have you?
 15 A. Not at all.
 16 Q. Is there anything else I haven't
 17 covered with you, sir, that has to do with the
 18 claims involved in this lawsuit or the issues
 19 involving Gurrie's invoices or payment of
 20 investment income or pro rata expenses or
 21 payment by the TTO of District 204's business
 22 functions that you can tell me about that I
 23 haven't asked you?
 24 A. The only thing I can recall

1 STATE OF ILLINOIS)
2) SS:
3 COUNTY OF C O O K)

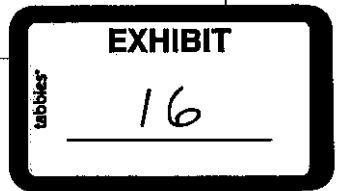
4 IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
5 COUNTY DEPARTMENT - CHANCERY DIVISION

6 TOWNSHIP TRUSTEES OF)
7 SCHOOLS TOWNSHIP 38)
8 NORTH, RANGE 12 EAST,)
9 Plaintiff,)

10 vs.) Case No. 13 CH 23386

11 LYONS TOWNSHIP HIGH)
12 SCHOOL DISTRICT 204,)
13 Defendant.)

14
15 The deposition of DENNIS KELLY, called
16 for examination, taken pursuant to the provisions
17 of the Code of Civil Procedure and the Rules of the
18 Supreme Court of the State of Illinois pertaining
19 to the taking of depositions for the purpose of
20 discovery taken before WENDY A. KILLEN,
21 CSR No. 84-003772, a Certified Shorthand Reporter
22 of said state, on January 18, 2017, at the hour of
23 1:05 p.m. at 225 West Washington Street,
24 Suite 2600, Chicago, Illinois, pursuant to notice.



Page 2

1 APPEARANCES:
2 MILLER, CANFIELD, PADDOCK and STONE, PLC,
3 by MR. BARRY P. KALTENBACH
4 225 West Washington Street, Suite 2600
5 Chicago, Illinois 60606
6 (312) 460-4251
7 kaltenbach@millercanfield.com
8 Appeared on behalf of the Plaintiff;
9
10 HOFFMAN LEGAL, by
11 MR. JAY R. HOFFMAN
12 20 North Clark Street, Suite 2500
13 Chicago, Illinois 60602
14 (312) 899-0899
15 jay@hoffmanlegal.com
16 Appeared on behalf of the Defendant.
17
18
19
20
21
22
23 REPORTED BY: WENDY A. KILLEN, CSR
24 LICENSE NO.: 084-003772

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1 (Whereupon, the witness was duly
2 sworn.)
3 MR. KALTENBACH: This is the discovery
4 deposition of Dennis Kelly.
5 Thank you for coming to our office today,
6 sir. I appreciate that and I appreciate your
7 agreement to show up without making me have a
8 process server find you and issue you a subpoena.
9 It makes it easier on everyone, including, I am
10 sure, you.
11 DENNIS KELLY,
12 having been first duly sworn, was examined and
13 testified as follows:
14 EXAMINATION
15 BY MR. KALTENBACH:
16 Q. Have you ever been deposed before,
17 Mr. Kelly?
18 A. I think twice, many years ago.
19 Q. Other than those two depositions, have you
20 ever testified at a trial or a hearing before?
21 A. Yes.
22 Q. What were those trials?
23 How many times did that occur?
24 A. Trial was once and it was over -- I was

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24

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1 representing a school district in litigation over
2 administrative appointments.
3 Q. Are you a licensed attorney, sir?
4 A. Absolutely not.
5 Q. Were you at the time?
6 A. No.
7 Q. You said you were representing a school
8 district. I took that to mean you were an
9 attorney.
10 A. Superintendent.
11 Q. So you testified in your capacity as a
12 superintendent?
13 A. Absolutely, yes.
14 Q. Did that have anything at all whatsoever
15 to do with the Township Trustees of Schools in this
16 case?
17 A. No.
18 Q. Fair enough. Then I won't ask any more
19 about it.
20 The two depositions that you gave, what
21 kind of cases were those in?
22 A. Those were in cases involving school
23 positions and appointments.
24 Q. Fair enough. I'm not going to ask more

Page 6

1 about that.

2 I'm not going to go through all of the

3 rules. If you want to take a break at some point

4 today, please let me know. The washroom is across

5 the hall. If you want to get more water, if there

6 is a phone call you need to take, something like

7 that, that's fine. I just ask you answer whatever

8 the question is that is pending before you take the

9 break. Fair enough, sir?

10 A. Yes.

11 Q. Is Mr. Hoffman your attorney today?

12 A. Yes, he is.

13 Q. Fair enough.

14 If Mr. Hoffman objects to my questions,

15 which is not uncommon to happen during a deposition

16 for any attorney to do, you should go ahead, let

17 him state his objection, and then answer the

18 question anyway. The judge will rule on the

19 objection at a later time, if need be.

20 The exception is if he objects and then

21 instructs you not to answer the question -- I don't

22 think that's going to happen today -- if it does,

23 we will cross that bridge when we come to it.

24 Okay?

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1 A. Okay.

2 Q. Finally, it's important that we both not

3 talk over each other because the court reporter can

4 only take down what one person is saying at a time.

5 And, also, it's important that we make sure

6 questions and answers and comments are spoken out

7 loud. She can't do things like reflect nodding of

8 the head or uh-uh or uh-huh. On the transcript,

9 you can't tell what it is. So if I re-ask you or

10 ask you to clarify an answer, it might just be

11 because I'm concerned about how it appears on the

12 transcript. Please don't be offended at that.

13 Okay?

14 A. I won't.

15 Q. Thank you very much.

16 I'd like to get a little bit of background

17 information to start. What is your educational

18 background, sir?

19 A. I have two degrees from Wayne State

20 University; a bachelor's degree in English and a

21 master's degree in education. I have a Ph.D. from

22 the University of Michigan in school

23 administration.

24 Q. And ballpark is fine. When did you get

Page 8

1 your bachelor's in English from Wayne State?

2 A. '69.

3 Q. And then when did you get your master's in

4 education?

5 A. '72.

6 Q. So did you go straight through?

7 Did you work for a little?

8 A. At the time I was working full-time in the

9 Detroit Public Schools.

10 Q. At the time you got your master's?

11 A. Yes.

12 Q. So you began working in the Detroit Public

13 Schools after you graduated from Wayne State in

14 '69?

15 A. Yes.

16 Q. And then while you were a full-time

17 employee, you went back and got your master's?

18 A. Yes.

19 Q. When did you get your Ph.D. from Michigan?

20 A. 1977.

21 Q. And were you still an employee at the

22 Detroit public school system at that point?

23 A. No. In 1977, I was an administrator for

24 the Homewood-Flossmoor School District in

Page 9

1 Flossmoor, Illinois.

2 Q. Before I jump into your work history, just

3 to make sure, are you a member of any professional

4 organizations, sir?

5 A. Not currently.

6 Q. Were you at some point in your career?

7 A. Yes.

8 Q. What were you a member of, to the best of

9 your recollection?

10 A. The American Association of School

11 Administrators, Association for Schools Curriculum

12 Development, which is ASCD. Early on, I was in the

13 English Teachers Association.

14 Q. Were you in those pretty much the entirety

15 of your professional career?

16 A. I think I always belonged to at least one

17 organization, yes.

18 Q. Have you ever had any professional

19 licenses?

20 A. No.

21 Q. Have you ever had any professional

22 certifications?

23 A. No.

24 Q. So after you graduated in '69 with your

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1 bachelor's of English, I take it you began working
2 as an English teacher initially?
3 A. Yes. It's a complicated issue. I
4 actually taught full-time two years while I was
5 going to -- my junior and senior year at Wayne
6 State, I taught full-time in Detroit.
7 Q. Okay. That's interesting.
8 So did you continue in that position after
9 you graduated?
10 A. I continued in a position teaching junior
11 high school English, yes, in Detroit.
12 Q. And roughly how long did that last?
13 A. I worked for the Detroit Public Schools
14 for five years.
15 Q. So that takes us up to about '74 or so?
16 A. The fall of '72.
17 Q. Okay.
18 A. Yes.
19 Q. So after you received your master's in
20 education?
21 A. Uh-huh.
22 Q. And then what did you do?
23 A. I taught English at Algonac High School in
24 Algonac, Michigan.

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1 Q. How long did you hold that position?
2 A. Three years.
3 Q. So now we're at about '75?
4 A. Uh-huh.
5 Q. What did you do in '75?
6 A. Took a leave of absence and worked two
7 positions; one for the Metropolitan Detroit Bureau
8 of School Statistics and then I also was a teaching
9 fellow at the University of Michigan. I had those
10 two positions while I did my campus residency.
11 Q. And then you got your Ph.D. in '77?
12 A. Uh-huh.
13 Q. And then what did you do after receiving
14 your doctorate?
15 A. I worked at Homewood-Flossmoor High School
16 as the director of instruction for English.
17 Q. Is there a particular reason that -- it
18 sounds like your education and career up until that
19 point were in Michigan, which I'm sure will make my
20 firm very happy because that's where it's primarily
21 located, but what brought you to Illinois?
22 A. The opportunity to work at what at the
23 time was one of the top school districts in the
24 country.

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1 Q. Homewood-Flossmoor?
2 A. Yes.
3 Q. Was there a particular school district,
4 like a numbered district that that was?
5 A. 99 Kedzie Avenue in Flossmoor. I'm
6 blocking on their district number. It's
7 Homewood-Flossmoor High School. It's a high school
8 district.
9 Q. What did you do at Homewood-Flossmoor High
10 School?
11 A. I was the director of instruction for
12 English, which means I was department chair for two
13 buildings and had 42 teachers that I supervised.
14 Q. How long did you hold that position?
15 A. Three years.
16 Q. So up until about the early '80s?
17 A. '79. I was there from '76 to '79.
18 Q. Did you begin working at
19 Homewood-Flossmoor while you were still finishing
20 up your Ph.D.?
21 A. Yes.
22 Q. I'm sorry. You had said that earlier.
23 So in '79, how did your career change
24 then?

Page 13

1 A. I got a position as the principal of
2 University High School in Normal, Illinois, which
3 is a part of the Lab Schools for Illinois State.
4 Q. How long did you hold that position, sir?
5 A. About four years.
6 Q. So that takes us to about '83, '84,
7 somewhere in that time.
8 Then what did you do?
9 A. Uh-huh.
10 Q. I know this can be exhausting.
11 A. They made me the superintendent director
12 of the Lab Schools.
13 Q. So was that more than just University High
14 School then?
15 A. Yes. It's preschool through 12th grade.
16 Q. How long were you the superintendent of
17 the Lab Schools?
18 A. Five years.
19 Q. So we are now in '87, '88, somewhere in
20 that ballpark?
21 A. '88.
22 Q. What did you do in '88, sir?
23 A. In '88, I went to Ewing Township in
24 New Jersey as their superintendent.

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1 MR. HOFFMAN: Can you spell Ewing for the court
 2 reporter?
 3 THE WITNESS: E-w-i-n-g.
 4 BY MR. KALTENBACH:
 5 Q. Just like Patrick?
 6 A. Uh-huh.
 7 Q. What prompted that move?
 8 A. There were a number of reasons. The first
 9 is it was professional advancement. The second, I
 10 wanted my children to be able to experience the
 11 East Coast. I had lived there previously on two
 12 different occasions. The third was I doubled my
 13 salary.
 14 Q. Fair enough.
 15 How long were you out in New Jersey then?
 16 A. Four years, from '88 to '92.
 17 Q. You came back in '92.
 18 Did you then go to Lyons Township 204?
 19 A. Yes.
 20 Q. In this case, my client's full name is a
 21 bit of a mouthful. If I just refer to them as the
 22 Township Trustees, would you know who I'm referring
 23 to?
 24 A. Yes.

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1 Q. Rather than the full name.
 2 And it's my understanding that the --
 3 well, first, let me do this. The name of
 4 Mr. Hoffman's client is Lyons Township High School
 5 District 204.
 6 Can we just refer to that as either LT or
 7 District 204?
 8 A. LT is fine.
 9 Q. That's what you're used to calling it?
 10 A. Yes.
 11 Q. I will try to call it LT. If you are
 12 confused as to what I -- if I slip or something and
 13 you don't understand, please let me know.
 14 So the setup, as I understand it from my
 15 client, is there are three elected trustees and
 16 that they appoint or hire a treasurer. Then the
 17 treasurer has some staff underneath him or her.
 18 Is that your rough understanding?
 19 A. Pretty much.
 20 Q. I know from looking through correspondence
 21 and such that you had communications with the
 22 Treasurer at various points during your tenure at
 23 LT.
 24 So fair to say you've communicated with

Page 16

1 Mr. Healy at various points, correct?
 2 A. Yes, I did.
 3 Q. Did you ever communicate with any of
 4 Mr. Healy's staff?
 5 A. No.
 6 Q. Did you ever communicate with any of the
 7 elected trustees?
 8 A. Only after I retired, and I don't know
 9 whether Russ Hartigan was still a trustee at that
 10 point, but he gave me a ward in Township offices
 11 after I retired. That would have been in probably
 12 the fall of 2009.
 13 Q. So you were -- I guess we'll clarify. You
 14 were at LT from '92 until 2009?
 15 A. Yes, I was, 17 years.
 16 Q. Did you hold the same position that entire
 17 time?
 18 A. Yes, I did.
 19 Q. Was that superintendent?
 20 A. Yes.
 21 Q. What were your job duties as
 22 superintendent?
 23 A. To oversee the supervision of 562
 24 employees, to indirectly monitor a \$61 million

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1 budget, to cause 1.4 million square feet of
 2 buildings to be maintained, and to shepherd and
 3 nurture and counsel 4,000 students. I think my real
 4 job description had 41 items on it, but the major
 5 responsibility was overseeing the total operations
 6 of the school district.
 7 Q. Did you think of yourself as kind of a
 8 CEO?
 9 A. I never have because I've known CEOs and
 10 there's a substantial difference between a CEO for
 11 a public entity and a superintendent of a school
 12 district. In my opinion, it's not the same.
 13 Q. As superintendent, were you a member of
 14 the Board of Education for LT?
 15 A. No, no. I am an employee of the Board,
 16 but, no. The board members are elected. Mine is
 17 an appointed position. And I served under the
 18 Board of Education and at their directive.
 19 Q. The Board of Education had various
 20 committees, correct, sir?
 21 A. Yes.
 22 Q. One of them in particular relevant to this
 23 lawsuit is the finance committee, correct?
 24 A. Correct.

Page 18

1 Q. Were you a member of the finance
2 committee?
3 A. No.
4 Q. Did you regularly attend finance committee
5 meetings?
6 A. I attended all meetings. I attended all
7 board meetings and helped run them. But I also sat
8 in and attended quite often as either a participant
9 or an observer on finance committee meetings,
10 curriculum meetings, buildings and grounds
11 meetings.
12 Q. But you were not, to your knowledge,
13 formally a member of those committees?
14 A. No.
15 Q. You didn't get a vote on those committees?
16 A. Oh, no, no.
17 Q. Generally speaking, who prepared the
18 minutes for the committee meetings or the Board of
19 Education meetings?
20 A. The agenda for committee meetings was
21 typically set by the chairperson of the committee
22 under the direction of the board president.
23 Q. And what about then the meeting minutes of
24 what was discussed?

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1 A. Meeting minutes would have been prepared
2 by the board secretary who attended all of the
3 committee meetings. She would take the minutes,
4 typically send them out to the chair for his or her
5 approval, and then have them published at a future
6 board meeting.
7 Q. You did not take those meeting minutes?
8 A. No.
9 Q. When you started at LT in 1992 as
10 superintendent, generally speaking, what was the
11 relationship with the Township Trustees?
12 A. I think there had already been a history
13 by the time I got there. I think the Board
14 understood that they had to be a part of the
15 organization. Some of them clearly did not want to
16 be a part of the organization, but they were
17 required to. I think most of the board members had
18 questions about the operations of the Township
19 office and its responsiveness to the Board, its
20 sharing of information, just its general
21 professionalism.
22 Q. At the time you began, was LT performing
23 business functions that were the type of functions
24 that normally would have been performed by the

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1 Treasurer's Office?
2 A. I think LT, because of its size and scope
3 and staffing, performed more business operations
4 than any other school district in the co-op and had
5 for a number of years.
6 Q. So that was the situation that you
7 inherited, so to speak?
8 A. It had already been established, yes.
9 Q. After you came aboard, did you discuss
10 with anyone -- strike that.
11 Was LT unhappy at that point with the
12 amount it was paying each year to the Treasurer's
13 Office?
14 A. I think there was a general feeling on the
15 part of many of the board members that the fees
16 didn't represent the level of service that they
17 got.
18 Q. That is to say the LT share of the annual
19 pro rata wasn't commensurate with what they were
20 getting for that dollar value?
21 A. Occasionally there would be a question --
22 typically not to me, but to the business manager --
23 and it was always when we reviewed budgets -- of
24 the budget line for the Township Treasurer's Office

Page 21

1 seems to be growing, and, yet, we providing all of
2 the services. So there was a general discussion of
3 it, but not any action taken for the first few
4 years.
5 Q. Was action eventually taken?
6 A. Well, eventually, in '99 -- and forgive me
7 if I can't tell you the exact date --
8 Q. We'll probably look at some documents that
9 might refresh your memory, but I don't want to
10 march you through them extensively right away.
11 A. It was probably 17 years ago.
12 Q. Sure.
13 A. There was a conversation leading into the
14 budget for budget year 2000, and at that time, oh,
15 the line item was probably 164,000, 165,000. At a
16 finance committee meeting, there was a general
17 discussion of, wow, are we getting anything for our
18 money.
19 At that time, I think Lisa Beckwith was in
20 the final end of her tenure. She was asked, along
21 with myself, to -- I was asked to share with Bob
22 Healy some concern on the part of the Board that
23 they didn't feel like they were getting their full
24 \$165,000 worth, and directed Lisa to perhaps sit

Page 22

1 down with Bob and see if anything could be done to
 2 modify costs or to share services.
 3 Q. Okay. I know this was a long time ago and
 4 I appreciate that. I'm not trying to give you a
 5 memory quiz, Dr. -- it is Dr. Kelly, correct?
 6 A. It's Dennis.
 7 Q. It's Dennis. I'm probably going to call
 8 you Mr. Kelly or Dr. Kelly nonetheless.
 9 (Whereupon, Kelly Deposition
 10 Exhibit No. 1 was marked for
 11 identification.)
 12 BY MR. KALTENBACH:
 13 Q. I'm going to hand you what we've marked as
 14 Kelly Deposition Exhibit Number 1, which is some
 15 finance committee meeting minutes that we have kind
 16 of just put in order and stapled together as a
 17 group exhibit, beginning with a meeting on May 28th
 18 of 1999. It indicates that you were one of those
 19 in attendance at this meeting.
 20 Reviewing this first meeting minute, which
 21 is a page and a half, sir, does it kind of cause
 22 you to remember this particular meeting?
 23 A. As much as I could a committee meeting. I
 24 do remember that -- and I don't know whether this

Page 23

1 was the first meeting that Bob Healy had attended
 2 with the Board or not, but I remember sometime
 3 prior to this calling him and inviting him to a
 4 committee meeting and it might have been this one.
 5 Certainly I remember that both Healy and
 6 Dr. Beckwith were asked to review options or
 7 prepare options for the Board.
 8 Q. If you see the paragraph at the bottom of
 9 the first page, it mentions that Mr. Shapiro was
 10 reviewing the percentages and it looks like that
 11 year LT was paying about 26 percent of the pro rata
 12 and it indicated his unhappiness with paying that
 13 much.
 14 Is that consistent with your recollection
 15 at that time, sir?
 16 MR. HOFFMAN: Well, I object to the form of the
 17 question in that it provides counsel's
 18 interpretation of what this says. I have no
 19 objection to the witness being asked about it.
 20 THE WITNESS: While I would never have
 21 remembered the 26 percent, I know that during the
 22 course of my lifetime at LT the percentage varied
 23 from, oh, a little over 20 percent, 26. So this
 24 probably would have been the peak, and I think this

Page 24

1 is the reason that Mr. Shapiro asked Mr. Healy and
 2 Dr. Beckwith to look at options for the Board to
 3 review to perhaps modify the cost.
 4 BY MR. KALTENBACH:
 5 Q. And at the time of the next page, you'll
 6 see the minutes reflect that Dr. Beckwith -- and
 7 she was the business manager, correct?
 8 A. Yes. Lisa Beckwith at that time was the
 9 business manager.
 10 Q. She reported to the committee on several
 11 options, and then it lists four options.
 12 Do you recall discussing those options at
 13 all?
 14 A. No, I don't. My recollection would be
 15 Lisa presented them, but that they weren't really
 16 discussed.
 17 Q. But is it fair to say your takeaway from
 18 this is that Dr. Beckwith and Mr. Healy were going
 19 to try to come up with some options to address
 20 Mr. Shapiro's concern?
 21 A. Yes.
 22 Q. Before we jump to the next committee
 23 minute, which is September 29th of '99, we're going
 24 to mark a memorandum that's not a committee meeting

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1 minute, but we're going to mark it as Kelly Exhibit
 2 Number 2.
 3 (Whereupon, Kelly Deposition
 4 Exhibit No. 2 was marked for
 5 identification.)
 6 BY MR. KALTENBACH:
 7 Q. Do you recognize Exhibit Number 2, sir?
 8 A. Anything that I have signed and initialed,
 9 I better acknowledge that I recognize, yes.
 10 Q. And the initials by your name, that is, in
 11 fact, your initials, sir, that you placed there?
 12 A. DG Kelly, DGK, yes.
 13 Q. Is this a memo you wrote to the Board of
 14 Education on or about June 4th of '99?
 15 A. Yes.
 16 Q. What was the purpose of this memo, sir?
 17 A. I believe it was to clarify that Mr. Healy
 18 had been spoken to and that he was going to try to
 19 cooperate with us because I think the initial
 20 conversation with Mr. Healy was quite defensive.
 21 Q. When you say the initial conversation, are
 22 you referring to the meeting on May 28th of '99 or
 23 is that a different conversation?
 24 A. I think it's one in the same, May 28th.

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1 Q. So your recollection is that Mr. Healy was
2 defensive at the finance committee meeting?
3 A. Yeah. I think one of the things that
4 Mr. Healy was operating under was his fear that
5 Lyons Township High School was going to try to go
6 nuclear on him and close down his operation. So
7 that was one of the things that when I talked to
8 Bob and when the Board responded to him, they tried
9 to assure him that we're not trying to close down
10 your operation, we're trying to make it more cost
11 efficient for Lyons Township High School.
12 Q. Why did you refer to closing down his
13 operation -- I guess what do you mean by closing
14 down his operation?
15 A. Well, closing it down for Lyons Township
16 High School. Periodically in just about every one
17 of the school districts in Lyons Township, there
18 would be discussion as to whether the district
19 wanted to stay in the Township Treasurer's Office.
20 It always came down to the same thing. It's not an
21 easy thing to do. It takes legislative actions.
22 It's extremely political. It's contentious.
23 I think the majority of my board members
24 at the time felt it was easier and better to try to

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1 get a resolution. They weren't that interested in
2 trying to get a legal solution. They just didn't
3 see that as something they wanted to try to do at
4 the time.
5 Q. When you say legal solution, do you
6 mean --
7 A. In Springfield.
8 Q. -- a legislative solution?
9 A. Uh-huh, in Springfield.
10 Q. And then you described closing down his
11 operation as -- you've described that as the
12 nuclear option. What did you mean by that?
13 A. Well, LT would leave. There were no other
14 options. If you leave the organization, you no
15 longer belong to it. That's what I would call a
16 nuclear option.
17 Q. And did Mr. Healy ever explain to you why
18 that was not something he wanted to have happen?
19 A. Well, yeah.
20 MR. HOFFMAN: I apologize for laughing. Go
21 ahead and answer the question. It is funny, but go
22 ahead.
23 THE WITNESS: I think Bob realized if LT,
24 because of its size and influence -- there were

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1 several other superintendents who mentioned to Bob
2 the fact that one or two of their board members
3 might have been saying the same things. It was not
4 just Lyons Township High School. Bob realized it
5 would get to a point quickly that he would not have
6 a job, the Township office wouldn't exist.
7 BY MR. KALTENBACH:
8 Q. I'm just curious. Are these things that
9 Mr. Healy expressed to you or is that kind of your
10 own -- and I'm not questioning the logical steps
11 involved. Was that kind of just your own belief of
12 what he was concerned with?
13 A. I don't ever remember having a
14 conversation with Bob about closing down the
15 Township offices. That is my own personal belief
16 based on the reactions I saw from him and on my
17 conversations with board members.
18 Q. Your June memo then, the second paragraph,
19 you state, "I spoke with Bob Healy this past
20 weekend and he was very apologetic about his
21 behavior and lack of cooperation."
22 So I guess the weekend between May 28th
23 and June 4th, fair to say you must have had a
24 conversation with Mr. Healy?

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1 A. I believe it was probably on a Friday
2 afternoon.
3 Q. Out of curiosity, why would you believe it
4 was on a Friday afternoon?
5 A. Because that's when Bob usually called.
6 Q. Was that a weekly occurrence?
7 A. No, no.
8 Q. How often was that?
9 A. One of the problems in dealing with Bob
10 was your conversations and your contact with him
11 were very sporadic.
12 Q. Did he not return your calls?
13 A. No. I don't think that was the case. I
14 think he would eventually return calls. But I
15 think Bob's management style was to fly under the
16 radar screen.
17 Q. Do you recall the conversation on that
18 Friday with Mr. Healy? Does that stand out
19 particularly in your mind?
20 A. No, no.
21 Q. Do you recall him being apologetic about
22 his behavior at some point?
23 A. Well, I just remember in looking at
24 whether -- I'm reading the memo twice now.

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1 Q. Sure.
2 A. I do remember he called me up basically to
3 try to mend fences and to see what could be done.
4 He wanted me to know that he was going to try hard
5 to keep my board happy.
6 Q. And part of that was coming up with a
7 solution, along with Dr. Beckwith, right?
8 A. Yes.
9 Q. In the next paragraph you mention that
10 Mr. Healy then dropped off a revised billing
11 statement, and you say today, so I assume that that
12 would have been on June 4th.
13 Are you referring to the annual pro rata
14 billing?
15 A. I really don't know. One could assume
16 that that would be all I would be referring to.
17 Q. Well, would you think that's a fair
18 assumption based on --
19 A. I think it would be.
20 Q. -- based on the dollar amount involved
21 also?
22 A. Yes. I'm looking at 155.8. That's a
23 ballpark figure, yes.
24 Q. And you note that it was \$24,000 lower.

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1 Would that have been lower than the other
2 billing statement for that same period of time?
3 A. Probably the original billing statement
4 that he gave us was 179.
5 Q. And then you conclude that paragraph by
6 saying, "He admitted that his office had made a
7 mistake in calculating our fees."
8 What did you mean by that, sir?
9 A. Just exactly what it says. I would have
10 asked Bob what's this change about. It wasn't any
11 revisions. It was the fact that he said there was
12 a miscalculation made.
13 Q. He did explain the miscalculation, that is
14 kind of a line item, if you will?
15 A. No.
16 Q. Based on what the record isn't going to
17 reflect, which is your facial reaction, I would say
18 that you feel that was pretty typical of Mr. Healy,
19 that detail might be lacking?
20 A. Sometimes details were lacking, yes,
21 that's correct.
22 Q. Did it cause you any concern that after a
23 meeting in which the threat of a nuclear option was
24 discussed, Mr. Healy shows up at your office with a

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1 new invoice that's \$24,000 less?
2 A. Well, let me correct you. The nuclear
3 option was not discussed. We never really clearly
4 discussed Lyons Township High School leaving the
5 Township Treasure's Office, so that wasn't on the
6 table. It did appear curious to me that he came up
7 with lowering the bill \$24,000 after there was a
8 discussion of it being too high.
9 Q. Did you voice that curiosity to anyone
10 within LT, any of the board members, for instance,
11 is what I mean?
12 A. I don't think so. I think if it had been
13 the other way around, if the bill had been \$24,000
14 higher, I would have had a lot of explaining to do,
15 but the fact that it was less spoke for itself. I
16 quite often avoided stating the obvious.
17 Q. What was the obvious to you here?
18 A. The obvious was that the bill would have
19 been changed to hopefully help Lyons Township High
20 School.
21 MR. HOFFMAN: Excuse me.
22 MR. KALTENBACH: Jay, I don't know that it's
23 proper for you to in the middle of questioning lean
24 over and direct the witness' attention to another

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1 document.
2 MR. HOFFMAN: I don't know what you consider
3 proper or not, but I was pointing out to the
4 witness that the exact question that you are asking
5 him about is discussed in Kelly Exhibit Number 1.
6 Perhaps you should be aware of that given your
7 question seems to indicate you don't know what your
8 own documents say. I thought it was only fair to
9 direct the witness to take a look at a document you
10 have already introduced into evidence.
11 MR. KALTENBACH: I haven't introduced anything
12 into evidence, but...
13 THE WITNESS: He explains the difference here.
14 It becomes a part of it. It's not a
15 miscalculation. It's that the original bill
16 included the revenue for bonds that should not have
17 been included. So that \$24,000 would have been
18 revenue for bonds that he pulled back out.
19 MR. HOFFMAN: For the record, the witness is
20 pointing at Page 1 in the middle of Kelly Exhibit
21 Number 1.
22 MR. KALTENBACH: Mr. Hoffman, please feel free
23 when you have an opportunity to question Dr. Kelly
24 to ask him things like that. Don't interrupt my

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1 questioning of the witness because you don't like
2 his answer and you want to direct him back to other
3 documents. I'm not trying to ambush the man. He
4 had the documents in front of him. But,
5 nonetheless, I don't think that was proper
6 behavior.

7 MR. HOFFMAN: Barry, I disagree with you. When
8 your question expresses an ignorance of the record
9 and documents you've introduced, I'll do what I
10 need to do. Next question.

11 MR. KALTENBACH: We're going to put in a little
12 asterisk on that page. I think Judge Hall may have
13 to get into this.

14 MR. HOFFMAN: That's fine.

15 BY MR. KALTENBACH:

16 Q. Sir, you conclude by saying, with
17 reference to Kelly Exhibit 2, "As a result of our
18 conversation and the latest memo, I am feeling much
19 more positive about the situation," and then you
20 continue.

21 What memo were you referring to there, if
22 you recall, sir?

23 A. I have no idea. All I can tell you is I
24 was positive because I thought the problem at hand

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1 with Dr. Beckwith and Bob Healy having to meet
2 throughout the summer -- I was looking for a
3 positive resolution to it, but I don't know what
4 the latest memo -- in 17 years at Lyons Township
5 High School, I wrote over 40,000 memos. That one
6 I --

7 Q. I'm wondering if you might -- I'm sorry.
8 I didn't mean to cut you off.

9 A. Go ahead.

10 Q. I'm wondering if you might be referring to
11 a memo that Mr. Healy gave you?

12 A. I have no idea.

13 Q. Fair enough.

14 You had mentioned Dr. Beckwith and
15 Mr. Healy working over the summer.

16 Was there kind of a time at which you were
17 expecting them to report back on their progress?

18 A. I don't think there was a set date
19 established. I think their directive was to come
20 up with options, and when you have them, present
21 them at a finance committee meeting.

22 Q. Turning back to Kelly Exhibit Number 1
23 then, if we can go to the third page of that
24 exhibit, that's what I believe to be the next

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1 finance committee meeting. This is now
2 September 29th of '99.

3 I guess before we do that, how often did
4 the finance committee meet?

5 A. Most of the board committees met on a
6 needs basis. Quite often they met monthly, but if
7 there was not a need, meetings weren't held.

8 Q. Do you think it's possible there would not
9 have been a meeting -- and I don't know, maybe
10 there is a meeting minute and I don't have it here.

11 Do you think it's possible given it was
12 summer break there wasn't a meeting during June,
13 July, or August?

14 A. I should have mentioned that. Typically
15 during the summer, the board committees did not
16 meet unless there was --

17 Q. Particular --

18 A. -- a particular issue. Buildings and
19 grounds, for instance, would meet in the late
20 summer to go over all of the things that were to
21 have been put in place for the start of the school
22 year. But that's an exception. Most of them did
23 not meet.

24 Q. Okay. Thank you.

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1 At this meeting, again, it indicates your
2 attendance and Mr. Healy's attendance on
3 September 29th of 1999. Certainly take a minute to
4 review the document. But my question is going to
5 be: Do you recall this particular meeting?

6 A. I don't recall specifics about it. I just
7 remember that Healy and Beckwith were there. I
8 think Mark Pera and Todd Shapiro had asked them to
9 kind of start to break out costs for the business
10 office. They were looking at the relationship
11 between our business office and the Township
12 Treasurer's Office where there was overlap or where
13 we were duplicating services. That's what they
14 were looking at, I think, in this particular
15 meeting.

16 Q. It seems like at this point in time a
17 direction had kind of been chosen and that was that
18 certain costs that LT was incurring for business
19 functions would be billed to the Treasurer's
20 Office; is that a fair characterization, sir?

21 A. I think what they were talking about was
22 the LT business office, the services we were
23 providing there, the question became what would
24 happen if we stopped providing those services and

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1 they got extended into the Townships Treasurer's
2 Office, it would create a staffing need and a big
3 additional cost for them. So I think those two
4 merged together.

5 Q. Do you recall at this meeting -- and,
6 again, I'm just sort of kind of not trying to make
7 you guess.

8 At the end of that third paragraph, beyond
9 the attendance list, it says, "Mr. Healy indicated
10 the Township Board of Trustees is supportive of
11 this method."

12 Do you, by happenstance, recall him
13 expressing that in particular?

14 A. All I remember is, I believe, Todd Shapiro
15 asked him if the Township -- if the information was
16 being shared with the Board of Trustees and what
17 they thought about it. And Bob's response, I
18 believe, was very short and said, yeah, they
19 support it.

20 Q. Is that a recollection from this
21 particular meeting to the best of your ability?

22 A. I remember more Shapiro asking the
23 question because he was very particular about
24 details.

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1 Q. And Mr. Healy --

2 A. A general response of, yeah, they know and
3 they support it.

4 Q. If we can turn to the next page of Kelly
5 Exhibit 1, we see now a finance committee meeting
6 minute from November 4th of '99, which is about a
7 month later, a little bit over a month, but not by
8 much. This indicates your attendance, again, sir.
9 It does not indicate Mr. Healy's attendance this
10 time.

11 Do you recall this meeting?

12 A. Boy, I don't. I remember the September
13 meeting ironically not so much because of the
14 Township Treasurer's Office, but I was there to
15 talk about the possible sale of Willow Springs
16 property, and that was at the time the much bigger
17 of the two issues. So I -- boy, I'm just -- I'm
18 not remembering this very much from this one.

19 Q. Let me direct your attention to an item
20 and see if that jogs it at all.

21 From the bottom up, the third paragraph,
22 it states, "The committee received additional
23 information provided by the Township Treasurer,"
24 and then the next sentence, "The Finance Committee

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1 will discuss the Treasurer charges at a later
2 meeting."

3 Directing your attention to that, does
4 that jog anything at all, sir?

5 A. No, no.

6 Q. You are not sure what additional
7 information was provided by Mr. Healy?

8 A. No. And it would have -- I don't know
9 where it would have come from, whether it would
10 have been a memo to me or a memo to Lisa Beckwith.

11 Q. Fair enough.

12 The final page on Kelly Exhibit 1 is a
13 committee meeting minute from March 22nd of 2000,
14 which is a few months later, although the start of
15 the next school semester.

16 Was LT on the semester system when you
17 were there, sir?

18 A. Yes. The semester for LT in the year 2000
19 would have ended the second week of January.

20 Q. I'm sorry. It would have ended the second
21 week or begun the second week?

22 A. No. The first semester would have ended
23 the second week of January, and then March would
24 have been about two months into the second

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1 semester.

2 Q. Okay. Again, it's possible there is a
3 meeting minute that isn't in here, so I'm not going
4 to represent to you there isn't one in between.

5 Would it strike you as unusual if the
6 finance committee had met on November 4th and then
7 did not meet again until March 22nd?

8 A. I don't think it would be totally unusual.
9 It would depend on issues being discussed at full
10 board meetings. Quite often, in lieu of small
11 finance committee meetings or curriculum committee
12 meetings, they would discuss a singular issue at a
13 full board meeting. I think it would be a little
14 unusual for that amount of time to pass.

15 Q. Okay. Starting with the -- so you have
16 the members present paragraph and then Mr. Pera
17 calling it to order. Then you have the first
18 substantial paragraph. It states, "The Committee
19 reviewed the recommended changes in the Township
20 Treasurer billing."

21 Do you recall that being discussed at this
22 meeting, sir?

23 A. I think Lisa and Bob Healy had come up
24 with four or five options for the Board. The first

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1 option that was never really considered was to
2 terminate the relationship. The second option was
3 the one that both Lisa and Bob agreed upon, and
4 that was a restructuring and reallocation, kind of
5 a cost-back system where some of the salaried
6 positions and benefits in LT's office would be
7 charged against the pro rata. So this would have
8 been the second option, I believe.

9 Q. And it goes on for the next couple of
10 sentences to describe a little bit more about what
11 that change is, so I don't want to -- you certainly
12 should feel free to read that in terms of jogging
13 your memory or something along those lines.

14 It states a few sentences, "This will be
15 effective for the 1999 to 2000 school year."

16 Do you see that, sir?

17 A. Yes.

18 Q. To you, when would the 1999 to 2000 school
19 year be in terms of on a calendar?

20 A. Good question. I'm not certain at the
21 time whether we were going on a January 1st to
22 December 31st calendar or not. I don't think so.
23 I think our calendar started -- our budget calendar
24 started new July the 1st.

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1 Q. I believe that's the fiscal year that the
2 Treasurer's Office was using, July 1st through
3 June 30th. So you would understand the agreement
4 or the recommended change.

5 Do you recall if that was when it was
6 going to come into effect for the school year, I
7 guess, that would have then been ending on
8 June 30th of 2000?

9 A. I think what this indicates to me is that
10 when that billing would come out, there would be an
11 adjustment made prior to the new fiscal year in
12 2000, which would have been July 1st of 2000.

13 Q. As of this meeting on March 22nd of 2000,
14 to your knowledge, had District 204 and the
15 Township Trustees entered into an agreement
16 regarding the billing change?

17 A. I'm not quite certain what you mean by an
18 agreement because the Board had met and agreed upon
19 this option, and the understanding was that Bob had
20 met with the Township Trustees and that they had
21 voted on it. So that would suggest to me that
22 there was an agreement made.

23 Q. When did Bob let you know that the
24 Township Trustees had agreed?

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1 A. I have no idea.

2 Q. Well, for instance, he's not reflected as
3 being in attendance at this meeting, so it
4 presumably would not have been at this meeting.

5 Was it before the meeting? Was it after
6 the meeting? Are you able to place that temporally
7 at all?

8 MR. HOFFMAN: What is it that we're talking
9 about; when the Trustees --

10 MR. KALTENBACH: When Bob told him the Trustees
11 agreed.

12 MR. HOFFMAN: Okay. And he said he didn't
13 know. The question is: Does that help you to
14 remember in any way the date?

15 Right, that's the question?

16 THE WITNESS: No, I don't.

17 MR. KALTENBACH: Fair enough.

18 THE WITNESS: You need to know the lack of
19 communication that we had. I never got minutes
20 from the Board of Trustees. Bob would have always
21 received copies of our minutes and our -- he was on
22 the roster, you see, for all of the board meetings
23 and minutes from Lyons Township High School. We
24 never got anything from him. I'm kind of in the

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1 dark on that one.

2 BY MR. KALTENBACH:

3 Q. Did you have discussions yourself with
4 Mr. Healy about the topic of the Trustees paying
5 for certain of the business functions of LT?

6 A. No, no. It wasn't my job and it was very
7 clear from the board director, from both Mark Pera,
8 the board president, and Todd Shapiro, the head of
9 the finance committee, that they wanted Lisa to
10 communicate directly and to develop the
11 relationship and come up with the options and
12 present the final plan.

13 I wasn't really involved in that, so that
14 would have almost been inappropriate for me to do
15 at the time.

16 Q. Because you wouldn't have wanted to
17 interject yourself given that Dr. Beckwith --

18 A. No. He might have had the question who am
19 I really dealing with; am I dealing with Kelly or
20 Beckwith or who.

21 Q. Fair enough.

22 Ultimately, is it your understanding,
23 Dr. Kelly, that there was an agreement between LT
24 and the Township Trustees on that topic?

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1 A. It was my understanding, it was
2 Dr. Beckwith's understanding, and certainly was the
3 Board's understanding, the agreement from
4 '99/2000 -- and I'm saying this in retrospect,
5 because after that, it seemed like every year there
6 was an additional agreement for the year going
7 through. So it was not a one-year agreement. It
8 looked to me like it was still in place when I left
9 in 2009.

10 Q. What is your basis for saying it wasn't a
11 one-year agreement?

12 Where are you getting that from?

13 A. Well, I'm getting it from the board
14 minutes and the billings from Bob Healy that
15 included the pro rata for the services we provided.
16 Typically that came from -- oh, gosh, the first
17 year it was Lisa and then Lisa left. Right as this
18 was all being put into place, she retired and --
19 well, she didn't retire. She went and took care of
20 her child, which was more important for her.

21 Harold Huang came in and he was involved
22 in it. I remember his memos. And then the latter
23 four years David Sellers was involved. Eventually
24 somebody set up a spreadsheet and the positions

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1 were listed with benefits.

2 Q. I don't want to walk you through more
3 paperwork than I have to. You mentioned these
4 memos and we've looked at those before. These are
5 memos generated annually by the business manager to
6 Mr. Healy.

7 Is that what you're referring to, sir?

8 A. I believe it came out of the business
9 office, yes.

10 Q. Did you receive copies of those memos?

11 A. Typically I would have gotten a copy at
12 the finance committee meeting.

13 Q. Did you ever discuss those memos with
14 Mr. Healy?

15 A. Probably not.

16 Q. Did you discuss them with the business
17 manager that drafted them in any given year?

18 A. The one discussion I remember having --
19 well, I had actually two discussions. The first
20 one was because it was a relatively new arrangement
21 when Harold Huang came in in July of 2000, I
22 remember sitting down with him in my office and
23 that was one of his questions was tell me what's
24 been going on. He had gone through the files and

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1 saw some of the memos. So we talked about the
2 arrangement and what his role was in it.

3 I told him at the time this is coming out
4 of the business office, this is not the
5 superintendent's office, so if you have questions,
6 ask me, but this is part of your responsibility.

7 Then, oh, five years later when Sellers
8 started, I remember having the same conversation
9 with him, but to a limited degree, because David
10 had already been a part of LT before in a different
11 position, so he knew a lot more than Harold would
12 have coming in.

13 Q. What was the agreement that was reached
14 with the Township Trustees insofar as you were
15 aware of it?

16 A. Well, my understanding was the prorated
17 amount, which is based on actually the amount of
18 money that the school district had for investing,
19 services that LT was providing, rather than stop
20 those services and return them to the Township
21 Treasurer and having that expense, Lyons Township
22 High School was able to charge back those against
23 the fee. And it was typically, I think, the first
24 year -- oh, goodness -- it was \$106,000 or

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1 \$105,000, and over time it grew as salaries grew
2 and different people assumed different positions in
3 the business office.

4 MR. KALTENBACH: Let's mark this as Kelly
5 Exhibit 3.

6 (Whereupon, Kelly Deposition
7 Exhibit No. 3 was marked for
8 identification.)

9 BY MR. KALTENBACH:

10 Q. This looks to be a letter from Mr. Healy
11 to you, sir, on September 7th of 2000.

12 Do you recall getting this letter from
13 Mr. Healy on or about that date?

14 A. Well, I must have because I remember the
15 \$106,000. I couldn't have told you what the offset
16 was against it. I remember getting this from -- I
17 don't know whether I got this from Bob every year
18 thereafter or whether he sent it to the business
19 office instead. But, yeah, this would have been to
20 commemorate the first year.

21 MR. HOFFMAN: I would ask the witness to take a
22 moment and read it.

23 THE WITNESS: Okay.

24

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1 BY MR. KALTENBACH:
2 Q. Have you had a --
3 A. Yeah. This was actually the second year.
4 The first year would have ended about June 30th.
5 Q. June 30th?
6 A. So this is the second year that it was
7 done. I stand corrected. I'm sorry.
8 Q. So this would have been during the
9 2000/2001 year, correct?
10 A. It would have had to be because Lisa was
11 gone by then, as he's referring to Harold, yes.
12 Q. Yeah, at the end he mentions Harold.
13 A. Yes.
14 Q. So he states that funding last year
15 totaled \$106,403, which brought -- maybe there's
16 some bad grammar here -- which brought the
17 District's -- apostrophe S -- a net payment to
18 \$59,073.
19 What was your understanding of what he was
20 communicating to you there, sir?
21 A. Well, funding last year would have been
22 '99/2000 then. If you do the math, you are looking
23 at about a \$47,000 payback that they gave the
24 school district credit for.

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1 Q. I'll try to avoid doing it if I can. I
2 will represent to you that the first memo that
3 Dr. Beckwith prepared where she sent it to
4 Mr. Healy and said this is the amount of our
5 services, that totalled \$106,403.
6 MR. HOFFMAN: I'd like you to show -- instead
7 of representing it, I would like you to show it him
8 to it, please.
9 MR. KALTENBACH: That's fine.
10 THE WITNESS: And this is from '99/2000?
11 MR. HOFFMAN: You'll see.
12 MR. KALTENBACH: It's part of Conway Exhibit 3,
13 as I'm going to hand it to him that way.
14 MR. HOFFMAN: That's fine. I don't think there
15 is any dispute over the numbers.
16 MR. KALTENBACH: No, but you asked me to show
17 it to him.
18 MR. HOFFMAN: You are asking him to explain
19 these numbers. I think we all know what they mean.
20 You can ask him whatever questions you want. If
21 you ask him the questions, I'm going to make sure
22 that they're fair.
23 MR. KALTENBACH: That's fine.
24

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1 BY MR. KALTENBACH:
2 Q. I'm going to show you the first page of
3 Conway Exhibit 3, sir, just so you've got that in
4 front of you.
5 That purports to be a memo from
6 Dr. Beckwith to Bob Healy on leap day of 2000.
7 A. Okay.
8 Q. Do you recall seeing that memo before,
9 sir?
10 MR. HOFFMAN: Why don't you give him a minute
11 to look it over?
12 MR. KALTENBACH: Sure. That's fine.
13 THE WITNESS: I don't recall it. But knowing
14 Lisa Beckwith, I'm sure I saw it before she sent it
15 out.
16 BY MR. KALTENBACH:
17 Q. Fair enough. I'll take that back.
18 So she comes up with the \$106,403 and
19 that's where that's from.
20 A. Okay.
21 Q. So given that, sir, maybe that puts a
22 little bit of context onto the \$106,403 number that
23 Mr. Healy writes.
24 So is it your understanding then that for

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1 last year, which would have been the year ending
2 June 30th of 2000, LT would have paid \$59,073
3 because it had gotten a credit, so to speak, for
4 the \$106,000?
5 A. Even with the atrocious grammar here, I've
6 come to that conclusion that the total would have
7 been somewhere about 174-something, and of that, we
8 paid 59.
9 Q. Okay. You had earlier mentioned a
10 47,000-something number and I just wanted to make
11 sure that -- I was wondering if you were maybe
12 subtracting the 59 from the 106, as opposed to
13 maybe adding it to the 106?
14 A. No. I think the total would have been the
15 106,000, plus the 59.
16 Q. In other words, that would have been the
17 total bill send to LT?
18 A. Yeah.
19 Q. Fair enough.
20 Do you recall getting a similar letter,
21 such as this, every year from Mr. Healy?
22 A. No. It might have gone to the business
23 office or it might have been one of those
24 flow-through things where I get it, I look at it

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1 and put HH on it and send it down to the business
2 office.
3 MR. KALTENBACH: We've been going about an hour
4 now. If you want to take a couple minutes, it's as
5 good a time as any.
6 MR. HOFFMAN: That works for me.
7 (Whereupon, a break was taken.)
8 (Whereupon, Kelly Deposition
9 Exhibit No. 4 was marked for
10 identification.)
11 BY MR. KALTENBACH:
12 Q. Dr. Kelly, I'm going to show you a letter
13 that has been marked as Kelly Exhibit 4. It is
14 fairly long and I'm not going to ask you a ton of
15 detailed questions about it, but it purports to be
16 a January 12, 2001 letter to you from Mr. Healy.
17 Take a moment. I'm not going to tell you
18 you can't read the whole thing. I'm going to tell
19 you you don't need to, but certainly familiarize
20 yourself with it and let me know when you have.
21 MR. HOFFMAN: Off the record.
22 (Whereupon, a discussion was had
23 off the record.)
24 THE WITNESS: Okay.

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1 BY MR. KALTENBACH:
2 Q. You've had a moment now to look through
3 the letter, sir?
4 A. Uh-huh.
5 Q. Do you recall receiving this letter from
6 Mr. Healy on or about January 12th of 2001?
7 A. No.
8 Q. Does the letter ring a bell at all to you?
9 A. I was trying to think of the reasons for
10 him sending me this letter. Obviously if he says
11 Dear Dennis, I requested it. I didn't request it
12 on my behalf. I would have requested it on the
13 school district's behalf.
14 The motivation behind it probably had to
15 do with information we weren't getting relating to
16 our funds. We were anticipating getting quarterly
17 summations of our investments, and we were lucky to
18 get an annual. That was probably the motivation
19 behind it.
20 Q. It seems like the letter covers a lot more
21 topics than just the investment of district funds.
22 So you are not sure, for lack of a
23 better --
24 A. I'm not certain because on Page 5 -- on or

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1 about that time, we were going through with
2 Hinsdale School District 86 a de-annexation of a
3 two-block property parallel to the expressway, to
4 294. When I got to the bottom of Page 5, I
5 thought, well, maybe that was part of the
6 motivation also. It was uncontended, but Bob still
7 had to -- he was responsible for hosting the
8 meetings and monitoring them.
9 Q. Sir, I can show it to you if you want, but
10 I will represent to you an extremely similar letter
11 was sent to Dr. Beckwith in --
12 MR. HOFFMAN: 1999.
13 BY MR. KALTENBACH:
14 Q. -- 1999. It's not word for word, but it's
15 very similar.
16 So I guess what I'm wondering is knowing
17 that, does that help you maybe figure out at all
18 what the purpose of this letter was any better than
19 you've already testified?
20 A. Not at all.
21 Q. Do you recall ever asking Bob Healy for an
22 analysis or a summary of what it was the
23 Treasurer's Office did?
24 A. No, no.

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1 Q. I take it, based on your general lack of
2 recollection of the specific letter, you don't
3 recall discussing this letter with anyone at LT or
4 with Mr. Healy?
5 A. No, I don't.
6 Q. You had mentioned the investment of funds.
7 One of the functions the Treasurer's
8 Office performed for all districts was to invest
9 funds to generate interest income, correct, sir?
10 A. Yes.
11 Q. Before we go too much further, let me ask
12 you this: Can I ask what you did to prepare for
13 your deposition today?
14 A. I had general conversations with my
15 counsel.
16 Q. I certainly don't want to know the
17 substance of those.
18 A. No, just general.
19 Q. Did you review any documents in
20 preparation for your deposition?
21 A. A small number, and, honestly, I flipped
22 through them.
23 Q. Do you, by chance, remember what they
24 were?

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1 Were there any deposition transcripts?
2 A. No.
3 Q. Were there pleadings, that is an answer or
4 complaint or counterclaim?
5 A. I don't think so.
6 Q. Were they, to the best of your
7 recollection, documents that were kind of just
8 generated in the course of business from either of
9 the parties?
10 A. I think most of them had either Lisa
11 Beckwith's name on them or my name on them, and
12 there were a few from Bob Healy.
13 Q. Roughly when did you review those? Was it
14 real recently? Was it a few months ago?
15 A. I had my first meeting with counsel in
16 July and that was kind of a get-to-know-you, where
17 he provided me general directions on where the case
18 was going, what was involved. We had a followup
19 phone conversation the following week. I've
20 obviously talked to him a couple of times to set
21 this up, and then today for about an hour.
22 Q. Okay. Fair enough.
23 Did you discuss the fact that you are
24 being deposed or the substance of your anticipated

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1 testimony with anyone from LT?
2 A. Oh, absolutely not.
3 MR. KALTENBACH: I'm going to mark a document
4 as Kelly Exhibit Number 5.
5 (Whereupon, Kelly Deposition
6 Exhibit No. 5 was marked for
7 identification.)
8 BY MR. KALTENBACH:
9 Q. This purports to be a May 2, 1996 letter
10 from yourself to Mr. Healy. It's one page with
11 some handwritten notes on the second page of the
12 exhibit, in any event.
13 Do you recognize this exhibit, sir?
14 A. Yes. Bob had requested that I provide him
15 some information.
16 Q. What information did he request that you
17 provide?
18 A. He told me he did it with all school
19 districts. He would ask them for any local banks
20 that he might approach for involvement in the
21 funding plan. The idea there was if there are
22 community banks that have been supportive of the
23 high school or Lyons Township in general, he wanted
24 to include them, rather than go to Berwyn or

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1 Cicero.
2 Q. You mention four banks. You say they have
3 been financially supportive to LTHS.
4 You mean Lyons Township High School?
5 A. Yes, the monies involved student
6 scholarships.
7 Q. So these banks provide --
8 A. They were involved in scholarship
9 programs.
10 Q. For high school students?
11 A. Yes.
12 Q. Okay. Does this relate to investment to
13 generate interest income?
14 A. Well, the idea was in the future he could
15 look at these banks and add them to the list of
16 possible places to get CDs.
17 Q. Sure.
18 Do you know, did he take you up on this
19 recommendation?
20 A. I have no idea.
21 Q. Did he specifically ask you to recommend
22 some banks?
23 A. Yes. And from my conversations with other
24 superintendents, he asked them also.

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1 Q. Was it a one-time request or was it a
2 periodic request?
3 A. No. It was pretty much one time. That's
4 all I remember, one time.
5 Q. The second page has some handwritten
6 notes.
7 Is that your handwriting?
8 A. That would be my scratching, yes.
9 Q. There's kind of three circled blurbs and
10 then there's some other stuff.
11 Just in terms of helping me understand,
12 what are the three circled blurbs?
13 A. I think what I did was use the \$1,000
14 scholarship as a cutoff. And if you look, the four
15 banks that I recommended all had contributed \$1,000
16 or more to scholarship funds.
17 Q. So State Bank of Countryside had
18 contributed \$1,000; is that your note?
19 A. Yes.
20 Q. Prairie Bank had done \$1,000, correct?
21 A. Uh-huh.
22 Q. Bank One of LaGrange had done \$5,000?
23 A. Yes.
24 Q. And First National Bank of Brookfield had

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1 done \$2,500?
2 A. Yes.
3 Q. So the other banks are banks that had
4 contributed money to the scholarship?
5 A. Smaller amounts.
6 Q. But smaller amounts?
7 A. Uh-huh.
8 Q. And then you have a handwritten note
9 beneath that that says board meeting Thursday
10 night; is that what that says?
11 A. Yes.
12 Q. And what's the -- it looks like maybe the
13 word mess or --
14 A. I think it was going to be message, but I
15 never completed that. And Janet, for your
16 information, would have been my secretary. I was
17 probably going to put message and something and
18 then decided not to do it.
19 Q. I'll take that back. I was just curious
20 what that was.
21 Are you aware, sir, that one of the issues
22 in this case relates to whether or not LT was
23 allocated the correct amount of interest income
24 from investments?

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1 A. I think I was told that, yes.
2 Q. Did you ever discuss that issue with
3 Mr. Healy?
4 A. No, no. It never came up.
5 Q. Do you have --
6 MR. HOFFMAN: Wait, wait. I'm sorry. Did you
7 ever discuss the issue of the amount that was
8 correct or did you never discuss investment issues
9 with him at all?
10 THE WITNESS: We used to complain all the time
11 about not receiving information. It was just on --
12 I don't think we ever got to the point where we
13 were arguing the exact return. Quite often we
14 didn't have the information to even have that
15 argument.
16 BY MR. KALTENBACH:
17 Q. That was my question, sir, and I think you
18 answered it, was did you discuss specifically the
19 issue of was District 204 underallocated or
20 overallocated interest income.
21 You never discussed that with Mr. Healy,
22 correct?
23 A. No. We were doing our best to give an
24 annual report of what the investment amounts were.

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1 Q. Did you get that report, to your
2 knowledge?
3 When I say you, I mean LT.
4 A. Usually we did; quite often, only after
5 requesting it multiple times. And we were not the
6 only school district. When I would meet monthly
7 with the other superintendents in Lyons Township,
8 there was always a discussion about the lack of
9 information that we got. We would say, wow, over
10 \$200 million in investments and we're getting no
11 information back on it.
12 Q. That was frustrating?
13 A. Very.
14 Q. Is that something you directed your
15 business managers to follow up on?
16 A. I usually didn't have to. I was blessed
17 with really good, competent business managers, and
18 I didn't have to talk basic details to them.
19 Usually they would come to me and say I've already
20 made two phone calls and we're going to have a
21 come-to-Jesus phone call and you can expect to have
22 some information within the next 30 days.
23 Q. That's what the business managers would
24 tell you, to expect that information?

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1 A. Yes, uh-huh.
2 Q. When you took over as superintendent in
3 '92 and thereafter, every year LT had an annual
4 audit done, correct?
5 A. Uh-huh, yes.
6 Q. And it's your understanding that that
7 audit is one that's required by the school code,
8 correct?
9 A. I believe it's statutory, yes.
10 Q. What was your role in getting that audit
11 performed each year?
12 A. I actually had very little to do with it.
13 It was typically done through the business office.
14 I'm trying to think of the name of the -- Gurry was
15 the original firm that did it for years and years.
16 I think they are using somebody different now.
17 They would typically have -- the initial
18 audit would be presented -- well, you'd know when
19 they were in because there would be three young
20 people all dressed in black.
21 Q. Accountants are stylish.
22 A. It looked like a car had been lost at a
23 funeral and they decided to rest in the business
24 office. They would be there for a week making

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1 everyone way too nervous.
2 Then usually the following month, Bob
3 what's-his-name from Gurry would come in to a
4 finance committee meeting and present the initial
5 audit, and he would do that as a courtesy. Then at
6 the next board meeting, he would be there and
7 present it in public.
8 Q. And this was the audit of LT itself,
9 correct?
10 A. Of the high school, only District 204.
11 Q. And it's your recollection that when you
12 took over, it was an accounting firm by the name of
13 Gurry that was doing the audit?
14 A. I think it was, yes.
15 Q. And later, for instance, does the name
16 Baker Tilly ring a bell?
17 A. No. That was after I left, I think.
18 Q. Did you play any role in the selection of
19 the audit firm that was going to do the audit?
20 A. Absolutely not.
21 Q. When you took over, was District 204
22 paying for its audit each year?
23 A. To the best of my recollection, no. My
24 recollection is that all of the school districts in

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1 Lyons Township, the audit was supplied through the
2 Township Treasurer's Office. My first business
3 manager would have been Leon Eich. And I think I
4 remember Leon Eich telling me, that it was unusual
5 for him, and he said the Township pays all of the
6 audits for the school districts as part of
7 financial payback.
8 Q. Was Mr. Eich Dr. Beckwith's predecessor?
9 A. Yes.
10 Q. And he was the business manager when you
11 began?
12 A. Yes, he was.
13 MR. HOFFMAN: You may know this, but for the
14 record, he's deceased.
15 MR. KALTENBACH: Okay. I did not know that.
16 THE WITNESS: He died at the beginning of my
17 third year there.
18 BY MR. KALTENBACH:
19 Q. So Mr. Eich informed you that the audit
20 for 204 was supplied through the Treasurer's
21 Office?
22 A. Yes.
23 Q. And what was your understanding? What do
24 you mean supplied through?

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1 What do you mean by that?
2 A. How I read it was when it came time for
3 Gurry to send out the bill, they sent it to the
4 Township Treasurer's Office for 204, for 101, for
5 102, for all of the school districts.
6 Q. So it's your belief or your understanding
7 that the Treasurer paid the bill out of the
8 Treasurer's funds for each school district audit,
9 correct?
10 A. Yes.
11 Q. And I just want to make sure -- I'm not
12 trying to be repetitive. I just want to make sure
13 I nail it down.
14 That's what Mr. Eich informed you,
15 correct?
16 A. I believe that's what he said, yes.
17 Q. Did you -- and I'm not trying to make you
18 think it's not true. Do you recall hearing that
19 from anyone else?
20 I think Mr. Healy may have said that in
21 letters. I think he said it in the letter we just
22 looked at a little bit ago. You can certainly look
23 at that. I have no problem with that.
24 A. No. I'm thinking I heard other

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1 superintendents say it.
2 MR. HOFFMAN: Just so you know, this is what he
3 is referring to.
4 MR. KALTENBACH: Yeah. And so for the record,
5 can you --
6 MR. HOFFMAN: Referring to Kelly Exhibit 4,
7 Page 5, Annual Audit, quote, Trustees hire and pay
8 for the audit of the school districts -- that's
9 plural -- and the Treasurer's Office in Lyons
10 Township.
11 BY MR. KALTENBACH:
12 Q. I know that that's something Mr. Healy at
13 least said in a letter to you. It's something
14 Mr. Eich told you.
15 I'm just trying to figure out did you hear
16 that from anyone else?
17 A. I believe I heard it from my friend and
18 fellow superintendent at District 105, Ed Olds,
19 told me about it.
20 MR. HOFFMAN: What is it, so we're clear?
21 THE WITNESS: About the audits being paid for
22 through the Township Treasurer's Office.
23 BY MR. KALTENBACH:
24 Q. I'm not going to exhaustively ask you who

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1 is everyone that told you that. But is your source
2 of that understanding what other people have told
3 you?
4 A. That, and I don't believe I have ever seen
5 a line item in the LT budget for an audit. The
6 first year, I actually ran the business office for
7 six months. I was there for five months or so, and
8 Leon Eich went down with a serious illness and he
9 was out for three or four months. And so that
10 first major budget I got not only to prepare, but
11 to present, and I don't recall seeing any line item
12 for an audit in it.
13 Q. Do you know why the Treasurer's Office
14 paid for LT's annual audit?
15 A. No idea.
16 Q. Did you reach an agreement with Mr. Healy
17 that the Treasurer's Office would pay for that
18 audit?
19 A. I wouldn't have because it was already
20 placed when I got there.
21 Q. How was it your understanding that it was
22 already in place?
23 MR. HOFFMAN: Other than what he has already
24 testified to?

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1 THE WITNESS: Because Leon Eich had told me
2 that in the past it had been paid for through the
3 Township Treasurer's Office.
4 BY MR. KALTENBACH:
5 Q. Did Mr. Eich tell you that him and
6 Mr. Healy reached an agreement to that effect?
7 A. No.
8 Q. That's what had been done, correct?
9 A. (Nodding head affirmatively)
10 Q. You are nodding your head. I want to make
11 sure.
12 A. Yes. That is what had been done in the
13 past before 1992.
14 Q. And did Mr. Eich tell you why the
15 Treasurer was doing that?
16 A. I don't recall specifically. He probably
17 just said --
18 MR. HOFFMAN: Just a second. Don't speculate
19 and don't guess. If you remember what he said to
20 you, that's fine.
21 THE WITNESS: Okay. I don't really remember,
22 and I can't call Leon on the phone and ask him.
23 BY MR. KALTENBACH:
24 Q. I don't want you to guess. But if you

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1 I have a belief based on logic, logical inferences
2 you've drawn, I would like to know that.
3 MR. HOFFMAN: That's fair.
4 THE WITNESS: No. All of my beliefs are not
5 based on logic. I'm a Cubs fan and a Catholic, so
6 nothing I believe has to do with logic. Sorry.
7 BY MR. KALTENBACH:
8 Q. Did you ever discuss with Mr. Healy
9 himself the topic of the Treasurer's Office paying
10 for LT's annual audit?
11 A. It never came up.
12 Q. Did you discuss with Mr. Healy the topic
13 of the Treasurer's Office paying for any other
14 districts' annual audits?
15 A. It never came up for LT or for the other
16 districts in our conversations.
17 MR. KALTENBACH: I think I might be done. Can
18 we take a couple minutes?
19 MR. HOFFMAN: Sure. No problem.
20 (Whereupon, a break was taken.)
21 MR. KALTENBACH: I have no further questions,
22 Dr. Kelly. Obviously your counsel may have some
23 followup, and based on what he asks you, that may
24 prompt followup of my own. But thank you, again,

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1 for coming down here today. I appreciate it, sir.
2 THE WITNESS: Thank you very much. I
3 appreciate it.
4 EXAMINATION
5 BY MR. HOFFMAN:
6 Q. Dr. Kelly, you testified about discussions
7 you had with Ed Olds, who was the superintendent of
8 District 105.
9 Do you remember that testimony?
10 A. Yes, I do.
11 Q. What did you learn from speaking with him
12 about TTO's payments for the annual audits of any
13 of the school districts?
14 A. I don't think we talked about other school
15 districts, just about 105 and 204. But I believe
16 our assumption at the time would have been that if
17 they are paying for 105 and 204, they are probably
18 are also paying for the other school districts.
19 Q. Just backing up a step, what did you learn
20 from your discussions about who paid for District
21 105's audits at that discussion?
22 A. Well, Ed had mentioned that the Township
23 Treasurer's Office was paying for the audit of his
24 school district, also.

Page 74

1 Q. As best as you can, tell me when this
 2 discussion with Mr. Olds took place. I understand
 3 it was a long time ago, but I have to ask you that.
 4 A. Somewhere in the mid 1990s probably.
 5 Q. And is this a conversation that you would
 6 have had with him face to face?
 7 A. Over lunch.
 8 MR. HOFFMAN: I have no further questions.
 9 MR. KALTENBACH: We're done.
 10 MR. HOFFMAN: Thank you. Signature reserved.
 11 FURTHER DEPONENT SAITH NOT.
 12 (The deposition concluded at
 13 3:05 p.m.)
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 23
 24 (RESERVED)

Page 75

1 STATE OF ILLINOIS)
 2) SS:
 3 COUNTY OF C O O K)
 4
 5 I, Wendy A. Killen, a certified shorthand
 6 reporter in the State of Illinois, do hereby
 7 certify:
 8 That previous to the commencement of the
 9 examination of the witness, the witness was duly
 10 sworn to testify the whole truth concerning the
 11 matters herein;
 12 That the foregoing deposition transcript
 13 was reported stenographically by me, was thereafter
 14 reduced to typewriting under my personal direction
 15 and constitutes a true record of the testimony
 16 given and the proceedings had;
 17 That the said deposition was taken before
 18 me at the time and place specified;
 19 That I am not a relative or employee or
 20 attorney or counsel, nor a relative or employee of
 21 such attorney or counsel for any of the parties
 22 hereto, nor interested directly or indirectly in
 23 the outcome of this action.
 24

Page 76

1 IN WITNESS WHEREOF, I do hereunto set
 2 my hand at Chicago, Illinois, this 23rd of
 3 January 2017.
 4
 5 *Wendy A. Killen*
 6 Certified Shorthand Reporter
 7 CSR Certificate No. 84-003772
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Page 77

1 Veritext Legal Solutions
 2 1 North Franklin Street - Suite 3000
 3 Chicago, Illinois 60606
 4 Phone: 312-442-9087
 5
 6 January 31, 2017
 7 To: Jay R. Hoffman, Esq.
 8
 9 Case Name: Township Trustees of Schools Township 38 North, Range 12
 10 East v. Lyons Township High School District 204
 11 Veritext Reference Number: 2516119
 12 Witness: Dennis Kelly Deposition Date: 1/18/2017
 13
 14 Dear Sir/Madam:
 15
 16 Enclosed please find a deposition transcript. Please have the witness
 17 review the transcript and note any changes or corrections on the
 18 included errata sheet, indicating the page, line number, change, and
 19 the reason for the change. Have the witness' signature at the bottom
 20 of the sheet notarized and forward errata sheet back to us at the
 21 address shown above, or email to production-midwest@veritext.com.
 22
 23 If the errata is not returned within thirty days of your receipt of
 24 this letter, the reading and signing will be deemed waived.
 25
 26 Sincerely,
 27
 28 Production Department

Page 78

1 DEPOSITION REVIEW
CERTIFICATION OF WITNESS

2 ASSIGNMENT NO: 2516119

3 CASE NAME: Township Trustees of Schools Township 38 North,
Range 12 East v. Lyons Township High School District 204

4 DATE OF DEPOSITION: 1/18/2017

5 WITNESS' NAME: Dennis Kelly

6 In accordance with the Rules of Civil
Procedure, I have read the entire transcript of
my testimony or it has been read to me.

7 I have made no changes to the testimony
as transcribed by the court reporter.

8

9 Date Dennis Kelly

10 Sworn to and subscribed before me, a
Notary Public in and for the State and County,
11 the referenced witness did personally appear
and acknowledge that:

12 They have read the transcript;
13 They signed the foregoing Sworn
Statement; and
14 Their execution of this Statement is of
their free act and deed.

15 I have affixed my name and official seal

16 this _____ day of _____, 20____.

17 _____

18 Notary Public

19 _____

20 Commission Expiration Date

21

22

23

24

25

Page 80

1 ERRATA SHEET

2 VERITEXT LEGAL SOLUTIONS MIDWEST

3 ASSIGNMENT NO: 2516119

3 PAGE/LINE(S) / CHANGE /REASON

4 _____

5 _____

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

20 Date Dennis Kelly

21 SUBSCRIBED AND SWORN TO BEFORE ME THIS _____

22 DAY OF _____, 20____.

23 _____

24 Notary Public

25 _____

Commission Expiration Date

Page 79

1 DEPOSITION REVIEW
CERTIFICATION OF WITNESS

2 ASSIGNMENT NO: 2516119

3 CASE NAME: Township Trustees of Schools Township 38 North,
Range 12 East v. Lyons Township High School District 204

4 DATE OF DEPOSITION: 1/18/2017

5 WITNESS' NAME: Dennis Kelly

6 In accordance with the Rules of Civil
Procedure, I have read the entire transcript of
my testimony or it has been read to me.

7 I have listed my changes on the attached
Errata Sheet, listing page and line numbers as
8 well as the reason(s) for the change(s).

9 I request that these changes be entered
as part of the record of my testimony.

10

11 I have executed the Errata Sheet, as well
as this Certificate, and request and authorize
that both be appended to the transcript of my
12 testimony and be incorporated therein.

13 _____

14 Date Dennis Kelly

15 Sworn to and subscribed before me, a
Notary Public in and for the State and County,
16 the referenced witness did personally appear
and acknowledge that:

17 They have read the transcript;
18 They have listed all of their corrections
in the appended Errata Sheet;
19 They signed the foregoing Sworn
Statement; and
20 Their execution of this Statement is of
their free act and deed.

21 I have affixed my name and official seal

22 this _____ day of _____, 20____.

23 _____

24 Notary Public

25 _____

Commission Expiration Date

Page 80

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STATE OF)
ILLINOIS)
) SS.
COUNTY OF COOK)
IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

TOWNSHIP TRUTEES OF)
SCHOOLS TOWNSHIP 38)
NORTH, RANGE 12 EAST,)
)
)
)
Plaintiff,)

vs.

) No. 13 CH 23386

LYONS TOWNSHIP HIGH)
SCHOOL DISTRICT 204,)
)
)
)
)
Defendant.)

The deposition of LISA BECKWITH taken before Meagan M. Cahill, Certified Shorthand Reporter, taken 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, Suite 2600, Chicago, Illinois, commencing at 2:04 p.m. on the 16th day of November, 2016.

tabbles
EXHIBIT
17

Page 2

1 APPEARANCES:
2 MILLER CANFIELD PADDOCK & STONE
3 MR. BARRY KALTENBACH
4 225 West Washington
5 Suite 2600
6 Chicago, Illinois 60606
7 Phone: 312.460.4200
8 E-Mail: bkaltenbach@millercanfield.com
9 On behalf of the Plaintiff;
10 HOFFMAN LEGAL
11 MR. JAY R. HOFFMAN
12 20 North Clark Street
13 Suite 2500
14 Chicago, Illinois 60602
15 Phone: 312.899.0899
16 E-Mail: jay@hoffmanlegal.com
17 On behalf of the Defendant.
18 * * * * *
19
20
21
22
23
24

Page 4

1 (Witness sworn.)
2 WHEREUPON:
3 LISA BECKWITH,
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. It's Dr. Beckwith, correct?
9 A. Lisa.
10 Q. Lisa. Okay. Out of habit, I may refer
11 to you as doctor at some point. It's drilled into me
12 to be respectful of people who have achieved that
13 title.
14 Have you ever been deposed before?
15 A. Yes.
16 Q. Okay. If at some point you need a break,
17 please let me know, and we'll take a break for you.
18 I'll try to get through this as quickly as I can. If
19 you need to consult with your attorney at some point
20 regarding a privilege issue, you can do so. I don't
21 anticipate you'll need to. Other than that, if you
22 want to consult with your attorney, you're required
23 to answer my question before you consult with him.
24 If you don't understand a question

Page 3

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4
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23
24 (EXHIBITS RETAINED BY MR. KALTENBACH.)

Page 5

1 that I've asked you or you don't hear the question --
2 I have a loud voice, but today I'm kind of coughing a
3 bit -- please let me know because if you answer it,
4 I'll assume that you both heard and it understood it.
5 Is that fair?
6 A. Yes.
7 Q. And finally, as you know from prior depositions,
8 we have a court reporter here; she's taking down
9 everything that's said, but she doesn't take down
10 hand gestures or head nods, or uh-huh or uh-uh come
11 off the same on a transcript. So if I ask you to,
12 you know, repeat your answer or something like that,
13 please don't be offended, I just want to make sure
14 the transcript comes out.
15 A. Okay.
16 Q. Why don't we start with your formal
17 educational background, the different degrees that
18 you have.
19 A. I have a Doctorate in education with an
20 emphasis in superintendency. I have a Master's
21 degree in vocational education, and I have a
22 Bachelor's in education -- business education.
23 Q. Okay. When did you receive your
24 bachelor's in business education?

Page 6

1 A. 1978.
2 Q. Okay. What institution granted you that
3 degree?
4 A. Northern Illinois.
5 Q. Go Huskies.
6 A. I know.
7 Q. I was a Husky too.
8 And when did you receive your
9 master's? You can ballpark.
10 A. I'll ballpark that for you. Late 80- --
11 '83, perhaps. That's an estimate.
12 Q. And what institution granted your
13 master's?
14 A. University of Illinois Champaign.
15 Q. And how about your doctorate?
16 A. Again, from Northern Illinois University,
17 and that was approximately 1992.
18 Q. Okay. And those are the degrees you
19 have? There's nothing else that we've missed?
20 A. No.
21 Q. Have you taken any sort of continuing
22 education that has not led to the granting of a
23 degree?
24 A. Yes.

Page 7

1 Q. What have you taken in terms of
2 continuing education?
3 A. It is not continuing education for my
4 degrees or for my field.
5 Q. Okay.
6 A. I have taken courses in --
7 environmental-type courses, learning about trees and
8 flowers and things like that, but not leading to a
9 degree.
10 Q. And did you take any additional courses
11 that relate to the field of -- the business of
12 education or the educational field, or were these --
13 the environmental classes were, kind of, personal
14 interest?
15 A. Those were personal interest.
16 Q. So we've covered your education, whether
17 it led to a degree or not, as it relates to education
18 and business, the business of education, correct?
19 A. Yes.
20 Q. Okay. It's my understanding that at some
21 point you held the title of business manager. And
22 we'll get to the -- let's back up. In this case, the
23 defendant -- I think the full name is Lyons High
24 School --

Page 8

1 MR. HOFFMAN: Township --
2 BY MR. KALTENBACH:
3 Q. Lyons Township High School District 204.
4 What do you usually refer to that district as?
5 A. LT.
6 Q. Okay. I'll try to refer to it as LT. If
7 I slip and refer to it as District 204 or 204, please
8 understand I'm referring to what you mean as LT. If
9 there's any confusion, just let me know and I'll
10 clear that up, but my notes and my memory always
11 refer to that as 204, so we'll refer to LT or 204.
12 And then you understand my client is the Township
13 Trustees of Schools and there's a whole bunch of
14 things after that, LaGrange something north and
15 something east. You're familiar with that entity,
16 correct?
17 A. Yes.
18 Q. What would you usually refer to that
19 entity as?
20 A. Township treasurer.
21 Q. Okay. Township treasurer. And you
22 understand there's three elected trustees and then
23 they appoint a treasurer and the treasurer then has
24 an office staff, correct?

Page 9

1 A. Yes.
2 Q. But you would refer to that entire body,
3 so to speak, as the township treasurer?
4 A. Yes.
5 Q. If I need to differentiate at some point
6 between the treasurer, the treasurer's staff, and the
7 trustees, I'll do that; otherwise, we'll just refer
8 to that as the township treasurer.
9 A. Yes.
10 Q. And refer to that as the entire body.
11 Okay.
12 It's my understanding that at some
13 point in your career, you became the business manager
14 of LT, is that correct?
15 A. Yes.
16 Q. When did you become the business manager?
17 A. July 1st, 1996.
18 Q. And when did you no longer function as
19 business manager?
20 A. June 30th, 2000.
21 Q. I don't necessarily want to cover your
22 entire work history, if it's not relevant to what
23 we're doing, but what were you doing before you were
24 the business manager -- or hired as a business

Page 10

1 manager on July 1st of '96?

2 A. I was assistant superintendent for

3 finance and operations at Glenbard Township High

4 School.

5 Q. Is there a district number that you

6 recall?

7 A. 87.

8 Q. How long did you hold that position?

9 A. As an assistant superintendent, I was

10 four years.

11 Q. And then was there --

12 A. And I was assistant business -- or I was

13 business manager. They differentiated the titles. I

14 was superintendent for four years, from '92 to '96,

15 and then prior to that, from '88 to 92, I was the

16 business manager.

17 Q. Okay. Was it the same position, just a

18 different title?

19 A. Which --

20 Q. When you were at Glenbard. You went from

21 an assistant superintendent to a business manager,

22 correct?

23 A. You want to clarify? From where did I

24 go?

Page 11

1 Q. Well, I'm trying to figure out -- you

2 were both -- at Glenbard, you were both an assistant

3 superintendant and a business manager?

4 A. Yes.

5 Q. Those were your two different titles that

6 you had?

7 A. Yes.

8 Q. Was it the same job and you just changed

9 titles?

10 A. No.

11 Q. That's what I was trying to figure out.

12 What did you do as the business manager there at

13 Glenbard?

14 A. As a business manager, I was the

15 assistant to the assistant superintendent. So at

16 that point, I did transportation. I did custodial

17 relations, building maintenance. I was in charge of

18 enrollment boundaries. I was in charge of

19 secretarial staff that I supervised. I was in charge

20 of cafeterias in the schools, the food service

21 programs.

22 Q. And, then, was it a promotion you

23 received?

24 A. Yes.

Page 12

1 Q. Okay. And then what did you do after

2 your promotion? How did your duties change?

3 A. Then I was the assistant superintendent,

4 and I was in charge of all the finances of the

5 district. I was in charge of all payroll, accounts

6 payable. I was in charge of the building operations,

7 again, at that level. I was in charge of health

8 insurance. I was in charge of boundaries. I was

9 in -- I was the treasurer of the district.

10 Q. Okay.

11 A. So I handled all the financing. I did

12 all the investing of the funds.

13 Q. Okay. When you then moved to become the

14 business manager of LT, it sounds like you went for

15 a -- so it sounds like you -- with Glenbard, you were

16 a business manager and then received a promotion to

17 assistant superintendent and then you made a move to

18 LT and became a business manager there. And I'm not

19 trying to imply anything, but was that a lateral

20 move, was that a step down, was that a step up?

21 A. It was a lateral move. Different title

22 at that district.

23 Q. But were the job responsibilities roughly

24 the same?

Page 13

1 A. Roughly the same, yes, with the exception

2 of the fact that I was the treasurer of the district

3 at Glenbard school district, and I was not at Lyons

4 Township.

5 Q. And we'll talk a little bit more about

6 your duties at Lyons Township.

7 A. Okay.

8 Q. Prior to Glenbard, your role as business

9 manager at Glenbard, what were you doing?

10 A. Prior to it?

11 Q. Prior to that, yes.

12 A. I was the department chairman at Glenbard

13 East High School for the business department.

14 Q. Okay. Was that a teaching position?

15 A. It was part-time teaching and then

16 part-time administration.

17 Q. How long did you hold that role?

18 A. That was six years.

19 Q. Okay. It seems like we're probably

20 getting pretty close in time to the point where you

21 would have been done with your normal education. Do

22 you have any other jobs prior, then, to that

23 position?

24 A. I was at Glenbard West High School. I

Page 14

1 was a cooperative education teacher.
 2 Q. Okay.
 3 A. And I did that for six years.
 4 Q. Okay. How did you come to be hired as
 5 the business manager for LT?
 6 A. I applied for the position, went through
 7 the interview process, the committee process -- the
 8 interview process was committees, several committees,
 9 and I was hired.
 10 Q. Okay. Was there a posting for the job
 11 position?
 12 A. Yes.
 13 Q. Okay. I'm going to show you what we'll
 14 mark as Beckwith Exhibit No. 1.
 15 (Beckwith Deposition
 16 Exhibit No. 1 marked as
 17 requested.)
 18 BY MR. KALTENBACH:
 19 Q. Ms. Beckwith, I'll show you what we've
 20 marked as Exhibit 1. This was a document produced to
 21 us by LT. I see that it's dated August 24th, '98, so
 22 it would have been a couple years after you started.
 23 What is this document?
 24 A. Lyons Township High School teacher

Page 15

1 contract information it's entitled.
 2 Q. Have you seen this document before today?
 3 A. I don't recall.
 4 Q. Is that your signature on the bottom?
 5 A. No.
 6 Q. Do you by any chance recognize the
 7 signature?
 8 A. No.
 9 Q. Okay.
 10 A. I could guess, but --
 11 MR. HOFFMAN: You're not supposed to guess.
 12 BY MR. KALTENBACH:
 13 Q. I don't want you to guess.
 14 A. I don't know. I can't read it.
 15 Q. Okay. If you think you have a good idea,
 16 I'll take that. I don't want you to make a guess,
 17 though.
 18 A. No, I don't know.
 19 Q. Fair enough.
 20 Did you have a written contract when
 21 you were hired, effective July 1st, 1996?
 22 A. Yes.
 23 Q. How long was the term of that contract?
 24 A. It was reviewed annually.

Page 16

1 Q. So more or less, it would have been a
 2 year?
 3 A. Yes.
 4 Q. And then it's your recollection that
 5 every year, you would have received and signed a new
 6 one-year contract?
 7 A. Yes.
 8 MR. KALTENBACH: Can you mark this as 2,
 9 please.
 10 (Beckwith Deposition
 11 Exhibit No. 2 marked as
 12 requested.)
 13 BY MR. KALTENBACH:
 14 Q. I'll show you what we've marked as
 15 Exhibit No. 2. Do you recognize this document,
 16 Doctor?
 17 A. Yes.
 18 Q. Okay. Is that your signature, the second
 19 signature from the bottom?
 20 A. Yes.
 21 Q. Okay. And who was -- Do you recognize
 22 the signature of the individual below you?
 23 A. Yes.
 24 Q. And who was that?

Page 17

1 A. Marilyn Marchetti, school board member.
 2 Q. Was she a member of the board of
 3 education in December of '99?
 4 A. I don't recall.
 5 Q. That's fine.
 6 What is this document?
 7 A. This is an employment contract for school
 8 administrator for Lyons Township High School.
 9 Q. Is this your contract for the fiscal year
 10 July 1, '99 to June 30th, 2000?
 11 A. Yes.
 12 Q. Is this -- It says "Annual employment
 13 contract statement." Was this your annual contract,
 14 or was this, like, a summary of your contract?
 15 A. Clarify.
 16 Q. Well, what I'm -- it says "Contract
 17 statement." Is this your actual contract for this
 18 year in question?
 19 A. This is what I signed for this year, for
 20 '99/2000.
 21 Q. So that was your final contract at LT,
 22 correct?
 23 A. Yes.
 24 Q. And it's your recollection you would have

Page 18

1 signed the same or similar document, understanding
2 some of the details may have varied, for each year
3 you would have been there?
4 A. Yes.
5 Q. Were there any other documents that you
6 signed relating to -- in connection with your
7 contract?
8 A. Not that I remember.
9 Q. Okay.
10 MR. KALTENBACH: This is 3.
11 (Beckwith Deposition
12 Exhibit No. 3 marked as
13 requested.)
14 BY MR. KALTENBACH:
15 Q. Ms. Beckwith, I'm going to show you what
16 we've now marked as Exhibit No. 3. This is a
17 document produced to us by LT. It appears to be a
18 two-page job description for the director of business
19 services. Have you seen this document before today?
20 A. Yes.
21 Q. Okay. What is this document?
22 A. Job description for the director of
23 business services for Lyons Township High School.
24 Q. Was that the full title of your position?

Page 19

1 A. Yes.
2 Q. And you reported, then, to the
3 superintendent of District 204?
4 A. Yes.
5 Q. At the bottom left, there's a bit of a
6 footer and it contains the date of -- what I assume
7 is the date of May 2nd, '91. So it looks like, based
8 on this date, this is the job description that would
9 have existed after you left. By chance, do you know,
10 is this the same job description that would have been
11 in effect at the time of your employment?
12 A. You need to change your question. I
13 don't understand something -- part of your question.
14 Q. Okay. Do you see at the bottom there, it
15 appears to be a date of 5/2/91?
16 A. Yes.
17 Q. And assuming that's the date of May 2nd,
18 '91, that would have been -- I'm sorry -- that would
19 have been before -- several years before you started,
20 correct?
21 A. Yes.
22 Q. Okay. This was the only job description,
23 I think, we've been given from District 204. Is this
24 the same job description that existed for your job

Page 20

1 while you were employed there from '96 through 2000?
2 A. In summary, these would be the position
3 responsibilities that I would have.
4 Q. I would like to take a quick peek back to
5 Exhibit No. 2, which is the contract statement. And
6 I understand the years certainly would have changed
7 and, perhaps, some aspects of the compensation or
8 vacation or sick days would have changed, but other
9 than that, is it -- was this the same contract you
10 received every year?
11 A. Again, in sum, yes. It would have the
12 general information on it, my salary, the sick leave.
13 Q. And that might change each year, but this
14 was the same form document you signed each year?
15 A. It has the same -- ultimately the same
16 information.
17 Q. Okay. Thank you.
18 As part of your position as the
19 business manager for District 204, did you have
20 authority to enter into contracts on behalf of
21 District 204?
22 A. No. The school board had the ability to
23 enter into contracts.
24 Q. Okay. Was that -- was that -- Why is

Page 21

1 that your understanding? What's the source of your
2 understanding?
3 A. That's what the school code requires.
4 Q. Okay. Were there policy manuals that
5 governed your position, to the best of your
6 knowledge?
7 A. Yes.
8 Q. And did you periodically review those to
9 see if they were -- to see how they affected your
10 job?
11 A. Yes. And the school board periodically
12 reviewed policy manuals.
13 Q. Okay. Was that something that, as part
14 of your job, you were asked to review periodically?
15 A. I don't remember.
16 Q. Okay. How many people worked under you
17 when you were business manager? I'm not going to ask
18 you for individual names. Don't worry.
19 A. Approximately, nine direct supervision.
20 Not all of them did I evaluate, though.
21 Q. Okay. Were they -- Was that number
22 pretty consistent from when you began on July 1st,
23 '96 to the day of your departure, June of 2000?
24 A. Yes.

Page 22

1 Q. It might have been --
2 A. Yes.
3 Q. -- plus or minus one or two from time to
4 time?
5 A. Yes.
6 Q. Can I ask -- and I don't want to inquire
7 into personal reasons -- can I ask what was the
8 source of you leaving, effective June 30th, 2000?
9 A. I became a mother.
10 Q. And I don't mean to imply anything
11 derogatory by this, if I ask you -- I don't mean to
12 imply it's not work raising a child. My own mom
13 would not appreciate if I implied that, but did you
14 return to the workforce at some point after that?
15 A. I returned to substituting in my son's
16 school, elementary school.
17 Q. Okay. But you never again held a
18 position where you were in the business aspect?
19 A. I did not.
20 Q. Thank you very much.
21 Generally speaking, these nine
22 people that were under you, were some of them direct
23 reports and some of them reported through other
24 people within that group of nine?

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1 A. Yes.
2 Q. Generally speaking, what kind of
3 functions did they provide?
4 A. Accounts payable, payroll, the -- my
5 assistant who was, I would say, an accounting
6 manager. There was an insurance clerk, a secretary,
7 the data processing manager. Indirectly, I also did
8 the director of building management.
9 Q. Physical plant?
10 A. Yes.
11 Q. At the time you began on July 1st of '96,
12 was your staff doing work that, from your
13 understanding, was traditionally something the
14 treasurers -- the township treasurer's office would
15 be doing?
16 MR. HOFFMAN: Object to the question as
17 lacking foundation and being vague and ambiguous.
18 BY MR. KALTENBACH:
19 Q. Dr. Beckwith, you understand part of the
20 to township treasurer's job is to provide certain
21 business services to the member school districts,
22 correct?
23 A. Yes.
24 Q. One of the issues in this case involves,

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1 at least in part, the issue that members of
2 District 204 were doing and providing certain
3 business services for 204 and that but for them doing
4 that, the treasurer's office would have been doing
5 those services. Do you understand that?
6 A. Yes.
7 Q. So when you began on July 1st of '96, was
8 some of your staff doing the services that but for
9 them doing it, the treasurer's office would have been
10 doing it?
11 A. Yes.
12 Q. Of the nine, roughly, how many people
13 were doing the work that the treasurer's office would
14 have otherwise been doing?
15 A. All of the nine.
16 Q. Okay. Were any of them doing
17 full-time the work the treasurer's office would have
18 been doing?
19 A. Yes. All of the nine.
20 Q. So I probably am asking this inartfully.
21 I take it you don't mean that all nine of those
22 employees did, solely, the work the treasurer's
23 office would have done and did nothing for
24 District 204?

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1 A. I mean that the accounts payable was done
2 at the treasurer's office for elementary districts,
3 and I had two staff members doing accounts payable at
4 Lyons Township. My accounting -- my assistant was
5 balancing to the township treasurer, and she was
6 doing something that the township treasurer did for
7 other school districts. My data processing staff was
8 doing everything that the township treasurer did for
9 other school districts, the elementary districts.
10 Q. How many people were on the data
11 processing staff?
12 A. There were three.
13 Q. Okay. So we've got three data
14 processors, your assistant, who also did some work
15 other than, for lack of a better word, just being
16 your assistant, and two people doing accounts
17 payable. What about payroll?
18 A. No. I excluded my assistant -- my
19 secretary. I'm saying that I had an accounting
20 manager who was balancing to the township treasurer,
21 was balancing our funds.
22 Q. Okay.
23 A. She was doing full-time.
24 Q. So I'm trying to get a feel for -- your

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1 staff at the time would have been, we'll call it your
2 secretary, and then you would have had an assistant
3 who did the balancing?
4 A. Yes.
5 Q. Three data processors?
6 A. Yes.
7 Q. I understand these might be ballpark
8 numbers. Two accounts payable clerks?
9 A. Yes.
10 Q. You had payroll --
11 A. One payroll.
12 Q. One payroll person?
13 A. Yes.
14 Q. What about the insurance clerk?
15 A. I had one insurance check.
16 Q. Was it something that normally the
17 township treasurer's office would have been doing?
18 A. No.
19 Q. And then the director of building
20 management or physical plant, that, again, would not
21 be something --
22 A. No.
23 Q. -- the treasurer would do?
24 A. No.

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1 Q. I want to make sure I don't have a double
2 negative in there. Is it correct that is not
3 something the treasurer's office would normally do?
4 A. That's correct.
5 Q. Okay. Thank you. Sometimes you go back
6 and read a deposition transcript and you think to
7 yourself, I think we both understood the question and
8 the answer, but it came out different.
9 So if the -- and the answer you just
10 gave me, I think I asked effective when you came on,
11 on July 1st of '96, did this -- did the answer you
12 just gave me, would that be the same if I went year
13 by year up to June 30th of 2000?
14 A. Meaning?
15 Q. The people that were doing work as a 204
16 employee but for them doing that work, the
17 treasurer's office staff would have been doing that
18 work?
19 A. Yes.
20 Q. So three data processors, an assistant,
21 two accounts payable and one payroll. So it looks
22 like seven people, roughly, and I understand it's a
23 give or take a little bit.
24 A. Yes.

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1 Q. But basically, let's just call it seven
2 or eight people, it's your understanding that if
3 those seven or eight people were terminated, the
4 treasurer's staff would then have to pick that work
5 up, correct?
6 A. Yes.
7 Q. Do you have any reason to think the
8 treasurer's office, assuming that maybe they hired
9 more staff, could not have done that work?
10 A. In their present state, and present state
11 I mean when I arrived to the district --
12 Q. Sure.
13 A. -- they did not have the computer
14 capabilities to handle our school district with the
15 kinds of requests, the quantity of accounts payable
16 requests that we would have, the size of our payroll,
17 the nuances of our payroll, everything was different.
18 We had several different organizations. We had
19 teachers. We had secretaries. We had custodial pay.
20 We had substitute pays. We had many different types
21 of pays. So they were inadequately equipped, in my
22 opinion, to give us the kind of response time, the
23 kind of service that we would need to adequately run
24 the size and the volume that we produce at Lyons

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1 Township.
2 Q. Was it a staffing and manpower issue at
3 the treasurer's office or was it they fit -- they
4 just didn't have the capability to do it, even
5 assuming they had hired more staff?
6 A. If they had hired more staff, they still
7 did not have the computer capabilities to handle the
8 volume.
9 Q. What was unique about the computer
10 capabilities that LT had?
11 A. Specifically...
12 Q. Well, you said that you don't believe the
13 treasurer's office had the computer capabilities to
14 perform the functions, and I'm just asking, is it --
15 what's the difference in the computer capabilities as
16 best you understood it?
17 A. In terms of the system that they had,
18 they weren't able to handle the volume of requests
19 that we had for accounts payable, the requests that
20 we had for payroll. They weren't able, then -- we
21 couldn't just transfer a financial system. We at LT
22 have an integrated system and we had student
23 information -- volumes of student information and
24 personnel on our computer, all of which did not

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1 have -- the township treasurer did not have the
 2 volume and the capability within their hardware and
 3 also within their personnel resources.
 4 Q. Well, personnel resources is something
 5 that, theoretically, can be solved by hiring
 6 additional staff, right?
 7 MR. HOFFMAN: Objection to the form of the
 8 question.
 9 BY MR. KALTENBACH:
 10 Q. If you understand it, you can answer.
 11 Personnel resources, preserving the objection, is
 12 something that can be solved by adding more staff,
 13 correct?
 14 MR. HOFFMAN: Objection to the form of the
 15 question.
 16 BY THE WITNESS:
 17 A. I need you to rephrase that question.
 18 Q. What I'm trying to figure out is, you
 19 said the township treasurer didn't have the personnel
 20 resources. Is that something you would expect could
 21 be solved if they hired more people?
 22 A. No. It's a combination. It's a
 23 combination of the computer system. It's a
 24 combination of the personnel. It's a combination of

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1 the access to the information -- the direct access,
 2 the immediate access the high school requires. It's
 3 not just a simple process of throwing more people at
 4 something.
 5 Q. Okay. When you came on in July of '96,
 6 you've got this staff of people that were doing
 7 functions that, otherwise, theoretically, the
 8 treasurer's office might be doing. Did you have any
 9 discussions with anyone within LT regarding, you
 10 know, why LT had that staff to do that work as
 11 opposed so letting the treasurer's office do it? Did
 12 anyone discuss that with you versus you just gained
 13 your own knowledge of it, is where I'm at?
 14 A. When I came in?
 15 Q. Yeah.
 16 A. It was something that I assessed coming
 17 in from a different system, again, where I was
 18 treasurer. And we didn't have a township treasurer,
 19 so I didn't have that extra layer to have to
 20 reconcile with. I have to coordinate with staff. I
 21 didn't have a person that had to reconcile every
 22 month. It was fairly cumbersome, and it was a monkey
 23 on my back having the township treasurer having come
 24 from a system that I was adequately able to handle.

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1 I was adequately able to do my own
 2 investments. I was adequately able to do my own
 3 processing of accounts payable and my own payroll.
 4 So it was a burdensome layer that I had to understand
 5 and come into that system, but my staff was very
 6 willing to say that it's very difficult to have to
 7 balance to the township treasurer, to have to have
 8 them run certain things. And what was very
 9 difficult, too, is I didn't have the information from
 10 the township treasurer that I was looking for as a
 11 business manager coming in new from a system that I
 12 didn't have a township treasurer. And I had to wait
 13 to access information that I thought was appropriate
 14 for me to have, information such as investment
 15 reports, investment information for my board to have,
 16 again, for me to have for budgeting purposes and for
 17 running the affairs of the school district.
 18 Q. Were you a member -- At any point during
 19 your tenure with 204, were you a member of the board
 20 of education itself?
 21 A. No.
 22 Q. Did you regularly attend board of
 23 education meetings?
 24 A. Yes, I did.

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1 Q. And it's my understanding that you were
 2 also a member of a finance committee; is that
 3 correct?
 4 A. Yes.
 5 Q. And that was a committee of the board of
 6 education?
 7 A. It was a committee of the board of
 8 education with the finance committee members, so it
 9 was not the full board.
 10 Q. So you were a member of the finance
 11 committee, correct?
 12 A. Yes.
 13 Q. Was that true your entire time as
 14 business manager?
 15 A. Yes.
 16 Q. Okay. Were some of the other members of
 17 the finance committee also board of education
 18 members?
 19 A. Yes.
 20 Q. And were there other members of the
 21 finance committee other than you who were not board
 22 of education members?
 23 A. It --
 24 Q. I'm trying to find out who comprised the

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1 finance committee?
2 A. I was the board liaison -- the staff
3 board liaison. The business manager was the staff
4 liaison to the finance committee. The finance
5 committee was the board -- part of the board of
6 education. The board of education had finance as a
7 committee, and they had members assigned. And the --
8 one of the board members would have been the chair of
9 the finance committee.
10 Q. Okay. But you were actually a member of
11 the finance committee; you weren't just someone who
12 provided them updates or financial information?
13 A. I'm not clear as to whether I was a
14 member. I was the -- as I stated, I was the
15 administration liaison to the finance committee. I
16 was that administrator assigned to the finance
17 committee. The finance committee itself was the
18 board of education.
19 Q. It was comprised of a subgroup of the
20 board members?
21 A. Yes.
22 Q. Did you get a vote on finance committee
23 matters?
24 A. No.

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1 Q. Okay. Generally speaking, what was the
2 finance committee's role while you were there?
3 A. The finance committee did a number
4 things. They would review the financial assumptions
5 of the -- that would lead up to preparing the budgets
6 for the school district. They would look at
7 insurance issues. They would look at buildings and
8 grounds issues. They would look at treasurer issues.
9 They would certainly look at audit information.
10 Q. Okay. To your knowledge, was the finance
11 committee -- did they have the authority to enter
12 into contracts on behalf of the board of education?
13 A. The board of education would be the one
14 to enter into a contract.
15 Q. Okay. The finance committee could
16 recommend it or report on it, but it was up to the
17 actual board itself to do that?
18 A. Correct.
19 Q. And is your basis for that understanding
20 the school code or is it anything else?
21 A. The school code.
22 Q. Okay. One of the issues in this case may
23 or may not be something about which you have an
24 amount of knowledge and I need to figure that out.

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1 One of the issues involves the township trustees
2 allegation that Robert Healy misallocated interest
3 income from the investments that his office made.
4 Are you aware that that's one of the issues?
5 A. I'm aware it's an issue.
6 Q. You understand that as part of its
7 duties, the treasurer's office was charged with, kind
8 of, pooling the tax money that came in from all the
9 member districts and investing that together,
10 correct?
11 A. Yes.
12 Q. And then as that pooled investment would
13 earn income, the treasurer's office then allocates
14 the earned income back out to the member districts,
15 correct?
16 A. Yes.
17 Q. Okay. Did you have any role whatsoever
18 in the process of investing that money?
19 A. No.
20 Q. Okay. Did you have any role whatsoever
21 in the process of determining the allocations of the
22 income earned on the investments?
23 A. No.
24 MR. HOFFMAN: You mean at the township

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1 treasurer's office?
2 MR. KALTENBACH: At the treasurer's office
3 level.
4 MR. HOFFMAN: Okay.
5 BY MR. KALTENBACH:
6 Q. Did the treasurer's office notify you --
7 and I'll use -- did the treasurer's office notify you
8 or anyone else within 204, to your knowledge, as to
9 the allocations that they were doing, you know, this
10 is how much we've allocated in this month or this
11 quarter?
12 A. No, I do not recall that.
13 Q. Okay. Do you have any reason to believe
14 that the treasurer's office allocations of income
15 during the period of time that you were business
16 manager was accurate or inaccurate?
17 A. Restate your question.
18 Q. The township trustees have alleged -- the
19 township trustees have alleged that the treasurer
20 overallocated income to District 204. Do you have
21 any knowledge whether that's true or false?
22 A. I don't have any knowledge of that.
23 Q. Do you have an opinion on whether that's
24 true or false?

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1 MR. HOFFMAN: Would that opinion include her
2 perceptions of how interest was paid by the treasurer
3 from the information that she received, or are you
4 asking her just thumbs up or thumbs down whether the
5 number's right or wrong.
6 MR. KALTENBACH: If she's going to say I
7 think we were underallocated or overallocated, then I
8 want to know that, and I want to know the basis for
9 her thinking that just so I can understand what her
10 testimony is going to be, or I can remove her from
11 that issue entirely, which I'm happy to do. I just
12 need to know as part of her job, so --
13 Can you read the question back, I
14 guess, before Mr. Hoffman's elaboration.
15 (Record read as requested.)
16 BY MR. KALTENBACH:
17 Q. Do you have an opinion as to whether
18 District 204 was overallocated interest income during
19 the period of time that you were business manager?
20 A. No.
21 Q. Okay. Do you have an opinion as to
22 whether or not District 204 was underallocated
23 business income during the time that you were
24 business manager?

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1 A. Based on the fact that the school
2 district was the largest entity, it would appear
3 there were -- that it was underallocating interest to
4 the school district, that it was Lyons Township's
5 money, and we were the largest -- we had the largest
6 fund balances of any district.
7 Q. Sure.
8 A. So it felt like it was underallocating
9 interest.
10 Q. Did you ever do any sort of investigation
11 or analysis of that issue, you know, that involved
12 crunching numbers?
13 A. There were no numbers to crunch because
14 there was never any information forthcoming from the
15 treasurer's office for investments, which was, again,
16 very difficult because I had been the one investing
17 the money. I had been the one choosing the funds.
18 Q. At Glenbard?
19 A. At Glenbard. And I had never seen
20 anything nor was given any information on how the
21 investing was happening at the township treasurer for
22 our district, which made, again, my job very
23 difficult because I couldn't report back to the board
24 whether I felt we were appropriately investing,

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1 whether I was doing the best job I could as a school
2 business manager to give them the best investments on
3 the money that they had.
4 Q. Okay. So your belief that 204 was
5 underallocated income, is that fair to say that's
6 based on your feel as opposed to some sort of hard
7 analysis or investigation that you performed?
8 MR. HOFFMAN: Object to the form of the
9 question as those being the only two alternatives.
10 BY MR. KALTENBACH:
11 Q. You said it was based on your feel, and I
12 can certainly understand you can look at the amount
13 of money you're giving someone to invest and you can
14 look at the amount of income you're getting back from
15 that money and it can seem like that person's doing a
16 really good job or they're doing a really bad job.
17 A. It's based on my experience of investing
18 funds over a period of time.
19 Q. Okay. Did you ever discuss the issue
20 with Mr. Healy of whether 204 was overallocated or
21 underallocated?
22 A. I discussed with Mr. Healy on a number of
23 occasions about interest and what percentage of the
24 interest we were getting and the fact that our school

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1 district was the largest district and had the most
2 funds and yet, we were being allocated what felt like
3 a small amount -- or what was realized as a small
4 amount.
5 Q. Did Mr. Healy ever tell you that 204 was
6 being either underallocated or overallocated funds?
7 A. No.
8 Q. Did anyone on his staff ever tell you
9 that?
10 A. No.
11 Q. Did any of the individual trustees ever
12 tell you that?
13 A. No.
14 Q. Okay. Did you discuss that issue of
15 interest allocation with any of the trustees, the
16 township trustees?
17 A. No.
18 Q. Did you discuss that with any of
19 Mr. Healy's staff?
20 A. No.
21 Q. Another issue in this case, Dr. Beckwith,
22 relates to the issue of the payment of District 204's
23 annual audit. Are you aware of that?
24 A. Yes.

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1 Q. Okay. It's my understanding the school
2 code requires all districts, including District 204,
3 to have an annual audit performed. Is that your
4 understanding?
5 A. Yes.
6 Q. And while you were business manager, to
7 the best of your knowledge, did District 204 have an
8 annual audit performed?
9 A. Yes.
10 Q. And was that by a company known as Baker
11 Tilly?
12 A. No.
13 Q. Okay. Who was it? Do you recall who it
14 was by?
15 A. William Gurrie.
16 Q. William Gurrie. Do you have an
17 understanding of whether Gurrie and Baker Tilly
18 essentially are the same company, they just changed
19 names, or one acquired the other, maybe?
20 A. When I worked with them, they were --
21 Q. They were Gurrie?
22 A. Yes.
23 Q. Okay. We'll just refer to it as Gurrie,
24 then.

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1 So was that your job, to hire Gurrie
2 to do the annual audit?
3 A. No.
4 Q. Who hired Gurrie to do District 204's
5 annual audit?
6 A. The township treasurer.
7 Q. What is your basis for believing that to
8 be true?
9 A. Well, when I came in to the district, I
10 was told that the township treasurer hired the
11 auditor and the auditor was William F. Gurrie and
12 that he provided the payment for the auditor and that
13 was who the district auditor was going to be.
14 Q. You said he provided the payment. You're
15 referring to Mr. Healy there?
16 A. Yes, the township treasurer.
17 Q. Okay. Who told you -- So when you
18 started that, you were told that's the existing
19 arrangement?
20 A. That's correct.
21 Q. Did that arrangement change at all while
22 you were there?
23 A. No.
24 Q. Who told you that was the arrangement?

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1 A. I don't recall. It was -- When I came
2 in, I came in in the middle of the summer and it was
3 time for the audit, and Gurrie was coming in and that
4 was who was assigned by the township treasurer.
5 Q. Did the -- While you were there, did LT's
6 fiscal year end on June 30th of the each year?
7 A. Yes.
8 Q. So when you came in on July 1st, '96, you
9 were coming in on the first day of a new fiscal year?
10 A. Yeah.
11 Q. Fair enough.
12 Do you know who paid for LT's annual
13 audit?
14 A. The township treasurer.
15 Q. Okay. And, I guess -- so I can be a
16 little more specific, it's -- because it's not just
17 who signs the check, but it's on what account the
18 check is drawn. So my understanding is the treasurer
19 has one or more accounts, and then, for instance,
20 District 204 may have one or more accounts and even
21 though the treasurer signs those checks, those are
22 funds allocated to District 204? Am I roughly
23 describing that correctly?
24 A. I'm not familiar with the accounts of the

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1 township treasurer, so I can't answer that.
2 Q. Let's just talk about the accounts at
3 District 204, then. There were various accounts on
4 which District 204 could draw to pay sums that it
5 owed, correct?
6 A. Yes.
7 Q. And while you were there, did the
8 treasurer have to sign the checks that were drawn on
9 those accounts?
10 A. Yes.
11 Q. Okay. But you understood that those were
12 funds being drawn on funds that belonged to
13 District 204, correct?
14 A. Yes.
15 Q. Okay. So when you say that the treasurer
16 was paying for the audit, was it your understanding
17 that the treasurer was signing a check drawn on
18 District 204 funds or something else?
19 A. Something else.
20 Q. Okay.
21 A. Because he -- The township treasurer paid
22 for not only Lyons Township, but also engaged the
23 audit among the elementary districts and his own
24 office.

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1 Q. And is that something that you were told
2 when you started as well?
3 A. Yes.
4 Q. And I assume you don't recall who
5 specifically told you that either?
6 A. No, I do not.
7 Q. Are you aware of any written contract or
8 agreement by which you saw that the treasurer or the
9 township trustees had agreed to pay for the audit of
10 204?
11 A. I have seen that, yes.
12 Q. Okay. Is it an actual document that
13 you've seen?
14 A. Yes.
15 Q. Is it a contract or, like, a letter or an
16 e-mail referencing a contract? What was the document
17 that you saw?
18 A. It was a letter from Bob Healy indicating
19 that he paid for the township treasurer -- excuse
20 me -- or he paid for the annual audit.
21 Q. I think we're going to take a look at
22 that shortly, but I think I know what you're talking
23 about. So it's a letter Mr. Healy wrote to you?
24 A. Yes.

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1 Q. And in that letter, he says, We pay for
2 everyone's audit?
3 A. Yes.
4 Q. Fair enough.
5 But you've never seen, to your
6 knowledge, a contract signed between the trustees in
7 District 204 where the trustees agree to pay for
8 204's audit?
9 A. I have not seen a contract.
10 Q. Did you find it strange at all that the
11 treasurer was paying for 204's audit?
12 A. No.
13 Q. To your knowledge, did, in fact, the
14 treasurer pay for 204's audit every year when you
15 were there?
16 A. Yes.
17 Q. To your knowledge, did the treasurer, in
18 fact, pay for the audit of all the other districts
19 within the township while you were there?
20 A. My knowledge is that I was told by
21 Mr. Healy that he pays for all the elementary
22 districts and the high school, all of his districts,
23 because it made more sense for one auditor to be
24 auditing all of the books.

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1 Q. Okay. Other than the letter that you
2 referenced earlier, did Mr. Healy ever tell you, you
3 know, orally that he was paying for the audits of all
4 of the other districts?
5 A. Yes.
6 Q. Okay. Was this a specific conversation
7 you're thinking of? Was it multiple references?
8 A. You know what, I think it was multiple
9 references and conversations with Mr. Healy.
10 Q. Did any of the township trustees
11 themselves ever tell you that -- did you ever discuss
12 the issue of paying for 204's annual audit with any
13 of the individual township trustees?
14 A. I did not.
15 Q. How about any of Mr. Healy's staff?
16 A. I did not.
17 MR. KALTENBACH: We've been going close to an
18 hour, Jay. I'm at a good stopping point, if you want
19 to take a couple minutes.
20 MR. HOFFMAN: Good idea.
21 (A short break was had.)
22 BY MR. KALTENBACH:
23 Q. Dr. Beckwith, you testified earlier that
24 when you came aboard, you had an amount of your staff

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1 doing business services that otherwise would have
2 been done by the treasurer's office. It's my
3 understanding that led to some issues with the
4 treasurer's office, is that correct?
5 A. Define "issues."
6 Q. It's my understanding that -- Let me back
7 up.
8 My understanding is the treasurer
9 and his or her staff, as the case may be, performed
10 services and incurred certain expenses of office, and
11 then sends out a pro rata bill for those expenses to
12 each of the member school districts. Is that your
13 understanding of how that works?
14 A. Yes.
15 Q. Okay. So 204 gets a bill for a certain
16 pro rata of the treasurer's expenses and
17 compensation, correct?
18 A. Correct.
19 Q. And then 204 was the largest individual
20 district within the treasurer's -- the group the
21 treasurer served, correct?
22 A. Yes.
23 Q. And would it be fair to say that was
24 somewhere within the 25 to 30 percent range?

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1 A. Approximately.
2 Q. I understand it can vary year to year
3 based on different things. So in other words, the
4 treasurer's office each year is asking LT to pay,
5 ballpark, 25 to 30 percent of its expenses, correct?
6 A. Yes.
7 Q. LT was not happy about that, were they?
8 A. No.
9 Q. Why was LT not happy about that?
10 A. When you have an entity that is the
11 township treasurer asking for payment for the payment
12 for the pro rata share of, say, 25 percent, as you
13 indicated, but not receiving 25 percent of the
14 services that the treasurer is providing, it throws
15 things out of balance. It does not seem fair or
16 appropriate for our school district to be funding
17 25 percent of services when they're receiving none --
18 or very new of the services. For example, all the
19 accounts payable, all the payroll, the computer
20 services were not supplied to Lyons Township as they
21 were from the elementary districts and the other
22 districts that were being served.
23 Q. Okay. Do you understand that the pro
24 rata formula is set by statute?

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1 A. Yes.
2 Q. Do you understand the treasurer's office
3 did not have discretion to alter the pro rata
4 formula?
5 MR. HOFFMAN: Object to the form of the
6 question.
7 BY THE WITNESS:
8 A. No.
9 Q. Okay. Did you believe the treasurer's
10 office had authority to simply charge LT less of
11 their pro rata share, maybe reduce it to 15 percent
12 instead of 25 percent?
13 A. Can you clarify that?
14 Q. Sure. Let's assume in a given year that
15 LT's pro rata share is 25 percent. And you testified
16 that you understood that's set by a formula in the
17 statute of the school code. Did you believe that the
18 treasurer's office could choose to bill LT less than
19 25 percent?
20 A. That wasn't done.
21 Q. Okay. But did you believe the treasurer
22 could do that if the treasurer wished to?
23 A. With board action, I believe that
24 arrangements or different arrangements could be made.

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1 Q. You said with board action. What board
2 are you referring to?
3 A. Both the Lyons Township school board and
4 the township treasurer board.
5 Q. Okay. This unhappiness with paying, in
6 essence, for services they didn't feel they were
7 getting on a fair level, was that existing already
8 when you took over on July 1st of 1996?
9 A. Yes.
10 Q. Okay. So when you started on the first
11 day of the new fiscal year, was that something you
12 picked up, or was that something you were told?
13 A. Both.
14 Q. Who told you that, if you can recall?
15 A. I don't recall who, but it's just a
16 general sense that we weren't getting the services
17 that the elementary districts are receiving. So as
18 my exploration into my new position began and I met
19 Bob Healy and I understood what his role was and his
20 position and the township trustees, what their
21 positions are, and also what the elementary districts
22 were receiving in services, it didn't take long to
23 understand, from a business perspective, that my
24 needs as a school district were not being met the

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1 same as an elementary district, but, yet, I was
2 paying a higher percentage because I had a higher
3 percentage of the money. So in some regards, I was
4 being -- not I, but the school district was being
5 penalized for having the most funds in the school
6 district that were being invested and earning the
7 interest, but, yet, we were provided literally none
8 of the services that the elementary districts were
9 provided.
10 Q. So accounts payable --
11 A. Accounts payable.
12 Q. -- payroll?
13 A. Correct.
14 Q. Database management?
15 A. Yes. Printing.
16 Q. Cost of printing checks and --
17 A. Yes. Providing the checks, yes.
18 MR. KALTENBACH: Let's mark this as 4.
19 (Beckwith Deposition
20 Exhibit No. 4 marked as
21 requested.)
22 BY MR. KALTENBACH:
23 Q. Dr. Beckwith, I'm giving you what's been
24 marked as Exhibit No. 4, which is a lengthy letter

Page 54

1 that appears to be from Mr. Healy to you dated
2 April 29th of 1999. Do you recognize this letter?
3 A. Yes.
4 Q. Did you receive this letter from
5 Mr. Healy on or about April 29th of 1999?
6 A. Yes.
7 Q. Okay. The first sentence states, and
8 it's addressed to you, You have requested an analysis
9 of the duties and responsibilities of Lyons Township
10 school treasurer's office.
11 Did you request that Mr. Healy
12 provide you with an analysis of his duties and
13 responsibilities?
14 A. Yes.
15 Q. What was the purpose for your request?
16 A. Because as a school district, we were
17 exploring the possibility of removing ourselves from
18 the township treasure's services. Again, reiterating
19 we felt we had all the money invested and we were
20 receiving little or no services.
21 Q. When you said you were exploring the
22 possibility, is it your understanding that to remove
23 204 from the township treasurer's system, it would
24 require some sort of legislative action?

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1 A. Yes.
2 Q. So your purpose in getting this letter
3 was to understand what to understand was it was the
4 treasurer was providing so that you might be in a
5 position to help effectuate legislation that would
6 remove you from the treasurer?
7 MR. HOFFMAN: Objection. Misstates the
8 witness's testimony.
9 BY MR. KALTENBACH:
10 Q. I'm sorry. Did I accurately summarize --
11 A. No.
12 Q. On the top of Page 6 of the letter,
13 you'll see there's a little section entitled "Annual
14 audit."
15 A. Yes.
16 Q. Is that the language you were referring
17 to earlier when you said that you saw that Bob
18 Healy -- you recalled a letter or something from Bob
19 Healy where he represented that they were paying for
20 all of the school district's audits?
21 A. Yes.
22 Q. And I think a similar letter to this may
23 have been sent on another occasion. I don't recall
24 if it was to you or a predecessor or a successor, and

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1 it contained almost identical language. But do you
2 recall ever seeing Mr. Healy making this
3 representation that his office paid for annual audits
4 of all the districts other than in this letter?
5 MR. HOFFMAN: In writing or orally?
6 MR. KALTENBACH: In writing.
7 BY THE WITNESS:
8 A. There may have been. I'm not positive of
9 a date or a letter.
10 Q. Nothing that you can specifically recall
11 as you sit here today?
12 A. No.
13 Q. And I think you testified earlier, and I
14 just don't remember, but that you had had various
15 conversations with Mr. Healy about this issue?
16 A. Yes.
17 Q. No specific conversations stand out in
18 your memory, correct?
19 MR. HOFFMAN: Object to the form of the
20 question.
21 BY MR. KALTENBACH:
22 Q. I'm trying to find out, do you have any
23 recollection of discussions you had with Mr. Healy
24 about this same issue?

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1 MR. HOFFMAN: Asked and answered earlier in
2 the deposition.
3 BY THE WITNESS:
4 A. I know that I have spoken to Bob Healy
5 about the annual audit and who pays for it.
6 Q. And we've already covered those
7 communications, correct?
8 A. Yes.
9 Q. That's it for that letter.
10 Did you feel that Mr. Healy had
11 adequately responded to your request for the analysis
12 that you were looking for?
13 A. Yes.
14 (Beckwith Deposition
15 Exhibit No. 5 marked as
16 requested.)
17 BY MR. KALTENBACH:
18 Q. Dr. Beckwith, we're handing you now
19 what's been marked as Exhibit 5, which appears to be
20 a memorandum from you to certain individuals dated
21 May 26th of '99. Do you recognize this document,
22 ma'am?
23 A. Yes.
24 Q. Okay. And is this in fact a memorandum

Page 58

1 that you drafted?
2 A. Yes.
3 Q. And did you prepare it on or about May
4 26th of 1999?
5 A. Yes.
6 Q. And did you send a copy of this to Todd
7 Shapiro and Marilyn Marchetti and Mark Pera?
8 A. Yes.
9 Q. Who is Mr. Shapiro?
10 A. He's school board member.
11 Q. Board of education?
12 A. All three are board of education members.
13 Q. From LT?
14 A. Yes.
15 Q. And I think Ms. Marchetti was the one
16 that may have signed -- countersigned your contract
17 we looked at earlier.
18 A. Okay. Uh-huh.
19 Q. So Dr. Beckwith, you wrote, The finance
20 committee requested at the February meeting
21 information about the services provided by the
22 township treasurer. And then you reference there's
23 four documents attached, which I don't think were
24 actually attached to the copy that was provided to

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1 us, although I know it's old. Was the purpose of
2 that finance committee request the same as the
3 purpose of your request to Mr. Healy to write that
4 letter?
5 A. It's part of the request. As you see
6 here, The analysis of the duties of the treasurer, so
7 he was writing in response to No. 3 for me to sent to
8 the board members.
9 Q. So you also then provided -- Do you
10 believe you actually attached all four of these
11 documents to your memo?
12 A. Yes.
13 Q. And what was the purpose of you providing
14 these four documents and this memorandum to these
15 three board members?
16 A. The purpose of the memorandum is to look
17 at what the township treasurer is providing and what
18 they are billing, what was being billed to the school
19 district and to decide if it was equitable and to
20 chart a course of direction for the school district,
21 whether it be legislative to remove themselves from
22 the township treasurer or some other means.
23 Q. Was that -- Were these three board
24 members, were they the finance committee at this

Page 60

1 point in time?
2 A. Yes.
3 Q. Are there any other board members not
4 listed on this memo that were members of the finance
5 committee?
6 A. No.
7 Q. Was it always three board members?
8 A. Yes.
9 Q. Did the composition of the finance
10 committee change during your four years there?
11 A. Yes.
12 Q. So did the finance committee then charge
13 you with gathering this information and reporting
14 back to them?
15 A. Yes.
16 Q. Okay. Were you personally, as business
17 manager, personally interested in addressing what you
18 perceived to be an inequitable sharing of the
19 treasurer's expenses or was that something you were
20 doing because the finance committee directed you to
21 do that?
22 A. The finance committee would not have been
23 necessarily aware of those issues unless, as a good
24 steward of the school district funds and an

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1 appropriately forward-looking business manager, I'm
2 constantly concerned about whether I'm doing the
3 best, in terms of finance, for my school district.
4 So when I find a particular situation where I see
5 that we were not getting services, but, yet, we are
6 paying 25 -- we'll use that as an average percent of
7 the fees of an entity -- someone is charging us for
8 something that I don't feel I'm fairly receiving the
9 services, it is my duty to go to the finance
10 committee and recommend that this is a situation that
11 we look at. And so it came forward to the finance
12 committee and then once this information went to the
13 finance committee, they were very interested and
14 concerned, again, because they were the stewards of
15 our district funds.
16 Q. When you came aboard on July 1st '96,
17 this was already an issue with which the board of
18 education was unhappy, correct?
19 A. I don't have a full history of what the
20 school district did prior to me coming.
21 Q. But you're aware that there was an
22 unhappiness with the idea that LT was paying an
23 inequitable amount of the treasurer's expenses?
24 A. It was more of a research that came from

Page 62

1 me.

2 Q. Okay.

3 A. Looking at the situation and analyzing

4 it.

5 Q. Okay.

6 A. It certainly -- there was certainly

7 undertones that we don't know what the township

8 treasurer's providing, but it was more of my

9 exploratory and moving into a new position and trying

10 to discovery every line item in the budget and what

11 we're paying for.

12 Q. In the final paragraph on this first

13 page, the third sentence, you state -- beginning with

14 the third sentence you state, The Illinois School

15 Code specifies that billing for the treasurer is

16 issued on a percentage of revenues, and you underline

17 the "Illinois School Code." Why did you underline

18 that?

19 A. It's a book.

20 Q. Okay. The next sentence says, This is

21 troubling to Lyons Township High School because we

22 feel we have the greatest amount of revenues

23 deposited with the treasurer, but we receive the

24 least amount of services. When you said that you

Page 63

1 receive the least amount of services, were you

2 referring to the fact that LT was employing its own

3 staff to do services that the treasurer's office did

4 for other school districts?

5 MR. HOFFMAN: Object to the form of the

6 question.

7 MR. KALTENBACH: That may have been a

8 confusing question.

9 BY MR. KALTENBACH:

10 Q. You testified that LT has its own

11 employees performing business services and that those

12 services were the sorts of services that the

13 treasurer's office would have its staff doing for

14 other school districts, correct?

15 A. Not sorts of. They were doing those

16 services for other school districts and not LT.

17 Q. So when you make this reference to

18 receiving the least amount of services, you're

19 referring to the fact that your own staff was doing

20 those services, rather than the treasurer's staff

21 doing those services?

22 MR. HOFFMAN: Object to the form of the

23 question.

24 BY THE WITNESS:

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1 A. Can you reword that?

2 Q. I honestly don't know that I can reword

3 that any better, and I apologize for that. What did

4 you mean when you said, We receive the least amount

5 of services?

6 A. I meant that, again, the elementary

7 districts were getting their accounts payable and

8 their payroll run and prepared and had staff at the

9 township treasurer's office doing those duties, but,

10 yet, at Lyons Township High School, we were employing

11 our own staff to run the same duties.

12 Q. Fair enough.

13 The last page on that comment,

14 there's a little comment and it states, You wrote at

15 our May 28th meeting, Robert Healy will be present to

16 discuss the attached information and provide the

17 committee further information about services provided

18 by his office. Did you request that Mr. Healy attend

19 the finance committee meeting on May 28th of 1999?

20 A. I don't know if it was a formal request,

21 but he and I talked about it. He prepared the

22 analysis, and it would be our expectation that he

23 would be present to talk about his services.

24 Q. Did Mr. Healy regularly attend finance

Page 65

1 committee meetings?

2 A. No, only when issues arose that he needed

3 to be present.

4 Q. Who regularly attended those meetings,

5 the finance committee?

6 A. The finance committee members, me, of

7 course. The superintendent would come in

8 sometimes -- I can't say that every meeting he would

9 attend -- and then interested citizens. It was open

10 meetings, so you can have other people in.

11 (Beckwith Deposition

12 Exhibit No. 6 marked as

13 requested.)

14 BY MR. KALTENBACH:

15 Q. Dr. Beckwith, I'm handing you a document

16 that's been marked as Exhibit No. 6, which appears to

17 be two pages of finance committee meeting minutes

18 from that May 28th, 1999 meeting. Do you recognize

19 this document, Doctor?

20 A. Yes.

21 Q. Did you by chance prepare this document?

22 A. I don't remember if I did, personally.

23 Q. If it wasn't you, would it have been one

24 of your staff?

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1 A. If it wasn't me, it could have been the
2 board secretary.
3 Q. Was there one person that was usually
4 responsible for preparing the finance committee
5 minutes?
6 A. I believe that I would summarize the
7 meeting. I'm not sure who would finally prepare it.
8 I don't remember.
9 Q. Were the minutes prepared based on your
10 summary?
11 A. The minutes were based prepared on the
12 meeting.
13 Q. Okay. You said you would summarize it.
14 You would summarize the meeting?
15 A. I take notes at every meeting that I
16 would attend.
17 Q. But were those notes used to prepare the
18 minutes or --
19 A. I don't remember exactly who would
20 prepare the minutes. I don't remember.
21 Q. Okay. So this -- Do you recall this
22 specific meeting by chance?
23 A. Oh, yes.
24 Q. Why do you recall this specific meeting?

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1 A. The meeting -- I recall the meeting
2 because of the issue, the third paragraph, where we
3 were reviewing the audit, and the audit was not --
4 our numbers were not matching the audit. And we
5 brought in the auditor to talk about why we were not
6 balanced with the township treasurer's office. And
7 that was very concerning to me that our numbers were
8 not the same and why. So I had my assistant in the
9 meeting and we also had Bob Horstman, auditor from
10 Gurrie, present.
11 Q. Okay. So the attendants reflects
12 Mr. Shapiro, Mr. Pera, and Ms. Marchetti, who were
13 the three finance committee members.
14 A. Yes.
15 Q. Who was Mary Claire Loftus?
16 A. She's also a board member.
17 Q. Mr. Kelly was the superintendent,
18 correct?
19 A. Yes.
20 Q. And then we have Mr. Healy, obviously.
21 Who was Mr. Horstman?
22 A. He was our auditor from William Gurrie.
23 Q. I'm sorry. He's referenced in that third
24 paragraph. Who was Mary Baptiste?

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1 A. She was my assistant.
2 Q. Was that the -- your secretary assistant
3 or the assistant that did the balancing?
4 A. The assistant that did the balancing.
5 Q. Who was Orlando --
6 A. Correal?
7 Q. -- Correal?
8 A. He was my data processing director.
9 Q. And then, obviously, yourself?
10 A. Yes.
11 Q. If you look at the last paragraph on the
12 first page, it states that Mr. Shapiro -- I'm not
13 going to read the whole thing -- reviewed the
14 percentages of the pro rata billing. Lyons Township
15 was not receiving 26 percent of the services
16 delivered from the treasurer even though it had
17 26 percent of the revenue on deposit. And then the
18 last sentence says, Mr. Shapiro requested that
19 Mr. Healy review the services provided by the
20 treasurer's office and report back to the committee
21 with several solutions on how duplication of efforts
22 could be reduced.
23 Do you have a recollection of that
24 issue from the meeting at all?

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1 A. The issue of asking him to report back?
2 Q. Yeah.
3 A. Yes.
4 Q. What's your recollection of that
5 discussion at the meeting?
6 A. That Mr. Shapiro was looking for
7 solutions or -- solutions for how we can talk about
8 the fact that we receive 26 percent of the billing
9 and not of the services.
10 Q. Okay. So was Mr. Shapiro looking to
11 receive more services or pay less of the billing or
12 some combination?
13 A. Mr. Shapiro was looking for solutions.
14 Q. Okay. And on the top of the next page,
15 it states that Dr. Beckwith reported on several
16 options that the District has at their disposal in
17 trying to create equity of billing within the current
18 township treasurer structure. They are -- and then
19 there's four options and then there's a paragraph
20 below that that seems to have a fifth option as well.
21 Do you recall at that meeting reporting on these four
22 enumerated options?
23 A. Yes.
24 Q. Okay. Were these options that you

Page 70

1 developed?

2 A. Me, personally?

3 Q. Yes.

4 A. It's from a review of issues, and these

5 are suggested solutions, yes.

6 Q. So the first one is a referendum question

7 placed on a ballot to dissolve the treasurer's

8 office. The second one is to reallocate the services

9 provided to all districts to ensure it is equitable

10 for the pro rata payment.

11 Can you explain what you meant by

12 that second option?

13 A. Looking at the fact that either the

14 township treasurer would provide more services for

15 our district or pay for certain services that our

16 district is providing for themselves, but, yet, the

17 elementary districts are receiving the services paid

18 for by the township treasurer.

19 Q. So in that second option, is that the

20 idea, that the treasurer's office may start paying

21 for part of your staff?

22 A. Yes. It is part of a solution.

23 Q. Okay. The third option is, Meet with

24 elementary districts and develop an intergovernmental

Page 71

1 agreement that would ensure districts pay for

2 services rendered.

3 What did you mean by that third

4 option?

5 A. That means going to the elementary

6 districts and looking at their percentages of

7 services that they receive and saying that ours is

8 not equitable and getting some kind of an agreement

9 with the elementary districts saying that we're going

10 to have to refocus this because we're not getting

11 26 percent of the services.

12 Q. Okay. So redoing the pro rata formula,

13 in essence, is that what you're talking about?

14 A. Something similar to that arrangement.

15 Q. Why did you believe that you would need

16 an intergovernmental agreement to do that?

17 A. Because I was talking about changing

18 everything with elementary districts, changing their

19 percentages.

20 Q. Okay. If LT's percentage went down, that

21 wouldn't necessarily mean the other districts'

22 percentages would go up, correct?

23 BY THE WITNESS:

24 A. I don't know that --

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1 MR. HOFFMAN: Object to the form.

2 BY THE WITNESS:

3 A. -- to be true.

4 Q. Well, do you know what the source of

5 funding for the treasurer's office is, that is to say

6 how the treasurer pays its bills?

7 A. Clarify that.

8 Q. Okay. How does the treasurer get the

9 money to pay compensation and expenses of office?

10 A. School districts are providing a

11 percentage for the office to run their business.

12 Q. So let's imagine that hypothetically, in

13 a given year, the treasurer's compensation and

14 expenses of office were a \$100,000, and,

15 hypothetically, 204 had 25 percent of that, if 204

16 paid less than 25 percent of that 100,000, wouldn't

17 that mean that the other districts would have to pay

18 more in order to make up the difference?

19 MR. HOFFMAN: Object to the form of the

20 question. Incomplete hypothetical. Lacks

21 foundation. Calls for speculation.

22 BY THE WITNESS:

23 A. I don't know.

24 Q. Okay. Well, if the other districts

Page 73

1 didn't pay more, let's assume that the treasurer --

2 let's assume that LT went from 25 percent to

3 15 percent, where else would that 10 percent come

4 from?

5 MR. HOFFMAN: Same objection.

6 BY THE WITNESS:

7 A. There was an incomplete picture of where

8 Bob Healy was getting funding, how much interest

9 there was, so I can't answer the question or

10 speculate as to where -- how that would change for

11 the elementary districts.

12 Q. But you had an understanding that if the

13 other districts were going to be paying more, an

14 intergovernmental agreement would be necessary?

15 MR. HOFFMAN: Object to the form of the

16 question. Misstates the witness's testimony. It

17 puts words in her mouth.

18 BY THE WITNESS:

19 A. No. That's not what I'm saying.

20 Q. I'm sorry. Could you --

21 MR. HOFFMAN: She said what she said in her

22 testimony. Now, you're trying redo her --

23 MR. KALTENBACH: Jay, you can just make your

24 objection without --

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1 MR. HOFFMAN: Fine.
2 MR. KALTENBACH: -- explaining it.
3 BY MR. KALTENBACH:
4 Q. Was it your understanding that an
5 intergovernmental agreement would be necessary if the
6 other districts would be paying more than the pro
7 rata that the school code formula required them to
8 pay?
9 A. No.
10 Q. Why would you believe an
11 intergovernmental agreement would not be necessary in
12 that instance?
13 A. I'm not clear on what instance you're --
14 You're still on No. 3?
15 Q. Yeah. No. 3 deals with changing the pro
16 rata formula, correct?
17 A. Not necessarily. It's talking about
18 services rendered. So it could have been that we do
19 something for the elementary districts. We could
20 provide services. There was much conversation about
21 how we can deliver services, whether our computer
22 system could do township treasurer services, and --
23 there was conversation back and forth about that. So
24 this could be one of the -- this is just one of the

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1 suggestions on talking to the elementaries. It could
2 be that we run the elementary payroll and the
3 township treasurer doesn't have to gear up and do
4 ours, that we do something for the elementary
5 districts. So by saying that this is just changing
6 the pro rata, that was not what the spirit of No. 3
7 is.
8 Q. Okay. And then your fourth option is
9 school districts could apply for a waiver for a
10 requirement to use the treasurer's office; however,
11 there is legislation pending to remove this as an
12 option.
13 Can you explain what you meant by
14 No. 4 to me?
15 A. Remove School District 204 and Lyons
16 Township from having to have a township treasurer, so
17 therefore, we would be running independent, have our
18 own autonomy, our own system, and not have to depend
19 on the township treasurer, such as the DuPage County
20 model.
21 Q. So you say school districts could apply.
22 Were you thinking of only 204 there and that was an
23 accidental plural, or were you contemplating more
24 districts than 204?

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1 A. I'm just making a general statement that
2 any school district could apply for a waiver.
3 Q. Okay. On this topic of -- I'm going to
4 go back to No. 3 for a minute. On the topic of
5 intergovernmental agreements, did you consult with
6 any attorneys regarding when an intergovernmental
7 agreement would or would not be necessary?
8 A. No.
9 Q. So your thought that it might be
10 necessary as part of option three, was that just
11 based on your own understanding of intergovernmental
12 agreements?
13 A. At this point, I was talking about
14 services that might be provided in kind, services in
15 kind, maybe elementary districts moving to our
16 district, us doing their payroll. At some point, we
17 talked about the treasurer moving over to our system,
18 as I mentioned. So there was lots of different
19 options going on. So it's possible that we could
20 have needed an intergovernmental agreement for that
21 particular scenario.
22 Q. Where did that possibility come from,
23 though? Why would -- Why were you talking about an
24 intergovernmental agreement in option 3?

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1 A. Because if the school districts came and
2 we were providing services for them, it would make
3 sense that, perhaps, it would need an
4 intergovernmental agreement. It's a possibility.
5 MR. HOFFMAN: You asked -- I'm sorry. I'm
6 trying to help you. Are you asking her whether she
7 has any familiarity or knowledge with
8 intergovernmental agreements?
9 MR. KALTENBACH: That's what I was trying to
10 ask her, I believe. That's what --
11 MR. HOFFMAN: It was confusing when you asked
12 it.
13 MR. KALTENBACH: Then let me back up and
14 reask it.
15 MR. HOFFMAN: Go ahead.
16 BY MR. KALTENBACH:
17 Q. Dr. Beckwith, where does your knowledge
18 of intergovernmental agreements come from?
19 A. When I was at Glenbard Township High
20 School, I did intergovernmental agreements with park
21 districts and school dis- -- in our school district.
22 So, for example, if we were going to -- churches come
23 to mind. Our high school students always need a
24 place to park, and so we would make an

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1 intergovernmental agreement with a park district or a
2 church, and for one dollar, we could park our
3 students there for periods of time. Or it might be
4 services in kind, as I'm talking about here, where we
5 would run payroll for the elementary schools and
6 maybe not the township treasurer. But I did that
7 with providing fields and building rentals with park
8 districts.

9 Q. Okay. Do you have an understanding of
10 when an intergovernmental agreement is necessary and
11 when it is not necessary?

12 A. I believe it's on services in kind.

13 Q. Okay. Have you ever -- is your
14 understanding based on your experience in performing
15 your job?

16 A. Yes.

17 Q. Okay. Your knowledge is not based on,
18 for instance, any sort of classes or training you
19 received on intergovernmental agreements, correct?

20 A. I did not have a class specifically on
21 intergovernmental agreements, but I did have classes
22 to become a school business official.

23 Q. And did those touch
24 upon intergovernmental -- sorry. Is part of that

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1 learning about intergovernmental agreements?
2 A. It's about learning to be a business
3 official, not necessarily intergovernmental
4 agreements.

5 Q. But is one of the topics that would be
6 covered the concept of intergovernmental agreements?

7 A. Not necessarily a topic, no.

8 Q. Was it part of the course of study? I'm
9 just trying to figure out --

10 A. There's so much to talk about in classes.

11 Q. Okay. Do you have any particular
12 training or education as it relates to
13 intergovernmental agreements?

14 A. I have experience in intergovernmental
15 agreements.

16 Q. Fine. We can move on.
17 The next paragraph below your four
18 enumerated options states that Ms. Loftus indicated
19 another option would be to work with legislatures to
20 change the requirement for Cook County schools to
21 participate in the treasurer system or to change the
22 billing structure. Do you recall Ms. Loftus
23 indicating that as another option?

24 A. Yes.

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1 Q. Do you recall any substance of that
2 discussion beyond what's reflected in these minutes?
3 A. No.

4 Q. Is that -- We'll call this the fifth
5 option, if that's okay. It seems to me the fourth
6 and fifth option are very similar. Would you agree
7 with me or no?

8 A. No. I think they're distinctly different
9 because Ms. Loftus was talking about legislative
10 action, to meet with legislatures and change the
11 whole process. The township treasurer would cease to
12 exist.

13 Q. Whereas in No. 4, the -- your option was,
14 kind of, a district-by-district waiver to remove a
15 district from the treasurer, but not abolish the
16 treasurer?

17 A. Yes. And that had occurred in some
18 districts. Some districts had been successful in
19 seeking waivers which is why I have No. 4 as an
20 option.

21 Q. Okay. Were any of those districts -- Was
22 it the waiver to get out of the township trustees at
23 issue in this case or other township trustees?

24 A. Other township trustees.

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1 Q. And then the paragraph below that, it
2 states Mr. Shapiro directed Mr. Healy and
3 Dr. Beckwith to work during the summer months to
4 prepare options for the board of education to review
5 that would provide more equity in the services
6 provided by the district. Do you recall that?

7 A. Yes.

8 Q. And did, in fact, Mr. Shapiro --

9 MR. HOFFMAN: Strike -- I'm sorry. There was
10 an error in what you read. It's not -- I'm sorry.
11 There was an error in what Barry read. It wasn't
12 "provided by the District," it was "provided the
13 district."

14 BY MR. KALTENBACH:

15 Q. I'm sorry.
16 That would provide more equity in
17 the services provided the District.

18 MR. HOFFMAN: So what is the question?

19 BY MR. KALTENBACH:

20 Q. I'm sorry. Let me reread this.
21 Do you recall getting directions
22 from Mr. Shapiro at the conclusion of the meeting?

23 A. Yes.

24 Q. What were the directions that you recall

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1 getting from Mr. Shapiro?
2 A. To flesh out ideas to bring back to the
3 board on how we can get more equity for the services
4 we provide ourselves and that we are being billed for
5 by the township treasurer.
6 Q. Okay. Do you think that there's a typo
7 in that paragraph that we just looked at? It seems
8 like a word is maybe missing?
9 A. I think that the paragraph speaks for
10 itself, based on the context of what he was asking,
11 and that's -- Mr. Healy and me work together to give
12 the board options to get -- to provide equity on the
13 services.
14 Q. And did, in fact, you work with Mr. Healy
15 during the summer of 1999 to develop options to
16 address that issue?
17 A. I don't know what the time period is.
18 Q. Okay.
19 A. But I did develop options.
20 MR. KALTENBACH: This is No. 7.
21 (Beckwith Deposition
22 Exhibit No. 7 marked as
23 requested.)
24

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1 BY MR. KALTENBACH:
2 Q. Dr. Beckwith, we're handing you what's
3 been marked as Exhibit No. 7, which appears to be a
4 June 4th, '99 memorandum to the board of education
5 from Dennis Kelly. So it would have been just a few
6 days after that finance committee meeting. Have you
7 seen this document prior to today?
8 A. Yes.
9 Q. Did you receive a copy of this
10 memorandum, you know, in June of '99?
11 A. I don't recall.
12 Q. Okay. Other than -- When did you see a
13 copy of this document, prior to today?
14 A. In a packet, I reviewed information prior
15 to the deposition.
16 Q. Okay.
17 MR. KALTENBACH: Jay, is this something you
18 reviewed? I'm not going to ask any more about it
19 if --
20 MR. HOFFMAN: Yeah. I sent her this.
21 MR. KALTENBACH: That's fine.
22 BY MR. KALTENBACH:
23 Q. But up until, let's say, the last, you
24 know, month or so, had you not seen a copy of this

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1 memorandum?
2 A. I don't recall.
3 Q. Okay. Is it a fair characterization to
4 describe the finance committee meeting on May 28th in
5 which you attended was one in which a lively
6 conversation was had with Robert Healy?
7 A. Yes.
8 Q. What would you mean when you agreed that
9 it was likely? What did you mean when you said it
10 was lively?
11 MR. HOFFMAN: Are you asking her what she
12 means by lively or what --
13 MR. KALTENBACH: Yes.
14 MR. HOFFMAN: -- Dr. Kelly meant --
15 MR. KALTENBACH: I'm not asking her what
16 Dr. Kelly meant because she doesn't know.
17 MR. HOFFMAN: Fair enough.
18 BY THE WITNESS:
19 A. My perception of the lively conversation,
20 as I mentioned previously, was about the Bob Horstman
21 balancing issue -- that was one piece of it -- where
22 Bob Healy was very nervous that we weren't balancing
23 to his treasurer's report. And that's a very
24 significant problem in that we had an audit, we ended

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1 the audit, and our funds don't match with the
2 township treasurer. That's a major event. Both Bob
3 Hortsman and Bob Healy were very sweaty and very
4 concerned and very nervous. And -- plus, the fact
5 that Bob Healy saw these options and was at the --
6 saw the options of this May 28th, 1999 finance
7 committee. He was aware that the district had
8 serious concerns about the fact, again, the equity,
9 that we aren't getting the services, but, yet, we are
10 paying for the services. So he was very nervous and
11 so was Bob Horstman.
12 Q. Okay. Mr. Kelly was the superintendent
13 of LT at this time, correct?
14 A. Yes.
15 Q. He references a conversation he had with
16 Mr. Healy, what appears to be the preceding weekend.
17 Do you have any knowledge about that conversation
18 beyond what you're reading here?
19 A. No.
20 Q. You don't recall having a discussion with
21 Dennis Kelly about that conversation?
22 A. I don't recall it specifically.
23 Q. Okay. Was Mr. Healy's behavior at the
24 finance committee meeting something that you believed

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1 he should be apologetic for?

2 A. I believe he was defensive. I believe he

3 was extremely nervous, and he was in front of a board

4 and having to give reasons why he wasn't balancing

5 and reasons why we were being charged more than our

6 board felt that we should.

7 Q. Okay. Was he not cooperative during the

8 meeting?

9 A. I would characterize it as nervous and

10 concerned.

11 Q. Okay. Did Mr. Healy make any promises or

12 representations during the meeting about actions he

13 would take in the future?

14 A. That he would review the information and

15 work with me in coming up with some solutions,

16 because the board wanted solutions.

17 Q. Okay.

18 (Beckwith Deposition

19 Exhibit No. 8 marked as

20 requested.)

21 BY MR. KALTENBACH:

22 Q. Dr. Beckwith, you've been handed

23 Exhibit 8, which is a -- appears to be a three-page

24 letter from Mr. Healy to you dated August 18th, 1999.

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1 Do you recognize Exhibit 8?

2 A. Yes.

3 Q. And is this, in fact, a copy of a letter

4 that Mr. Healy sent you on or about August 18th,

5 1999?

6 A. Yes.

7 Q. In the opening paragraph, Mr. Healy

8 writes, In response to our most recent discussion

9 regarding the possibility of instituting certain

10 measures. Then it continues. Do you have an

11 understanding of what discussion he was referring to?

12 A. The finance committee meetings.

13 Q. Specifically, the meeting from May 28th

14 of '99?

15 A. Yes.

16 Q. Okay. Do you recall any discussions you

17 had with Mr. Healy after the finance committee

18 meeting minute -- I'm sorry -- after the finance

19 committee meeting on May 28th, but before this

20 letter?

21 A. I don't recall any that stand out, but

22 I'm sure I had conversations with him during that

23 period of time.

24 Q. To further discuss the options, correct?

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1 A. Yes.

2 Q. He then says, I would like to elaborate

3 on the issue as explained to me by you and the board

4 of education and some proposed solutions.

5 Did you understand that he's

6 referring to the same issues we've just discussed?

7 A. Yes.

8 Q. Okay. Was he asked to propose solutions

9 or was that something that you and he were jointly

10 going to do?

11 A. In the finance committee minutes of May

12 28th, 1999, we were both given the charge to come up

13 with solutions.

14 Q. And then he has -- there's five proposals

15 that he lists. We're not going to talk about all of

16 them, but under proposal one, it says, Deviation from

17 pro rata billing. And he says, It is my

18 understanding that the board's concern is that high

19 school district No. 204's proportionate share of the

20 township treasurer's expenses mandated by the school

21 code is too large when compared to the services

22 district District 204 receives from the treasurer's

23 office.

24 Was his understanding there correct?

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1 A. Yes.

2 Q. And did you understand that when he said

3 the board's concern, he was referring to the board of

4 education and not the township trustees?

5 A. Yes.

6 Q. And he says, continuing, One proposal

7 that emanated from the board to reduce District 204's

8 expenses as to draft an intergovernmental agreement

9 among all 12 taxing bodies in the township, wherein

10 the other 11 taxing bodies would work to absorb the

11 costs of the services District 204 claims it pays for

12 but does not receive.

13 Do you recall that proposal

14 emanating from the board?

15 A. Yes.

16 Q. Okay. When he says, "the board" there,

17 do you think he's referring to the finance committee?

18 A. Yes.

19 Q. Okay. Because it was not a full board of

20 education meeting on May 28th, correct?

21 A. No. That was a finance committee

22 meeting.

23 Q. Okay. Is that -- is your understanding

24 of proposal one the same as proposal three in the

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1 minutes? I'm just trying to figure out, does a line
2 up to a specific proposal from the minutes?
3 A. It looks similar to No. 3 in the minutes.
4 Q. Okay. Did you discuss this proposal with
5 Mr. Healy, this first proposal?
6 A. I don't understand the question. Did
7 I --
8 Q. I'm sorry. Strike that.
9 Prior to him sending you this
10 letter, did you discuss the substance of what the
11 letter was going to be with Mr. Healy?
12 A. I don't recall.
13 Q. You understood -- Did you understand that
14 in this first proposal, it would alter the amount of
15 the pro rata that District 204 would be paying?
16 A. Repeat or change your question.
17 Q. Okay. Did you understand the effect of
18 this first proposal would be that District 204 would
19 pay less of the treasurer's pro rata than it was
20 currently paying?
21 A. Yes.
22 Q. Okay. And then Mr. Healy states, It is
23 highly unlikely that the boards of the other taxing
24 bodies would agree to do so.

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1 Do you agree it was highly unlikely
2 that they would agree to do that?
3 A. I can't speak for what they would do.
4 Q. Did you have an opinion one way or the
5 other whether you thought the other boards would
6 agree to go along with proposal one?
7 A. I don't think proposal No. 1 flushed out
8 enough to say that that's the only thing that it
9 would be, to change a pro rata share. So I can't
10 answer that.
11 Q. What is your understanding of that first
12 proposal in the letter?
13 MR. HOFFMAN: Are you asking for her
14 understanding of what Healy wrote in his letter or
15 her understanding of what this could be otherwise?
16 MR. KALTENBACH: I'm asking for her
17 understanding of first proposal stated in Mr. Healy's
18 letter.
19 MR. HOFFMAN: Okay.
20 BY THE WITNESS:
21 A. My understanding of this is that
22 Mr. Healy would ask all school districts, the other
23 taxing bodies, to change their pro rata share because
24 they were receiving services and Lyons Township was

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1 not. And to make that equitable, they would change
2 their pro rata share.
3 Q. And by "change," you mean they would
4 increase their pro rata share?
5 A. Correct.
6 Q. And 204 would then decrease its pro rata
7 share, correct?
8 A. Yes.
9 Q. This proposal, this first proposal, is
10 ultimately not what you implemented, correct?
11 A. No.
12 Q. No, it's not what you implemented?
13 A. No, it's not what we implemented.
14 Q. Okay. And then we go to the second
15 proposal on Page 2, and it says, proposal-funding by
16 township school treasurer of some district functions.
17 And Mr. Healy writes, If the responsibilities of the
18 accounts payable and payroll production were to be
19 returned to the school treasurer's office, it would
20 mean higher operating costs to the treasurer's office
21 in the form of salary and benefits for increased
22 staff and higher-related expenses to accommodate the
23 increase in workload.
24 MR. HOFFMAN: I think it was -- Did you say

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1 salaries plural or salary singular?
2 MR. KALTENBACH: Salaries.
3 MR. HOFFMAN: Okay. For the court reporter,
4 there's a dash after "proposal." It's
5 proposal-funding by township school treasurer, just
6 so it comes out right in the transcript.
7 BY MR. KALTENBACH:
8 Q. Did you understand that Mr. Healy is
9 talking here about transferring the accounts payable
10 and payroll production -- or the costs associated
11 with transferring the District 204 accounts payable
12 and payroll production to his office?
13 MR. HOFFMAN: Object to the form of the
14 question.
15 BY THE WITNESS:
16 A. Restate it.
17 Q. Mr. Healy states that if the
18 responsibilities for accounts payable and payroll
19 production were to be returned to his office, it
20 would mean his office would be have increased costs.
21 Do you see that?
22 A. Yes.
23 Q. Do you agree that if those
24 responsibilities were returned to the treasurer's

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1 office, the treasurer's office would then have
2 increased costs?
3 A. Yes.
4 Q. Do you have an opinion on by how much
5 those costs would increase?
6 A. My opinion would be it would be the same
7 staff from Lyons Township removed from Lyons Township
8 and replaced into the township treasurer's office to
9 perform the functions.
10 Q. So would it be the same salary and
11 benefits? Are you talking about, literally, the same
12 person simply becoming a township treasurer
13 employee --
14 A. I'm talking about the same -- he's
15 talking about employing -- In my opinion, he's
16 talking about employing people in his office. So he
17 would have to replace it with, at least, the same
18 personnel type, so two accounts payable, one payroll,
19 and then the other positions that we've already
20 spoken about in order to handle the accounts payable
21 and payroll of Lyons Township High School.
22 Q. Okay. And he then writes, I would expect
23 that when the trustees of schools takes into
24 consideration these necessary increases, they would

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1 logically conclude that a partial funding by the
2 treasurer's office to cover District 204's costs for
3 the business functions District 204 now performs
4 would be reasonable.
5 Did you understand -- Strike that?
6 Let me back up a minute.
7 What was your understanding of this
8 second proposal that Mr. Healy sets forth in his
9 letter?
10 A. I think Mr. Healy came to the revelation
11 that Lyons Township High School has big payroll, big
12 accounts payable, and big data processing needs and
13 that he couldn't perform it in his office, and he
14 would have to hire staff comparable to Lyons Township
15 to get the same -- to provide the same services and
16 the same quality of services for Lyons Township High
17 School. And he states that he thinks his board of
18 trustees would find that reasonable because the cost
19 would increase at his township treasurer and,
20 therefore, the cost to the all the elementary
21 districts would increase.
22 Q. Did you have an understanding of whether
23 this second proposal would require an
24 intergovernmental agreement?

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1 A. I don't think it's fleshed out enough for
2 me to tell that.
3 Q. Okay. Did you understand that the
4 decision of whether or not to implement the second
5 proposal was not solely up to Mr. Healy, but rather
6 was up to the township trustees?
7 A. Yes, and I believe he infers that when he
8 says the township treasurer trustees of schools, in
9 the memorandum, will take into consideration this and
10 they would logically conclude this to be an
11 appropriate idea.
12 Q. He's implying that's it's the trustee's
13 ultimate decision?
14 A. Yes.
15 Q. Did Mr. Healy ever he tell you that he
16 had the authority to agree to proposal No. 2?
17 A. I never specifically asked him.
18 Q. Regardless of whether you asked him, I
19 just want to make sure the answer's clear. Did he
20 ever tell you that, though, even if you didn't ask
21 him?
22 A. He states in his letter that the board of
23 Trustees would take it into consideration.
24 Q. To your knowledge, did you or

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1 District 204 itself ever seek a legal opinion on
2 whether an intergovernmental agreement would be
3 necessary for the second proposal?
4 A. I don't know.
5 Q. If Mr. Healy absorbed -- and I say
6 Mr. Healy -- let me strike that question.
7 If the treasurer's office spent more
8 money to provide the services that District 204 was
9 providing, the result would be that the expenses of
10 the treasurer's office would go up, correct?
11 A. Yes.
12 Q. And ballpark, in any given year, LT was
13 paying 25 percent of the cost of the treasurer's
14 office, correct?
15 A. Yes.
16 Q. Okay. So LT -- If the cost of the
17 treasurer's office go up, LT is paying 25 percent of
18 a larger pie, correct?
19 A. Yes.
20 Q. Okay. So if -- Let's imagine that LT is
21 spending \$200,000 to provide services and Mr. Healy
22 now provides those services. And let's assume it's
23 the same \$200,000. Wouldn't LT be paying 25 percent
24 of that \$200,000?

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1 A. It would no longer be paying it in their
 2 office, the fees --
 3 Q. Correct. L- --
 4 A. They would no longer be paying the
 5 personnel in their office, so it would be shifted
 6 from one budget to another.
 7 Q. If Mr. Healy's office performed these
 8 functions, would District 204 have let go of any of
 9 its employees?
 10 MR. HOFFMAN: Objection. Calls for
 11 speculation. Assumes facts not in evidence.
 12 But you can answer as best you can.
 13 BY THE WITNESS:
 14 A. If Mr. Healy provided exactly the same
 15 services, the same response time, the same quality of
 16 our accounts payable and our payroll, then there
 17 would not -- my opinion is there would not be need
 18 for that personnel.
 19 MR. HOFFMAN: At LT?
 20 THE WITNESS: At LT. But there would be an
 21 increase at the township treasurer's office.
 22 BY MR. KALTENBACH:
 23 Q. And do you have any recollection of
 24 discussing this letter specifically with Mr. Healy?

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1 A. I don't.
 2 Q. Okay. After that letter came in on
 3 August 18th of '99, did you subsequently reach an
 4 understanding with Mr. Healy to adopt any of the
 5 proposals?
 6 A. Yes.
 7 Q. Okay. And what was your understanding
 8 that you reached with Mr. Healy?
 9 A. I did not personally reach any
 10 understanding. There was more discussion. I don't
 11 have the authority to make a contract, nor does
 12 Mr. Healy. This would need board action if there was
 13 any change, and that did occur.
 14 Q. Well, you and Mr.- -- You said there were
 15 no discussions. Were those between you and
 16 Mr. Healy?
 17 A. I don't recall if they were between me
 18 and Mr. Healy or if they included other people, but I
 19 am sure that I would have discussed something with
 20 him. I wouldn't have just received a memo and that
 21 would have been the end of the conversation.
 22 Q. What was the understanding you reached
 23 with Mr. Healy?
 24 MR. HOFFMAN: Object to the form of the

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1 question, asked and answered.
 2 BY THE WITNESS:
 3 A. I didn't receive -- I didn't reach
 4 anything with Mr. Healy, but the board of education
 5 took action on a change in the pro rata -- not a
 6 change in the pro rata, but in funding some of the
 7 services that Lyons Township incurs through the
 8 township treasurer.
 9 Q. In order for the board of education to
 10 reach an understanding or enter into a contract,
 11 though, it has to have agents that discuss that
 12 contract, correct?
 13 A. Uh-huh.
 14 Q. Did you have discussions with Mr. Healy
 15 about reaching an agreement?
 16 A. I had discussions with Mr. Healy, yes.
 17 You can see by the letter dated August 18th that he
 18 sent me is part of a discussion.
 19 Q. Did you, as an agent of LT or the board
 20 of education of LT, reach an understanding with
 21 Mr. Healy, perhaps with the understanding the board
 22 of education would have to agree to that? But did
 23 you reach an understanding with Mr. Healy?
 24 MR. HOFFMAN: Objection to the question.

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1 It's now been asked and answered three times. Part
 2 of problem is the way in which you're asking the
 3 question, and the witness has already responded.
 4 So --
 5 MR. KALTENBACH: Jay, just state your
 6 objection.
 7 MR. HOFFMAN: Objection. Asked and answered.
 8 Badgering the witness. Vague and ambiguous. Restate
 9 the question in a way she can answer it, please.
 10 BY MR. KALTENBACH:
 11 Q. Can you try to answer my question,
 12 Dr. Beckwith?
 13 A. The board did reach an agreement with Bob
 14 Healy as an agent of the township treasurer that went
 15 to the board of education as an action item and that
 16 was also an action item on the board of Trustees
 17 board agenda.
 18 MR. HOFFMAN: Okay. Let's take a break.
 19 MR. KALTENBACH: Okay. That's fine.
 20 (A short break was had.)
 21 BY MR. KALTENBACH:
 22 Q. Dr. Beckwith, I'm not trying to be
 23 difficult, I assure you. What I'm trying to gain is
 24 an understanding of how it is that LT asserts that it

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1 reached on agreement with the township trustees,
2 whereby the trustees would absorb the cost of
3 business functions LT was providing. The last
4 document -- and there's a few other documents we're
5 going to look at in the future -- but the last
6 document we looked at is an August 18th, '99 letter
7 where Mr. Healy sets forth some proposals. And at
8 some point, it would seem to me proposal No. 2 became
9 was District 204 contends is an agreement it reached
10 with the township trustees. Do you have any
11 knowledge of how proposal No. 2 developed into the
12 agreement District 204 said it had with the township
13 trustees?

14 A. In reviewing from the August 18th, 1999
15 memo -- and I'm reading it -- Bob Healy indicates
16 that he believes that it would logically make sense
17 that he could pay for, meaning the town -- excuse
18 me -- the treasurer's office some of the activities
19 that are occurring in Lyons Township that they
20 perform that Bob Healy is also performing already in
21 the elementary districts. So it seemed, in reviewing
22 this memorandum, that Mr. Healy is even recommending
23 that option because some of the others, in terms of
24 legislative action, would take a period of time. The

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1 computer system that the township treasurer had was
2 not appropriate to run District 204's business, and
3 that would require hardware changes and personnel and
4 training, which was kind of out of the reach. And so
5 it seemed that having the township treasurer
6 reimburse the District for the cost of accounts
7 payable and payroll and computer services made the
8 most sense.

9 Q. Let me ask this: After you received the
10 August 18th, 1999 letter from Mr. Healy, what
11 happened next?

12 A. I don't recall the timeline, but I do
13 know that at some point, it went to the board of
14 education and the township trustees for approval of
15 the township treasurer paying for personnel at Lyons
16 Township that run the payroll and accounts payable
17 and computer services and some of the materials.

18 Q. Okay. Let me drill down on that a
19 minute. You said you know it went to the township
20 trustees for approval. How do you know it went to
21 the township trustees for approval?

22 A. Because there are minutes that exist that
23 show that it was approved by the township treasurer.

24 Q. And you have reviewed those minutes?

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1 A. Yes.

2 Q. Did you review them at -- back in --
3 while you were a business manager for LT, or did you
4 review them in connection with preparing for your
5 deposition in this litigation?

6 A. In connection with preparing.

7 MR. KALTENBACH: You have Conway exhibit --
8 I'm going to use Conway 3. I think you have your own
9 copy of that, right?

10 MR. HOFFMAN: Yes, sir.

11 MR. KALTENBACH: Okay.

12 BY MR. KALTENBACH:

13 Q. So I'm going to hand you, Dr. Beckwith,
14 what was marked as Deposition Exhibit No. 3 in Laura
15 Lee Conway's deposition. So we're not going to
16 separately mark that here. And this is a packet of
17 memorandums, and I'll represent to you that I believe
18 your counsel put these together and used them as a
19 Group Exhibit with Ms. Conway. And I really want to
20 focus your attention on the first memorandum, which
21 is the first page of the exhibit. And then it -- I
22 think -- or probably the next three pages are
23 attachments to that first memorandum.

24 Do you recognize the first page of

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1 Conway Exhibit 3?

2 A. Yes.

3 Q. Is this a memorandum that you prepared
4 and sent to Mr. Healy on or about February 29th of
5 2000?

6 A. Yes.

7 Q. And the next three pages appear to be a
8 job description for a programmer/analyst, an accounts
9 payable clerk, and a payroll bookkeeper. Is that
10 what the next three pages are, Dr. Beckwith?

11 A. Yes.

12 Q. And did you attach those three pages to
13 your memorandum when you sent it to Mr. Healy?

14 A. I don't know. I don't recall.

15 Q. In your memorandum, you write, Following
16 is a list of responsibilities that District 204
17 proposes become the direct cost and responsibility of
18 the township treasurer's office, and then you have
19 four bullet points. Do you see that?

20 A. Yes.

21 Q. So is it fair to say that what is in this
22 memorandum is what you were proposing to Mr. Healy?

23 MR. HOFFMAN: Object to the form of the
24 question.

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1 BY THE WITNESS:
2 A. Can you restate it?
3 Q. Well, this is what you're proposing that
4 the township treasurer's office agree to, correct?
5 A. Yes.
6 Q. Okay. So is it safe to say that as of
7 February 29th, 2000, Mr. Healy had not agreed to this
8 yet?
9 A. Yes.
10 Q. Okay. Did you have a discussion about
11 the substance of this memorandum before you sent the
12 memorandum to Mr. Healy?
13 A. My normal procedure would be that I would
14 have discussed something of this magnitude with
15 Mr. Healy before I mailed it, considering we were
16 also charged with coming up with some solutions, but
17 I do not recall a specific conversation.
18 Q. This seems to be a proposal that seeks to
19 implement the second proposal of the August letter
20 that we just looked at. Is that what it is?
21 A. Yes. It's a form of that.
22 Q. So the first bullet point is payroll and
23 accounts payable bank reconciliation. Was that --
24 Were you proposing that that is a function that the

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1 township treasurer's office would provide for 204?
2 MR. HOFFMAN: Can you repeat that, please?
3 (Record read as requested.)
4 MR. HOFFMAN: Objection to the form of the
5 question. It misstates the witness's testimony and
6 the plain statement of the document.
7 BY THE WITNESS:
8 A. These are functions. The bullet points
9 are functions that occur in District 204's office
10 that the treasurer performs for other districts; and
11 therefore, we are proposing in this memorandum that
12 the township treasurer pay for the cost of that
13 through these employees that are listed in the
14 memorandum.
15 Q. So the last bullet point is annual salary
16 and benefit costs for three employees listed below,
17 right?
18 A. Yes.
19 Q. And then you have three employees. You
20 don't identify them by name, but you have three
21 positions, correct?
22 A. Yes.
23 Q. And those three positions are the three
24 positions described on the following attachments, are

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1 they not?
2 A. Yes.
3 Q. Are these -- the three following pages,
4 are these -- do you know, are these from
5 District 204?
6 A. They are indicated on the memorandum as
7 being from District 204.
8 Q. So these are three job positions at 204?
9 A. Yes.
10 Q. And you identify that the annual salary
11 and benefit cost for three positions totals \$106,403,
12 correct?
13 A. Yes.
14 Q. Now, we also have bullet point -- or the
15 third bullet point, which is, Provide printing costs
16 for checks and envelopes for accounts payable,
17 payroll, and student activities. So that's different
18 than the fourth bullet point, right?
19 A. Yes.
20 Q. So in the fourth bullet point, you're
21 proposing that 204 bear the cost of \$106,403,
22 correct?
23 A. Repeat that.
24 Q. You are proposing that District 204 bears

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1 the cost of \$106,403, correct?
2 A. Repeat that. I don't think you're --
3 Q. In the fourth bullet point, you're
4 proposing that District -- I'm sorry -- that the
5 township treasurer's office bear the cost of 106,403,
6 correct?
7 A. Plus the printing costs.
8 Q. Identified in Bullet Point 3?
9 A. Yes.
10 Q. What is Bullet Point 2 proposing, then?
11 A. Those are the responsibilities -- a
12 summation of the responsibilities; payroll and
13 accounts payable, bank reconciliation and balance
14 monthly totals between the treasurer. So those
15 activities, they need to work with the township
16 treasurer to make those happen. The township
17 treasurer -- in this one, Balance monthly totals
18 between the treasurer and Lyons Township. That
19 activity would occur at the treasurer's office.
20 Q. And then the first bullet point, Payroll
21 and account payable bank reconciliation, you're
22 proposing that activity occur at the treasurer's
23 office, correct?
24 A. Yes.

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1 Q. And then Bullet Points 3 and 4 are costs
 2 that the treasurer's office would absorb, correct?
 3 A. 3 and 4 are costs. 1 and 2 also relate
 4 to costs because they're activities they would
 5 perform.
 6 Q. Okay. Fair enough.
 7 And then your proposal ends with an
 8 invoice would be sent to the treasurer in May with
 9 receipt of funds expected prior to the close of the
 10 fiscal year. What did you mean by that?
 11 A. That the township treasurer must submit a
 12 check before June 30th so that it can be shown on the
 13 99/2000 school clear budget.
 14 Q. The check being for the cost of Bullet
 15 Points 3 and 4?
 16 A. Yes.
 17 Q. Each year, the treasurer's office would
 18 send LT an invoice for its pro rata share, correct?
 19 A. Yes.
 20 Q. And then do I understand your proposal to
 21 be that in turn, LT would then send an invoice to the
 22 treasurer for the amounts described in this
 23 memorandum?
 24 A. Yes.

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1 Q. Okay. Was it your expectation that the
 2 parties would exchange checks for the full amount, or
 3 that there would be, you know, an offsetting with
 4 just a net payment?
 5 A. I never knew what the township treasurer
 6 billing was going to be, so I can't answer that.
 7 What I expected, it varied from year to year.
 8 Q. It would just depend on the timing?
 9 A. Yes.
 10 Q. Did you hear from Mr. Healy after he
 11 received this memorandum from you?
 12 A. Normal course of business operations
 13 would indicate to me that he would acknowledge that
 14 he received the memorandum, but I don't recall a
 15 specific event.
 16 Q. These three positions, they all -- were
 17 they already filled at LT?
 18 A. These three positions are people
 19 functioning currently because we had to run the
 20 operations of the school district.
 21 Q. I just want to be clear. You weren't
 22 proposing -- Strike that.
 23 You were not going to be hiring
 24 people to fill these three positions, correct?

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1 A. No.
 2 Q. Do you recall any discussions with
 3 Mr. Healy about this memorandum?
 4 A. Specifically, no.
 5 Q. How about generally?
 6 A. Again, if I'm sending a memorandum to
 7 someone about information that we had briefly
 8 discussed, yes, I would have discussed it with him,
 9 telling him it was on its way, again, normal course
 10 of business.
 11 Q. Did Mr. Healy ever tell you that he
 12 accepted this proposal?
 13 A. Can you clarify that? Just he?
 14 Q. Well, did Mr. Healy ever tell you that
 15 either he or the trustees were accepting this
 16 proposal?
 17 A. I was aware that our school board and the
 18 board of Trustees passed this option, and therefore,
 19 I was generating this bill to the township trustees
 20 so that we can institute the proposal that we had
 21 agreed on and that was passed by the boards.
 22 Q. When you became aware that the trustees
 23 approved the proposal, was that within the last few
 24 weeks or month or so in connection with your

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1 preparation for this deposition?
 2 A. No. I was aware that it was passed or I
 3 wouldn't have proceeded with sending the invoice to
 4 the township trustees, which is Bob Healy.
 5 Q. How did you become aware that it had been
 6 passed --
 7 MR. HOFFMAN: Wait. Can he read back her
 8 answer?
 9 (Record read as requested.)
 10 BY MR. KALTENBACH:
 11 Q. How did you become aware that the
 12 trustees had accepted this proposal?
 13 A. Bob Healy.
 14 Q. Is there a specific conversation that you
 15 are recalling, when you say that you became aware
 16 from Bob Healy?
 17 A. I don't recall the specific conversation
 18 or date, but I know that if it had not been approved,
 19 I would not have sent the invoice.
 20 Q. There are three positions listed in your
 21 memorandum. Did you discuss with Mr. Healy or anyone
 22 from his office or the trustees that it would be more
 23 than these three positions?
 24 A. As I stated previously, our district, to

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1 run our accounts payable, has two accounts payable,
2 bookkeepers. At the time that I was in the position,
3 we had one payroll person, and we had several other
4 positions, as I stated, that -- such as the balancing
5 of -- to the township treasurer, and I also have
6 several other data processing positions that are not
7 included on this list. But we agreed on the payroll,
8 the accounts payable, and the programmer analyst at
9 the time.

10 Q. You say "we agreed." Who was the we?
11 A. That was a discussion that we had at the
12 board level, which we've discussed at the finance
13 committee level and previously discussed with Bob
14 Healy's memo.

15 Q. But do you have a recollection of
16 Mr. Healy specifically agreeing to pay for these
17 three positions?
18 MR. HOFFMAN: Object to the form of the
19 question. It misstates the witness's testimony.
20 You can answer.

21 BY THE WITNESS:
22 A. I'm not sure what I'm answering.
23 Q. You said "we agreed," and I'm trying to
24 figure out, was that you and Mr. Healy having a

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1 conversation?
2 MR. HOFFMAN: Object to the form of the
3 question. Asked and answered. Misstates the
4 witness's testimony.
5 BY THE WITNESS:
6 A. The conversation started, as you saw, in
7 the finance committee meetings through Bob Healy
8 sending options and ultimately resulting this
9 memorandum.

10 Q. To your knowledge, is the information
11 stated in your memorandum, is that what the agreement
12 was between LT and the township trustees?
13 A. The essence of the agreement was to pay
14 for the activities that Lyons Township performed to
15 produce payroll, accounts payable, and the computer
16 operating position that caused all of those things to
17 happen. So -- and the printing. So, in essence,
18 yes, this is the essence of the agreement, and I sent
19 it to Bob because there was an agreement from both
20 boards, and the township treasurer's office submitted
21 payment for this invoice.
22 Q. But, in fact, this isn't just the essence
23 of the agreement; this is the agreement, correct?
24 This is your proposal that you understand the

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1 township trustees accepted?
2 MR. HOFFMAN: Object to the form of the
3 question. It calls for a legal conclusion.
4 BY THE WITNESS:
5 A. These are the items that we agreed on,
6 the fact that they would pay for the positions, pay
7 for the printing, and help and assist with the
8 reconciliation.

9 Q. Okay. And specifically, pay for these
10 three -- the salary and benefits listed for these
11 three positions, correct?
12 A. No. It was more of, again, try to
13 provide services to the district, pay for the
14 services that the district was providing for
15 themselves that the elementary districts were getting
16 from the township treasurer and that the school
17 district was not receiving, but paying for.

18 Q. And the salary and benefits information
19 you provide, that is for the '99/2000 fiscal year,
20 correct?
21 A. Yes.
22 Q. And it's limited to salary and benefits
23 for '99 through 2000 fiscal year, correct?
24 MR. HOFFMAN: Object to the form of the

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1 question. Vague and ambiguous.
2 BY THE WITNESS:
3 A. Can you repeat the question?
4 Q. Your proposal was limited to the
5 treasurer absorbing the cost of these three positions
6 for the '99 to 2000 fiscal year, correct?
7 A. No.
8 Q. Okay. Why am I wrong in believing that?
9 A. Because it was an agreement that was
10 passed by both boards willingly and with knowledge,
11 and it was to begin in this year and proceed because
12 it provided some kind of equity or some form of
13 equity for Lyons Township, because they were not
14 receiving the same services that the elementary
15 districts were provided, yet, we were paying
16 25 percent, approximately, of the expenses every
17 year.

18 Q. So was it your understanding that this
19 was not a one-year agreement?
20 A. Absolutely it was not a one-year
21 agreement.
22 Q. What's the basis for your understanding
23 that it was not a one-year agreement?
24 A. Because it was an agreement to try, once

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1 again, to offset the expenses that the school
 2 district was paying but not receiving, and it was
 3 passed by their board and -- the Lyons Township
 4 board, and it was in agreement that every year, we
 5 would send an invoice for our expenditures for these
 6 positions or for positions for the duties that we
 7 were not receiving but paying for, and it was to go
 8 on. It was the agreement made between both entities.
 9 Q. But is that -- You were not present when
 10 the township trustees considered this proposal,
 11 correct?
 12 A. Are you -- Can you repeat that?
 13 Q. You were not present at the meeting where
 14 the township trustees considered your memorandum,
 15 correct?
 16 A. No, I was not.
 17 Q. And your knowledge of the meeting minutes
 18 and what it reflects from that meeting is something
 19 that you have gained an understanding of in
 20 preparation for this deposition, correct?
 21 A. Yes.
 22 Q. So your statement -- I'm trying to figure
 23 out the basis for your statement that this was not a
 24 one-year deal, but it was an ongoing deal. What is

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1 your basis for stating that the township trustees
 2 agreed to that?
 3 A. It was never represented as a one-year
 4 deal, just we're going to do this one year and try it
 5 out. Bob Healy stated that he will send these annual
 6 bills, if you will, to the township trustees and that
 7 will help offset the responsibilities that they are
 8 not performing for Lyons Township but are performing
 9 for the elementaries.
 10 Q. So Bob Healy agreed this would be beyond
 11 one year?
 12 MR. HOFFMAN: Objection to the form of the
 13 question. Misstates the witness's testimony.
 14 Argumentative.
 15 BY MR. KALTENBACH:
 16 Q. Your answer was that Bob Healy stated...
 17 MR. KALTENBACH: I'm sorry. Could you read
 18 her answer back that started with that.
 19 (Record read as requested.)
 20 BY MR. KALTENBACH:
 21 Q. So Bob Healy stated -- do you have a
 22 recollection of Bob Healy stating that?
 23 A. I have a recollection of Bob Healy not
 24 representing it as a one-year option.

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1 Q. Okay.
 2 A. It was a solution to a problem, on
 3 ongoing problem, a historic problem, and this was how
 4 we were attempting to solve the problem.
 5 Q. Did Bob Healy specifically agree that it
 6 was not limited to one year?
 7 MR. HOFFMAN: Object to the form of the
 8 question. Asked and answered. Argumentative.
 9 BY THE WITNESS:
 10 A. He did not say it was just a one-year.
 11 Q. Did he say it was a multi-year agreement?
 12 A. It was a solution for the District and
 13 for the township treasurer to provide equitable
 14 services for Lyons Township. It was never
 15 represented as a one-year we're going to do this.
 16 Q. But was it represented that it would be
 17 beyond one year?
 18 A. Yes.
 19 Q. What did Mr. Healy say?
 20 A. This is our solution to help Lyons
 21 Township get more equitable services from the
 22 township treasurer.
 23 Q. Okay.
 24 A. Never in any of these memorandums was it

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1 represented as a one-year agreement. This was the
 2 resolution to the problem that we presented to Bob
 3 Healy, that we were very unhappy and not receiving
 4 the services that other districts were receiving.
 5 Q. Okay. I would ask you now -- and we're
 6 not going to go through all of these. I think it's
 7 the next one. The next memorandum, which starts --
 8 it's the fifth page in and at the bottom you'll see
 9 what's called a Bates label that says D204-00192. Do
 10 you see that, Dr. Beckwith?
 11 A. Yes.
 12 Q. This purports to be a memorandum from
 13 Harold --
 14 A. Wong.
 15 Q. Wong -- I wasn't sure how to pronounce
 16 his last name -- to Robert Healy dated May 30th of
 17 2001. By this point on May 30th of 2001, you had
 18 been gone for about a year, correct?
 19 A. Yes.
 20 Q. Okay. Did you -- just so -- Did you have
 21 any role in preparing this memorandum?
 22 A. No.
 23 Q. Do you recall ever having any role in
 24 preparing any of the other annual memorandums like

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1 these?
2 A. No.
3 Q. Did you discuss -- Did you and Mr. Wong
4 work together at the same time?
5 A. No.
6 Q. To your knowledge, was he your successor?
7 A. Yes.
8 Q. Did you discuss with Mr. Wong the
9 proposal and solution to the agreement you've
10 testified about -- I'm sorry -- the solution to the
11 issue that you have testified about?
12 A. Not that I recall.
13 Q. Did Mr. Healy ever state his agreement
14 that the trustees would absorb the cost for more than
15 just these three positions outlined in your
16 memorandum?
17 MR. HOFFMAN: Objection. Asked and answered.
18 We've already covered this ground. Do you need to do
19 it again?
20 BY THE WITNESS:
21 A. Want to restate that, please?
22 Q. I don't know that I can restate it any
23 better. Your proposal is for three positions. Did
24 you and Mr. Healy ever discuss that the treasurer's

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1 office would absorb the cost of more than these three
2 positions?
3 MR. HOFFMAN: It's been asked and answered
4 now three times. It's been the subject of extensive
5 testimony by this witness. Your description of what
6 her testimony is is completely wrong. She didn't
7 testify in the way you're claiming that she did
8 and --
9 MR. KALTENBACH: Jay, come on.
10 MR. HOFFMAN: Well, stop asking the same
11 question over so you can get a different answer.
12 MR. KALTENBACH: Because, respectfully, Jay,
13 I'm getting evasive answers and --
14 MR. HOFFMAN: You're not --
15 MR. KALTENBACH: -- I don't mean that as --
16 MR. HOFFMAN: -- getting evasive answers.
17 MR. KALTENBACH: -- a dig at the witness.
18 I'm just saying I'm getting evasive answers.
19 MR. HOFFMAN: That is a dig at the witness,
20 and you're not getting evasive answers. Just because
21 you don't agree with it -- I mean, you haven't been
22 honest with her about what Healy said on Monday about
23 all of this and --
24 MR. KALTENBACH: Jay, come on. I'm trying to

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1 take a deposition. I didn't do this when you were
2 deposing my witnesses.
3 MR. HOFFMAN: You objected repeatedly --
4 MR. KALTENBACH: Then object.
5 MR. HOFFMAN: -- but --
6 MR. KALTENBACH: What's your objection?
7 State it.
8 MR. HOFFMAN: Objection. Asked and answered
9 three times. Misstating the witness's testimony.
10 Badgering and harassing the witness. Now, come on.
11 You've asked the same thing multiple times. Enough
12 already.
13 MR. KALTENBACH: Because, apparently, an
14 agreement was reached that no one recalls
15 negotiating.
16 MR. HOFFMAN: You know, Healy recalled it
17 just fine.
18 MR. KALTENBACH: Okay. Well, Healy's not
19 testifying and I'm not stuck or limited to his
20 testimony --
21 MR. HOFFMAN: Okay --
22 MR. KALTENBACH: -- so I'm going to ask
23 Dr. Beckwith because she's the one that wrote the
24 memorandum.

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1 MR. HOFFMAN: Fine. Ask her again.
2 Dr. Beckwith, he has the right --
3 MR. KALTENBACH: Jay, knock it off --
4 MR. HOFFMAN: -- to ask you the same --
5 MR. KALTENBACH: Jay, knock it off.
6 MR. HOFFMAN: -- question multiple times. Do
7 your best in answering. Do the best you can.
8 MR. KALTENBACH: I don't appreciate the
9 commentary. If you have an objection, state it and
10 then be quiet so that the witness can answer.
11 MR. HOFFMAN: Okay.
12 BY MR. KALTENBACH:
13 Q. Dr. Beckwith, if I have asked this
14 before, I apologize. I am not trying to badger you.
15 I'm not trying to trick you. I am sitting here on my
16 memory trying to make sure that at the end of the
17 day, I have a transcript in which I have asked
18 questions and you have answered the questions,
19 because I can't remember everything that I've asked.
20 I want to know, did you specifically discuss with
21 Mr. Healy the possibility that instead of just paying
22 for these three positions, his office would absorb
23 the cost of more than these three positions?
24 MR. HOFFMAN: Same objections.

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1 BY THE WITNESS:
2 A. And first of all, I want to state I'm not
3 trying to be evasive. I am one of the finest
4 business managers that existed in the State of
5 Illinois at the time I was working in this office and
6 I will not ever do anything dishonest or be evasive
7 to your questions.
8 Q. I'm not implying that you're dishonest at
9 all, Dr. Beckwith.
10 A. You said I was evasive, and I am
11 certainly not trying to do that. I am trying to
12 answer something from 17, 18 years ago.
13 Q. I understand that. And I am trying --
14 A. So you just need to know that. It is not
15 a purposeful, evasive answer.
16 Q. And I'm not accusing you of being
17 purposefully evasive. I am just trying to pin down
18 how an agreement came to be reached.
19 A. Any agreement, when you work in a school
20 district, just as you work anywhere is discussed, it
21 goes through the proper channels, which, in this
22 case, it went to the school board, it went to the
23 board of trustees, and an invoice from that agreement
24 was issued. From that, the board of trustees paid

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1 this invoice in acknowledgement of the fact that they
2 agreed with this invoice or they would never have
3 paid for it, just like our school board would never
4 pay an invoice that they did not agree with, that
5 didn't come from proper channels, that didn't come
6 from, perhaps, a bid or, perhaps, an appropriate
7 purchase. So this was approved, discussed, and paid
8 by the township treasurer.
9 Q. Have we exhausted your knowledge of
10 communications that you had with Mr. Healy regarding
11 the agreement?
12 A. My summary of it stands, that Bob Healy
13 agreed on this with me through conversations of our
14 finance committee, through conversations with me
15 personally. It was presented to our board of
16 education in past. It was presented to his board of
17 education -- or his board in past, and it was paid
18 for by his board; therefore, it was an approval. It
19 was never represented as a one-year agreement. It
20 was represented to finally make Lyons Township closer
21 to an equitable arrangement of the services that it
22 provided by the township treasurer to other districts
23 and not to Lyons Township.
24 Q. I need to make sure, Dr. Beckwith,

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1 that -- and this is something every attorney does
2 with every witness -- that at trial, a witness
3 doesn't suddenly say, Now I have a memory of a
4 specific conversation where Mr. Healy said X or
5 Mr. Healy said Y. That's why I'm trying to figure
6 out -- and I'm not accusing you of making something
7 up if that were to happen, but I need to exhaust that
8 we've covered every communication with Mr. Healy on
9 this topic that you specifically recall. Have we?
10 A. Yes.
11 Q. Okay. We'll move on.
12 MR. KALTENBACH: So our next one will be 9.
13 (Beckwith Deposition
14 Exhibit No. 9 marked as
15 requested.)
16 BY MR. KALTENBACH:
17 Q. Dr. Beckwith, we're handing you what
18 we've marked as Beckwith Exhibit 9, which appears to
19 be finance committee meeting minutes from March 22nd
20 of 2000, so a little bit less than a month after your
21 memorandum proposal. Have you seen these minutes
22 before, ma'am?
23 A. Yes.
24 Q. Do you recall who prepared these minutes?

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1 A. Like before, I could have or there could
2 have been a board secretary prepare it.
3 Q. Okay. Do you recall this particular
4 finance committee meeting?
5 A. Yes.
6 Q. Okay. Do these minutes accurately
7 reflect what was discussed at the finance committee
8 meeting of March 22nd, 2000?
9 A. Yes.
10 Q. The third paragraph states the committee
11 reviewed the recommended changes in the township
12 treasurer billing. The billing will include
13 transferring the cost of three business office staff
14 salaries and benefits to the township treasurer.
15 That correlates with your proposal of February 29th,
16 2000, correct?
17 A. Yes.
18 Q. And then the next sentence says, The
19 treasurer will also offer additional services to
20 include reconciliation of all fund and bank accounts
21 as well as providing checks and envelopes to the
22 District.
23 And that correlates with the
24 proposal that you set forth in your memorandum,

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1 correct?
2 A. Yes.
3 Q. And then it states, This adjustment
4 creates more parity between the services provided all
5 member districts. And that's not specifically
6 referenced in your proposal, but that was, kind of,
7 the point of the proposal, correct?
8 A. Yes. That's the point of the whole
9 exercise.
10 Q. And then the final sentence is -- I'm
11 sorry -- the second-to-final sentence, This will be
12 effective for the 1999-2000 school year. Do you see
13 that, Doctor?
14 A. Yes.
15 Q. It didn't say it would be effective for
16 following school years, does it?
17 A. Because it was effective the first year
18 of 99-2000.
19 Q. Okay.
20 A. And it's a change in business and
21 therefore, it was going to repeat itself over the
22 following years.
23 Q. Okay. So that's your understanding of
24 what that sentence means?

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1 A. Yes.
2 Q. Is that your understanding of what was
3 stated during the committee meeting?
4 A. Absolutely.
5 Q. And then the final sentence, This change
6 is subject to approval by the township treasurer
7 trustees. What do you understand that to mean from
8 the meeting?
9 A. That from the finance committee reviewing
10 the -- or reviewing the information, that the next
11 step was it was going to go to the township trustees
12 for approval.
13 (Beckwith Deposition
14 Exhibit No. 10 marked as
15 requested.)
16 BY MR. KALTENBACH:
17 Q. Dr. Beckwith, I have handed you what
18 we've marked as Beckwith Exhibit No. 10, which
19 purports to be minutes of a meeting of the board of
20 education of District 204 from June 19th of 2000. Do
21 you recognize -- and I understand there's a lot of
22 attachments. Do you recognize this document?
23 A. Yes.
24 Q. Did you see --

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1 MR. HOFFMAN: Could I interrupt for one
2 second?
3 MR. KALTENBACH: Yeah.
4 MR. HOFFMAN: For the record, just so we're
5 clear, I would note this does not include the agenda.
6 MR. KALTENBACH: It does not. That's
7 correct.
8 MR. HOFFMAN: Okay. Thank you.
9 BY MR. KALTENBACH:
10 Q. Did you see this document prior to
11 preparing for your deposition today?
12 A. No.
13 Q. The document indicates that all of the
14 members of the board of education, as well as
15 yourself, were present. Do you recall if you indeed
16 were present for this meeting?
17 A. Yes.
18 Q. If you turn to what is labeled in the
19 upper left as Page 10 of the minutes, one of the --
20 and I understand for context you may have to flip
21 back a couple pages. But it appears, if I am reading
22 them correctly, one of the items that was approved
23 was the township treasurer's invoice, which is marked
24 as Exhibit T. And then if you turn a handful of

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1 pages further, you'll see that there is a memorandum
2 that has a handwritten T in the upper right-hand
3 corner. Do you see that, Doctor?
4 A. Yes.
5 Q. Is it your understanding that -- I assume
6 you've seen board of education meeting minutes before
7 while you were employed?
8 A. Oh, yeah.
9 Q. So you're familiar with the format and
10 layout, correct?
11 A. Yes.
12 Q. So the memorandum with the T in the upper
13 right-hand corner is the Exhibit T that is listed as
14 the township treasurer's invoice? And understanding
15 that Exhibit T seems so continue for a few pages.
16 MR. HOFFMAN: It has --
17 MR. KALTENBACH: There's a number of
18 attachments to the exhibit.
19 MR. HOFFMAN: Having seen the original of
20 this, Exhibit T includes several pages.
21 MR. KALTENBACH: Okay. Yeah. This is what
22 we got, so I assume it does. But --
23 MR. HOFFMAN: Well, it does.
24 MR. KALTENBACH: Okay. Jay, can you

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1 represent Exhibit T is everything from T after?
2 MR. HOFFMAN: Correct. That's correct.
3 MR. KALTENBACH: Because it includes, like,
4 printing invoices.
5 MR. HOFFMAN: That's correct. In other
6 words, just so we're clear on the record, the minutes
7 had a hole slew of attachments, using a lot of the
8 alphabet. Obviously, we're on T here. So rather
9 than produce a whole bunch of relevant garbage, this
10 is the minutes -- the way it was produced was with
11 the agenda minutes and Exhibit T, which was relevant
12 to our case.
13 MR. KALTENBACH: Okay.
14 MR. HOFFMAN: And Exhibit T is the June 14th,
15 2000, memo --
16 MR. KALTENBACH: Through the end.
17 MR. HOFFMAN: Through the end.
18 MR. KALTENBACH: Of this exhibit.
19 MR. HOFFMAN: That's exactly right.
20 MR. KALTENBACH: I'm glad because I wasn't
21 sure what exactly Exhibit T was.
22 BY MR. KALTENBACH:
23 Q. So, Dr. Beckwith, now that we've, kind
24 of, gained an understanding of exactly what it was

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1 that was produced to us in the right format, is this
2 the board of education meeting by which you believe
3 the 204 board of education approved your proposal set
4 forth in your February 2000 memorandum?
5 A. We are missing the agenda.
6 Q. Right.
7 MR. HOFFMAN: I pointed that out.
8 THE WITNESS: Right, but I...
9 BY THE WITNESS:
10 A. I would believe -- Yes. Missing the
11 agenda, yes.
12 Q. Well, nowhere in the minutes itself do I
13 see 204 agreeing to your proposal. They appear to
14 approve the payment of the invoice that's attached to
15 Exhibit T. In here somewhere, do you see any entry
16 by which the board of education approved your
17 proposal?
18 MR. HOFFMAN: Well, I'd just like to point
19 out for the record that part of what is Exhibit T is
20 Dr. Beckwith's February 29th, 2009 memo to --
21 MR. KALTENBACH: Jay, that's what I'm trying
22 to figure out. How is it that she's saying this was
23 approved, based on these minutes? That's what I'm
24 trying to figure out.

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1 BY THE WITNESS:
2 A. Well, items such as this that have been
3 discussed by the finance committee or the legislative
4 committee or the curriculum committee get placed on
5 something called -- it's just an agenda item, a
6 consent agenda.
7 Q. Correct.
8 A. And they are approved. So this item,
9 without knowledge of the rest of the board minutes,
10 if it's attached to it, was part of the consent
11 agenda, and it was passed by the board.
12 Q. So let's look at Exhibit T, then. The
13 first page is a June 14th, 2000 memo from you to the
14 board of education, correct?
15 A. Yes.
16 Q. Okay. And you actually prepared this
17 memo on or about June 14th of 2000, correct?
18 A. Yes.
19 Q. And you say -- there's some attachments.
20 You say that attached is the treasurer's bill for the
21 fiscal year ending 2000. You recite that LT's share
22 is \$165,476. And if we turn to the next page,
23 there's actually a letter from Dr. Healy to -- from
24 Mr. Healy to Dr. Kelly, enclosing the pro rata bill

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1 for the 19- -- well, enclosing a pro rata bill,
2 correct?
3 MR. HOFFMAN: What's the question?
4 BY MR. KALTENBACH:
5 Q. So in your memo, Doctor, you state,
6 Attached is a copy of the Lyons Township High School
7 treasurer's bill for the 1999 to 2000 school year.
8 The District's share is \$165,476, which is a six
9 percent increase over the 1998 to 1999 school year.
10 The next two pages appear to be a letter from
11 Mr. Healy to Dr. Kelly, enclosing a pro rata bill for
12 \$165,476. That is -- These next two pages are what
13 you're referring to in the first two sentences of
14 your memo, correct?
15 A. Yes.
16 Q. Okay. Just out of -- To make sure
17 there's not something missing out here and that we're
18 on the same page, what Mr. Healy is sending is an
19 invoice for the fiscal year ending June 30th, 1999,
20 correct?
21 A. Yes. That's what he states in this
22 letter.
23 Q. Well, it's -- the bill itself states, For
24 fiscal year ending June 30th, 1999, and the letter is

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1 dated May 24th, 2000, which is before June 30th,
2 2000. So it would have had to have been for the
3 fiscal year that ended June 30th, '99, correct?
4 A. I'm not aware of how he's dating this.
5 Q. You state that it was a bill for the '99
6 to 2000 school year, which -- when you say for the
7 1999 to 2000 school year, do you mean the fiscal year
8 ending June 30th, 2000?
9 A. Yes.
10 Q. Okay. But it appears that Mr. Healy is
11 actually accepting a bill for the fiscal year ending
12 June 30th, 1999, does it not?
13 A. It may appear.
14 Q. Okay. I'm trying to figure out, did you
15 misdescribe what you attached in the next two pages
16 or is Mr. Healy mislabeling what he's sending in the
17 next two pages? I'm wondering if you have any
18 knowledge of that.
19 A. I don't.
20 Q. Fair enough.
21 A. The letter was addressed to Dr. Kelly.
22 Q. Okay. Fair enough.
23 You then state, Attached is the copy
24 of the agreement that we made with the treasurer,

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1 which pays the District \$106,403 for comparable
2 services provided to other township districts, but
3 not to Lyons Township High School. And that -- you
4 are referring, then, to the next page, which is your
5 February 29th, 2000, memorandum, correct?
6 A. Yes.
7 Q. And when you say the agreement that we
8 made with the treasurer, you're referring to LT,
9 correct?
10 A. It's between -- Yes, LT and the
11 treasurer.
12 Q. Okay. And the amount that you mention in
13 your June 14th memo of 106,403, that's same amount
14 that's in your February 29th memo?
15 A. Yes.
16 Q. And then you say -- You conclude your
17 June 14th memo by saying, board of education action
18 is to approve a payment in the net amount of
19 59,000.73, correct?
20 A. Yes.
21 Q. And that is the difference between the
22 invoice that is following your June 14th memo and the
23 amount stated in your memorandum that the treasurer
24 was agreeing to accept, correct?

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1 A. Yes.
2 Q. The next page appears to be another copy
3 of your June 14th, 2014 memorandum with a bunch of
4 handwriting on it. Do you recognize any of that
5 handwriting?
6 A. No.
7 Q. Okay. Do you know what any of that
8 handwriting means?
9 A. Yes.
10 Q. Okay. Do you know what the 437911 means?
11 A. No.
12 Q. Do you know what the phrase "handwritten
13 last year" means?
14 A. No.
15 Q. What do you -- You said you know what
16 some of it means. What do you know? How about I ask
17 that vague of a question.
18 A. Okay to pay and someone signed it and
19 dated it 7/5/2000. And these are the account numbers
20 that the payment would come from, the 108002310 --
21 Q. Maybe 8170 or 3170. And that would be
22 for an account drawn on District -- I'm sorry --
23 drawn on LT funds, correct?
24 A. I don't recognize whose funds those

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1 might --
2 Q. Okay.
3 A. -- whose account numbers those are.
4 Q. Do you recognize any of the handwriting?
5 A. No.
6 Q. And then the last several -- the last
7 five pages you attached are just invoices for the
8 cost of miscellaneous printing, correct?
9 A. Yes, and envelopes.
10 Q. Envelopes and --
11 A. Uh-huh.
12 Q. Okay.
13 MR. HOFFMAN: I'll just note for the record
14 that these are -- the invoices are dated '01, '02,
15 '03, so, you know, this is just what was in the files
16 of the high school. They don't appear to be
17 consistent with dates in the -- some of the earlier
18 documents, obviously. But that's just how they were
19 stored.
20 MR. KALTENBACH: Okay. But nonetheless,
21 you're saying these were all part of Exhibit T as
22 District 204 --
23 MR. HOFFMAN: Yeah. I mean, this was in the
24 file.

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1 THE WITNESS: (Indicating.)
2 MR. HOFFMAN: This was in the file. I mean,
3 I can see there's an invoice.
4 MR. KALTENBACH: I mean, obviously, dates
5 don't match up.
6 MR. HOFFMAN: 2002, 2003, 2001. But, again,
7 this is how the documents came to me.
8 MR. KALTENBACH: That's fine. I'm not asking
9 you to explain it. I'm just --
10 MR. HOFFMAN: I can't.
11 BY MR. KALTENBACH:
12 Q. Dr. Beckwith, do you have an explanation
13 for why -- I'm going to back this up. I'm going to
14 ask a time travel question here. Are these five
15 invoices at the end of Beckwith Exhibit 10 the five
16 invoices that -- were they actually attached --
17 MR. HOFFMAN: Oh, actually, you know what, I
18 -- well, actually, in looking at this, when we -- I
19 know what the answer is. I think what happened
20 was -- you want me to go off the record? I'll say it
21 on record. I don't think the very last documents
22 that are attached here were part of the minutes that
23 I produced to you, and the reason there might have
24 been some confusion is that we produced to you a

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1 series of documents that were -- they didn't -- they
2 weren't stapled to the documents we gave you --
3 MR. KALTENBACH: We may not have known where
4 the cutoff was.
5 MR. HOFFMAN: Correct. The documents that I
6 gave you -- Now that I take a closer look at this,
7 the documents that I gave you were all loose so you
8 can copy them as you wish. So I didn't put staples
9 in the individual documents or even in the entire
10 document as a whole. The document beginning
11 June 14th, 2000 that has handwriting on it was not
12 part of the board minutes, now that I look at it more
13 closely. The reason this was provided to you is that
14 it's a different version of Dr. Beckwith's --
15 MR. KALTENBACH: Right.
16 MR. HOFFMAN: -- document that indicates a
17 payment that was made subsequently. And then the
18 pages afterward also -- I'm not sure if they were
19 part of -- they couldn't have been part of --
20 MR. KALTENBACH: Unless time travel was
21 occurring. They're dated inaccurately.
22 MR. HOFFMAN: Those might have been just from
23 something else. So in terms of this Beckwith
24 Exhibit 10 --

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1 MR. KALTENBACH: You're saying you do not
2 believe --
3 MR. HOFFMAN: Yeah. I'm sorry. I misspoke
4 earlier. Now that I look at Exhibit T, it was -- and
5 it's logical when you look at Dr. Beckwith's
6 June 14th, 2014 memo. She says she's attaching two
7 things. One of is the letter from Healy to Kelly,
8 which has an exhibit itself, and then the other is
9 her February 29th, 2000 memo. So everything after
10 that was not part of Exhibit T but was produced to
11 you for a different purpose.
12 MR. KALTENBACH: Okay.
13 BY MR. KALTENBACH:
14 Q. So, Dr. Beckwith, so we're clear, what
15 you attached to your June 14th, 2000 memorandum that
16 has a handwritten T on it, you attached the three
17 pages thereafter following, correct?
18 A. Correct.
19 Q. You did not attach the handwritten -- the
20 copy of your memo that had handwriting on it,
21 correct?
22 A. Correct.
23 Q. And you did not attach the invoices for
24 printing, correct?

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1 A. Correct.
2 MR. KALTENBACH: Now, it was marked this way,
3 so I think we need to leave it marked this way.
4 MR. HOFFMAN: That's okay. I don't care.
5 These were the next successive dated documents in the
6 production progression.
7 MR. KALTENBACH: Then there's a
8 misunderstanding of where the divider should have.
9 That's fine.
10 BY MR. KALTENBACH:
11 Q. And, Dr. Beckwith, I believe -- I don't
12 know if Meagan caught it or not -- but I believe you
13 said the dates of the invoices were all after you
14 left the employ of LT, correct?
15 A. That's correct.
16 Q. And actually, the Page 10 of the meeting
17 minutes where the treasurer's invoice, Exhibit T, is
18 approved, that -- a few lines down, it states, As
19 this was Dr. Beckwith's last meeting, various board
20 members expressed their gratitude, correct?
21 A. Yes.
22 Q. So this would have been -- because you
23 left within a couple weeks, correct?
24 A. After this, yes. June 30th.

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1 Q. Dr. Beckwith, have you ever seen a
2 written contract executed by someone -- I've just got
3 a minute or two left -- executed by someone from LT
4 and someone from the trustees wherein the agreement
5 to absorb these costs was ever set forth?
6 MR. HOFFMAN: Objection. Asked and answered.
7 You can answer again.
8 BY THE WITNESS:
9 A. I saw the board minutes from LT High
10 School that approved the treasurer's invoice, and I
11 saw a copy of the board of Trustees township
12 treasurer's minutes that approved the invoice.
13 Q. And those are the documents that make you
14 state your belief that the agreement was approved by
15 both the board of education and the township
16 trustees, correct?
17 A. Yes.
18 Q. Was there ever a discussion that you had
19 or amongst the finance committee members or the board
20 of education for LT as a whole about documenting this
21 agreement in a written contract?
22 MR. HOFFMAN: I'll object to your question,
23 that it contains an assumption of there's no
24 writing --

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1 MR. KALTENBACH: I didn't say no writing. A
2 written contract signed by both entities.
3 MR. HOFFMAN: Well, that's a different thing,
4 as we both know.
5 BY THE WITNESS:
6 A. There is, in school districts, approval
7 by boards of education for items. And this document
8 was approved by the board of education on the
9 June 19th board meeting, and also by the township
10 trustees board.
11 Q. So, I guess, then, just so we've wrapped
12 up the answer to my question, you're not aware of any
13 discussions within 204 about, I'll say alternative or
14 further or any other way of documenting this
15 agreement, correct?
16 A. It was documented appropriately,
17 according to appropriate methods for boards of
18 education and for the township trustees. It was
19 discussed, passed, and paid. That constitutes a
20 contract.
21 MR. KALTENBACH: I have no further questions.
22 EXAMINATION
23 BY MR. HOFFMAN:
24 Q. Very briefly, Dr. Beckwith. We talked

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1 earlier about the agreement reached between the
2 trustees or the treasurer's office and LT concerning
3 the payment of certain business functions and as that
4 agreement is stated in the memo that you wrote, do
5 you have any opinion as to whether that agreement
6 required the execution of what's called an
7 intergovernmental agreement?
8 MR. KALTENBACH: Objection. Calls for a
9 legal conclusion.
10 BY THE WITNESS:
11 A. In the memorandum, Bob Healy stated that
12 one -- I'd have to go back to the memorandum. One of
13 the areas would include an intergovernmental
14 agreement; however, the agreement that we set forth
15 with the township treasurer and the Lyons Township
16 board of education did not require an
17 intergovernmental agreement; it required discussion
18 of both parties, and it required passage of --
19 through the board of education and through the
20 township trustees.
21 Q. I also want to clarify something you said
22 earlier. Although you saw the minutes of the
23 trustees approving this agreement recently, in 2000,
24 did Bob Healy tell you or inform you in any way that

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1 the trustees had approved the agreement?
2 A. Yes, he did.
3 Q. Do you remember anything else he said to
4 you with respect to the deliberations of the trustees
5 concerning the agreement?
6 A. No.
7 MR. HOFFMAN: Okay. I have no further
8 questions. Thank you.
9 MR. KALTENBACH: I'm just going to follow up
10 on that.
11 MR. HOFFMAN: Sure.
12 FURTHER EXAMINATION
13 BY MR. KALTENBACH:
14 Q. You testified a second ago that in 2000,
15 Mr. Healy told you the trustees approved the
16 agreement? I think that's what you just testified a
17 moment ago.
18 A. Yes.
19 Q. Is that as a -- Do you have a specific
20 recollection of a conversation wherein he told you
21 that?
22 A. A specific recollection, no, but I know
23 that he told me it had passed the trustees -- through
24 the trustees.

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1 Q. Do you recall -- Can you help place it a
 2 little bit more specifically when in 2000 he told you
 3 that?
 4 A. I don't know when, but I would believe as
 5 part of the process, a normal everyday business
 6 process, that I wouldn't have generated the bill for
 7 approval of our board of education and then payment
 8 if he hadn't had it approved by his board by that
 9 time.
 10 Q. So you believe it would have been prior
 11 to the 204 board of education meeting whose minutes
 12 we just looked at?
 13 A. That's what I would believe.
 14 Q. Okay. But this is -- You're not having a
 15 recollection of him specifically telling you that;
 16 it's your belief that he would have told you that,
 17 correct?
 18 MR. HOFFMAN: I object. That's not what she
 19 said, Barry, and I'm going to ask the court reporter
 20 to read back her testimony.
 21 MR. KALTENBACH: Let's do that. That would
 22 be helpful.
 23 MR. HOFFMAN: Because I'll tell you what I
 24 have in my notes and --

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1 MR. KALTENBACH: Let's just have her read it
 2 back and we'll go from there.
 3 MR. HOFFMAN: I don't remember what it was.
 4 Read it back.
 5 (Record read as requested.)
 6 BY MR. KALTENBACH:
 7 Q. I believe you just testified that
 8 Mr. Healy told you that it passed. Do you recall
 9 that?
 10 A. I remember Bob Healy telling me that it
 11 passed.
 12 Q. Okay. And by that, you mean it being the
 13 township trustees agreement to the proposal?
 14 A. The township trustees approved the
 15 proposal set forth.
 16 Q. When he told you it passed, do you have a
 17 general recollection that he told you that, or do you
 18 have a recollection of a specific communication you
 19 had with him?
 20 MR. HOFFMAN: Objection. I don't understand
 21 the question.
 22 BY MR. KALTENBACH:
 23 Q. Let me ask you this: When did he tell
 24 you that?


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1 MR. HOFFMAN: Objection. Asked and answered.
 2 We've already been through that.
 3 BY MR. KALTENBACH:
 4 Q. Is that your statement, before --
 5 probably before the June 19th board of education
 6 meeting?
 7 A. Yes.
 8 Q. Did he tell you this in person?
 9 A. I don't remember if it was over the
 10 phone, in person. Many of my conversations with him
 11 were on the phone. I don't recall the specific
 12 conversation.
 13 Q. Do you recall with any more clarity the
 14 specifics of what he told you?
 15 A. No.
 16 MR. KALTENBACH: I have no further questions.
 17 MR. HOFFMAN: We will reserve.
 18 (Witness excused.)
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 20
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1 STATE OF ILLINOIS)
) SS
 2 COUNTY OF COOK)
 3
 4 I, Meagan M. Cahill, Certified
 5 Shorthand Reporter, do hereby certify that on the
 6 16th day of November, 2016, the deposition of the
 7 witness, LISA BECKWITH, called by the Plaintiff, was
 8 taken before me, reported stenographically, and was
 9 thereafter reduced to typewriting under my direction.
 10 The said deposition was taken at the
 11 offices of MILLER CANFIELD PADDOCK & STONE, 225 West
 12 Washington Street, Suite 2500, Chicago, Illinois; and
 13 there were present counsel as previously set forth.
 14 The said witness, LISA BECKWITH, was
 15 first duly sworn to tell the truth, the whole truth,
 16 and nothing but the truth, and was then examined upon
 17 oral interrogatories.
 18 I further certify that the foregoing
 19 is a true, accurate, and complete record of the
 20 questions asked of and answers made by the said
 21 witness, LISA BECKWITH, at the time and place
 22 hereinabove referred to.
 23
 24

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1 The signature of the witness, LISA
 2 BECKWITH, was reserved by agreement of counsel.
 3 The undersigned is not interested in
 4 the within case, nor of kin or counsel to any of the
 5 parties.
 6 Witness my official signature and
 7 seal as Notary Public in and for Cook County,
 8 Illinois, on this 6th day of December 2016.
 9
 10
 11
 12
 13 
 14 MEGAN M. CAHILL, CSR
 15 One North Franklin Street
 16 Suite 3000
 17 Chicago, Illinois 60606
 18 Phone: (312) 442-9087
 19
 20 CSR No. 084-004754
 21
 22
 23
 24

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1 DEPOSITION REVIEW
 2 CERTIFICATION OF WITNESS
 3 ASSIGNMENT NO: 2476437
 4 CASE NAME: Township Trustee of Schools Township 38 North,
 5 Range 12 East v. Lyons Township High School District 204
 6 DATE OF DEPOSITION: 11/16/2016
 7 WITNESS' NAME: Lisa Beckwith
 8 In accordance with the Rules of Civil
 9 Procedure, I have read the entire transcript of
 10 my testimony or it has been read to me.
 11 I have made no changes to the testimony
 12 as transcribed by the court reporter.
 13
 14 Date Lisa Beckwith
 15 Sworn to and subscribed before me, a
 16 Notary Public in and for the State and County,
 17 the referenced witness did personally appear
 18 and acknowledge that:
 19
 20 They have read the transcript;
 21 They signed the foregoing Sworn
 22 Statement; and
 23 Their execution of this Statement is of
 24 their free act and deed.
 25 I have affixed my name and official seal
 this _____ day of _____, 20____.

 Notary Public

 Commission Expiration Date

Page 155

1 Veritext Legal Solutions
 2 1 North Franklin Street - Suite 3000
 3 Chicago, Illinois 60606
 4 Phone: 312-442-9087
 5
 6 December 12, 2016
 7 To: Jay R. Hoffman, Esq.
 8 Case Name: Township Trustee of Schools Township 38 North, Range 12
 9 East v. Lyons Township High School District 204
 10 Veritext Reference Number: 2476437
 11 Witness: Lisa Beckwith Deposition Date: 11/16/2016
 12
 13 Dear Sir/Madam:
 14 Enclosed please find a deposition transcript. Please have the witness
 15 review the transcript and note any changes or corrections on the
 16 included errata sheet, indicating the page, line number, change, and
 17 the reason for the change. Have the witness' signature at the bottom
 18 of the sheet notarized and forward errata sheet back to us at the
 19 address shown above, or email to production-midwest@veritext.com.
 20 If the errata is not returned within thirty days of your receipt of
 21 this letter, the reading and signing will be deemed waived.
 22
 23 Sincerely,
 24 Production Department

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1 DEPOSITION REVIEW
 2 CERTIFICATION OF WITNESS
 3 ASSIGNMENT NO: 2476437
 4 CASE NAME: Township Trustee of Schools Township 38 North,
 5 Range 12 East v. Lyons Township High School District 204
 6 DATE OF DEPOSITION: 11/16/2016
 7 WITNESS' NAME: Lisa Beckwith
 8 In accordance with the Rules of Civil
 9 Procedure, I have read the entire transcript of
 10 my testimony or it has been read to me.
 11 I have listed my changes on the attached
 12 Errata Sheet, listing page and line numbers as
 13 well as the reason(s) for the change(s).
 14 I request that these changes be entered
 15 as part of the record of my testimony.
 16
 17 I have executed the Errata Sheet, as well
 18 as this Certificate, and request and authorize
 19 that both be appended to the transcript of my
 20 testimony and be incorporated therein.
 21
 22 Date Lisa Beckwith
 23 Sworn to and subscribed before me, a
 24 Notary Public in and for the State and County,
 25 the referenced witness did personally appear
 and acknowledge that:
 They have read the transcript;
 They have listed all of their corrections
 in the appended Errata Sheet;
 They signed the foregoing Sworn
 Statement; and
 Their execution of this Statement is of
 their free act and deed.
 I have affixed my name and official seal
 this _____ day of _____, 20____.

 Notary Public

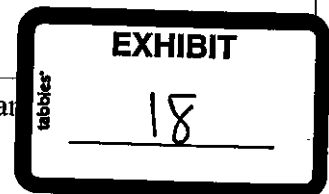
 Commission Expiration Date

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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 4

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 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
 18
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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

Page 6

1 when did you get your MBA from Lewis?
2 A. 1984 or '86. I forget which.
3 Q. And then '84 or '86, that's fine. Then
4 you received a certificate or license from NIU which
5 is where I went for undergrad. When did you receive
6 that?
7 A. 1994.
8 Q. What was that?
9 A. That was a graduate -- it was a graduate
10 program.
11 Q. Okay. What was the purpose of -- was it
12 a CSBO?
13 A. Right.
14 Q. What was the purpose of that?
15 A. To be qualified to be a school business
16 official.
17 Q. Okay. Is that required to be -- is that
18 a requirement to do what you were doing or was that
19 just something you went and got as kind of an extra
20 so to speak?
21 A. I was employed as a director of computer
22 services for IT at the time. So getting that chief
23 school business official's license made me qualified
24 for a promotion, and I did change jobs after I

Page 7

1 received that license.
2 Q. Let's talk a little bit about your work
3 background. I know at some point you were employed
4 by Lyons Township High School District No. 204; is
5 that correct?
6 A. Correct.
7 Q. I'm going to probably refer to that as
8 204 or District 204.
9 A. Sure.
10 Q. When did you first become employed with
11 204?
12 A. 1981. February of 1981.
13 Q. And I don't need to walk through
14 probably, because that's far enough, back your
15 entire postcollege employment history. Was that
16 pretty much your first job coming out of college?
17 A. No.
18 Q. What was your first job?
19 A. Production scheduler with Belden Wire
20 Corporation --
21 Q. How long --
22 A. -- in Oak Brook.
23 Q. -- were you at Belden?
24 A. Seven months.

Page 8

1 Q. Then what did you do after leaving
2 Belden?
3 A. North American Car Corporation, Tiger
4 International in Chicago, where I was a train car
5 repair scheduler.
6 Q. How about after you left that?
7 A. I became a programmer-analyst at Atlantic
8 India Rubber Company in Chicago. Then after that, I
9 became programmer-analyst for Lyons Township High
10 School in February of 1981.
11 Q. As a programmer-analyst, what did you do?
12 A. I wrote code, I set up job control
13 language. I basically was an overseer of the data
14 processing operation.
15 Q. Was there a business services department
16 within District 204 at that time?
17 A. Yes.
18 Q. Was that the department you were in?
19 A. I reported to the director of business
20 services.
21 Q. Who was that at that time in February
22 of '81?
23 A. James Slater.
24 Q. And then how long did you stay in your

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1 position as a programmer-analyst?
2 A. My title was changed from
3 programmer-analyst to lead programmer-analyst and I
4 got a raise and then I left Lyons Township High
5 School for one year.
6 Q. When did you leave?
7 A. In the '85/'86 -- or was it the '86/'87.
8 I think it was '85/'86.
9 Q. Why did you leave?
10 A. To become an administrative level person.
11 I spent one year as the director of data processing
12 for J. Sterling Morton High School District 201.
13 Q. After you left 201, what did you do?
14 A. I came back to Lyons Township High School
15 as their director of computer services --
16 Q. When did you come back?
17 A. -- and that was an administrative
18 position.
19 Q. You were not actively writing code at
20 that point?
21 A. Oh, I would do code, but I would also
22 supervise everything that went on in the department.
23 Q. And when --
24 A. In 1986.

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1 Q. So in 1986 --
2 A. There was only one school year that I
3 worked at J. Sterling Morton High School District.
4 Q. Was that in your mind a promotion when
5 you went to Morton?
6 A. Yes.
7 Q. And then when you left Morton to come
8 back to 204, was that to you another promotion?
9 A. Yes. It wasn't in the sense that at
10 Morton I was in charge of the department in its
11 entirety, and at Lyons Township High School, I was
12 in charge of the department in its entirety but
13 Lyons Township High School paid significantly
14 better.
15 Q. Was it bigger also, a bigger department?
16 A. Yes.
17 Q. So when you came back in 1986, you
18 were -- I'm sorry. What was your title when you
19 came back?
20 A. Director of computer services.
21 Q. And how long did you function as director
22 of computer services?
23 A. Until 1994.
24 Q. And what new job did you have in '94?

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1 A. I became business manager. That's when
2 I -- that's when I changed to being a chief school
3 business official. I started in July of 1994 at J.
4 Sterling Morton High School District 201.
5 Q. In '94, you left District 204 again and
6 went back to Morton?
7 A. Correct.
8 Q. And that was you left your position as
9 business manager and then you went back to Morton in
10 '94 and I'm sorry what was your title again at
11 Morton?
12 A. When I left Lyons Township High School in
13 1994, my title at Lyons Township High School was
14 director of computer services.
15 Q. That was still your title?
16 A. Correct.
17 Q. And then at Morton, you became a business
18 manager?
19 A. Correct.
20 Q. How long were you business manager at
21 Morton?
22 A. Two years.
23 Q. So, we're now into about '96?
24 A. Correct.

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1 Q. Then what did you do at that point?
2 A. I became assistant superintendent for
3 business and personnel at Joliet Township High
4 School District 204 and on July 1 of 1996.
5 Q. And then how long did you hold that
6 position?
7 A. Seven years.
8 Q. So up until 20 --
9 A. July of 2003.
10 Q. So, July of 2003, you then left Joliet
11 204, did you come back to Lyons 204 at that point?
12 A. Correct.
13 Q. In July of 2003, you resumed working for
14 204 after roughly a seven-year absence?
15 A. Correct.
16 Q. What was your title when were you hired
17 in July of 2003?
18 A. Director of business services.
19 Q. Did you succeed Harold Huang in that
20 position.
21 A. Yes.
22 Q. Did you know Mr. Huang from your previous
23 work at District 204?
24 A. No -- yes and no. I knew him from the

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1 Illinois Association From School Business Officials
2 where a lot of business managers get to know each
3 other.
4 Q. And did you know Dr. Lisa Beckwith as
5 well through that?
6 A. Only by sight. I don't think I ever had
7 a conversation with her.
8 Q. Did you work with her while you were at
9 204 -- Lyons 204?
10 A. No.
11 Q. In July of 2003, you become the director
12 of business services at Lyons 204. How long did you
13 hold that position?
14 A. Until in May of 2014.
15 Q. What happened or where did you go in May
16 of '14?
17 A. I retired.
18 Q. Congratulations?
19 A. 36 of credible service.
20 Q. Although you retired from working for
21 204, do you work in any other capacity, consultant
22 or part-time or anything like that?
23 A. Yes. I am the interim director of
24 finance and operations for Riverside School

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1 District 96 in Riverside, and this is my third year
2 of doing that.
3 Q. As the interim?
4 A. Yes.
5 Q. It's a long interim position.
6 A. I'm limited to 100 days and any -- and
7 within those hundred days, if I do anything that is
8 off-site, not a full day, I have to keep a log of my
9 time so that I stay within the teacher retirement
10 system work limitations.
11 Q. Well aware of that concern.
12 As director of business services from
13 roughly July of 2003 through May of 2014, generally
14 speaking what were your duties?
15 A. Overarching, the chief financial officer,
16 worked with the superintendent very closely, attend
17 every board meeting, every finance or facilities,
18 subcommittee of the board of education, prepare
19 materials for every single one of those meetings as
20 it pertained to finance or facilities, recommend the
21 budget, recommend the levy, problem solve
22 facilities-related issues or problems that might
23 occur, recommend to the board working with our
24 school architect facilities improvements, quite a

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1 variety of responsibilities.
2 Q. When you say facilities, are you
3 referring to physical plant?
4 A. Yes.
5 Q. The actual buildings?
6 A. Yes.
7 Q. Other than Mr. Hoffman, did you discuss
8 your deposition -- the fact that you were going to
9 be deposed today with anyone?
10 A. No.
11 Q. Did you review any materials in
12 preparation for your deposition today?
13 A. Yes.
14 Q. Do you recall what it was you reviewed?
15 A. I looked at some files to refresh my
16 memory that I have in my computer.
17 Q. Was that your own personal computer?
18 A. Yes.
19 Q. Did those files, in fact, refresh your
20 memory?
21 A. To the extent my memory has such
22 capacity, yes.
23 Q. Do you by chance know if those files were
24 turned over to Mr. Hoffman to be produced or

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1 Mr. LeMoine before him to be produced to this case?
2 MR. HOFFMAN: I can represent to you that
3 at the time this lawsuit was filed and Chuck LeMoine
4 got involved, Mr. Sellers was still the business
5 manager at LT; and in that capacity, he worked with
6 the superintendent along with Chuck LeMoine, the
7 attorney for LT, and all of the files and
8 information that David Sellers had was reviewed and
9 provided to Chuck LeMoine at the Dykema Gossett
10 firm. There's nothing that Mr. Sellers has that
11 would be in any way additionally responsive to the
12 requests that were made on LT for documentation.
13 MR. KALTENBACH: Fair enough. We will
14 move on.
15 BY MR. KALTENBACH:
16 Q. Mr. Sellers, there's a few different
17 issues -- really I guess three different monetary --
18 types of monetary disputes at issue in this case.
19 One of those involves the payment of audit fees.
20 One of them involves the payment of the treasurer's
21 pro rata share of expenses. One of them involves
22 the allocation of interest income.
23 Generally speaking, are you familiar
24 with that?

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1 A. Yes.
2 Q. In terms of a little bit of a road map, I
3 want to start by talking about the audit issue, the
4 payment of audit fees.
5 What is your knowledge of that issue
6 in this case?
7 A. I understand there's a disagreement as to
8 why the township treasurer paid the auditing firm
9 each year that completed the annual independent
10 audit for Lyons Township High School.
11 MR. HOFFMAN: Let me caution the witness
12 and say I think what Barry is getting at is what you
13 personally know and recall from your time as
14 business manager and he's not asking you for
15 information about the dispute that you received
16 perhaps from Chuck LeMoine or from me.
17 MR. KALTENBACH: I'm not asking you to
18 review --
19 MR. HOFFMAN: That's attorney/client
20 privilege.
21 MR. KALTENBACH: I'm not asking you to
22 reveal communications you had with Mr. LeMoine and
23 Mr. Hoffman. My question was to try to get a big
24 picture of what your understanding is.

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1 MR. HOFFMAN: Are you asking what he
2 understands the claim to be in the lawsuit or what
3 he understands --
4 MR. KALTENBACH: He's answered my
5 question. That's all I wanted to have a sense of.
6 MR. HOFFMAN: That's fine.
7 BY MR. KALTENBACH:
8 Q. Mr. Sellers, you understood that each
9 year by requirement of the school code Lyons 204 had
10 an audit done, correct?
11 A. Correct.
12 Q. And the identity of the accounting firm
13 that did it, the name changed over time, but it
14 seems the firm more or less was the same. It went
15 to Gurrie to Virchow Krause to Baker Tilly. Are you
16 familiar with that?
17 A. Correct.
18 Q. While you were there in the capacity of
19 director of business services, was it Virchow Krause
20 and then Baker Tilly?
21 A. I believe so. There might have been a
22 year when it was Gurrie.
23 Q. Just to make it easier, let's refer to
24 the auditors as Baker Tilly. Does that work for

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1 you?
2 A. Sure.
3 Q. Great. When you were hired as the
4 director of the business services back in 2003, was
5 Baker Tilly or its predecessors firms the one that
6 did the annual audit for District 204?
7 A. Yes.
8 Q. And did they do that audit every year
9 while you were director of business services?
10 A. Yes.
11 Q. Did you have an understanding when you
12 were hired of who paid for that audit?
13 A. Yes.
14 Q. What was your understanding?
15 A. The accounts payable person who was
16 responsible for A through M would receive an
17 invoice, and upon receipt of an invoice from the
18 auditing firm, let's say Baker Tilly, that would be
19 sent over to the Lyons Township School Treasurer's
20 office for payment.
21 Q. And then it was your understanding that
22 the treasurer would pay that invoice?
23 A. Yes.
24 Q. Was it your understanding that the

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1 treasurer was paying that invoice out of the
2 treasurer's fund as opposed to District 204 funds?
3 MR. HOFFMAN: Objection, lack of
4 foundation as to what treasurer's funds mean.
5 BY THE WITNESS:
6 A. I didn't know. I did not -- I didn't
7 take time to learn where the funds were being drawn
8 from to pay for that bill.
9 Q. Okay. Do you understand that there are
10 certain accounts where the money in those accounts,
11 even though the treasurer may be the signatory, that
12 money is, in essence, 204's funds?
13 A. Could you repeat that question?
14 Q. Sure. For instance, if 204 needs to pay
15 its employees or a pay a vendor, are you aware there
16 certain accounts that 204 may issue checks on to
17 make those payments, and although the treasurer may
18 be the signatory on those checks, the money is
19 essence being drawn on what is thought of as
20 District 204's funds?
21 A. Correct. And in that sense, the payment
22 for the services of an independent auditor would not
23 be reflected as an expenditure in the Lyons Township
24 High School general ledger.

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1 Q. Okay. It was coming from funds -- it was
2 an expense of the treasurer's office in that case?
3 A. Correct.
4 Q. That was your understanding of how the
5 auditor was actually getting paid?
6 A. Right. I would never see an expenditure
7 in one of our general ledger accounts. That belongs
8 to Lyons Township High School reflective of that
9 payment.
10 Q. Got it. And so when you took over, did
11 you discuss that payment arrangement with Mr. Huang,
12 your predecessor?
13 A. No.
14 Q. Did you discuss it with anyone else other
15 than Mr. Huang within District 204?
16 A. Yes. I believe that I was apprised of
17 the longstanding practice by an accounts payable
18 clerk.
19 Q. An accounts payable clerk at 204?
20 A. Correct.
21 Q. What did she -- what did he or she tell
22 you?
23 MR. HOFFMAN: Very good.
24 BY THE WITNESS:

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1 A. This is what we always do.
 2 Q. Who was that person?
 3 A. Deb Cook, accounts payable specialist.
 4 Q. Who hired Baker Tilly to do the annual
 5 audit?
 6 A. I don't know. The auditor for all of the
 7 members of the school treasurer cooperative was the
 8 same. And William F. Gurrie was bought by Virchow
 9 Krause and then Baker Tilly bought out Virchow
 10 Krause. The inception of the relationship between
 11 the Lyons Township School treasurer's office and
 12 William F. Gurrie, I have no idea how many years it
 13 goes back, but I assumed it went back very many
 14 years considering one of the schools in our area is
 15 called Gurrie.
 16 Q. Fair enough. But did Baker Tilly or its
 17 predecessors send an engagement letter to 204 each
 18 year?
 19 A. Yes.
 20 Q. And did that go to you?
 21 A. Yes.
 22 Q. And did you sign that on behalf of 204 to
 23 hire Baker Tilly?
 24 A. Yes.

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1 Q. Did you discuss the issue of the
 2 treasurer maybe paying for the Baker Tilly audit
 3 with Robert Healy at all?
 4 A. Only after it came into question. So, it
 5 was fairly late in Mr. Healy's employ.
 6 Q. I think -- if I'm remembering correctly,
 7 I think he left at the end of the summer of 2012.
 8 Would it have been, let's say, in 2012 that you had
 9 that discussion with Mr. Healy?
 10 A. I would -- yes. I believe so.
 11 Q. What was that -- is there a specific
 12 discussion that stands out in your mind or were
 13 there may be multiple discussions that ran together?
 14 A. I just asked Bob, you pay for everybody's
 15 audits, right? And the answer he gave me was yes.
 16 Q. And by everybody's, you meant all the
 17 other school districts within Lyons?
 18 A. Correct.
 19 Q. Within the treasurer's control?
 20 A. Right. It was a simple question and I
 21 got a simple answer.
 22 Q. Why did you ask that of Mr. Healy in
 23 2012?
 24 A. I think that was subsequent to the issue

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1 being raised as to whether or not there was a firm
 2 agreement or something like that. I mean, I don't
 3 really remember exactly, but I believe it was after
 4 there was some controversy.
 5 Q. Other than what Mr. Healy told you on
 6 that, that is to say his answering your question, do
 7 you have any other independent knowledge of whether
 8 the treasurer, in fact, paid for the audits of all
 9 the other school districts?
 10 A. No.
 11 Q. So, other than the conversation with
 12 Mr. Healy that you just mentioned, do you recall any
 13 other conversations with Mr. Healy on the topic of
 14 the treasurer paying for audits?
 15 A. No.
 16 Q. Do you recall -- and I say conversations,
 17 let me broaden that a little bit. I will say
 18 communications as well. I don't want to overlook an
 19 email or a letter, although I think we probably
 20 would have seen it.
 21 Do you recall having any
 22 communications with Mr. Healy other than the
 23 conversation you just discussed?
 24 A. Not with Mr. Healy.

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1 Q. That suggests to me you recall having
 2 that communication with perhaps someone else?
 3 A. An auditor with Virchow Krause.
 4 Q. And do you recall who that auditor was by
 5 chance?
 6 A. Let me think about this.
 7 Q. Sure.
 8 A. Shelly Whitlow, and I'm not exactly sure
 9 what year it was, but she expressed to me directly
 10 that Lyons Township High School probably should be
 11 responsible for paying for their own audit.
 12 Q. At least in terms of when in time this
 13 occurred, are you sure it was at the time it was
 14 Virchow Krause doing the audit?
 15 A. Yes.
 16 Q. For sure the period when they were there,
 17 and it was Ms. Whitlow? Do you know how to spell
 18 her name by chance?
 19 A. W-H-I-T-L-O-W.
 20 Q. Was this a conversation you had
 21 face-to-face with Ms. Whitlow?
 22 A. Yes.
 23 Q. Where was it your office, her office?
 24 A. It was at Lyons Township High School in

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1 the superintendent's office.
2 Q. And was she there because she was helping
3 perform the annual audit at that time?
4 A. Yes.
5 Q. How did this conversation come about?
6 A. Our board of education, a member asked to
7 see a copy of the school treasurer's annual
8 independent audit. In my effort to accommodate that
9 request, I looked at the audit that was being
10 forwarded to the board and had a conversation with
11 Shelly Whitlow about that document. And she made
12 the comment that Lyons Township High School should
13 probably be paying for their own audit in her
14 opinion.
15 Q. You said you were looking for a copy of
16 the most recent school treasurer's annual audit; is
17 that correct?
18 A. Yes.
19 Q. And by school treasurer's, I just want
20 to --
21 A. Lyons Township School treasurer.
22 Q. Not 204?
23 A. Correct.
24 Q. The audit of the treasurer's office

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1 itself?
2 A. Correct.
3 Q. Did Ms. Whitlow state why she was of the
4 opinion that 204 should be paying for its own annual
5 audit?
6 A. We were looking at together the audit
7 report, and I was very surprised to see a cumulative
8 balance that was negative. A cumulative deficit
9 position is undesirable, unfavorable, and I talked
10 with her about why was the township treasurer in a
11 cumulative deficit position. And she, in that
12 conversation, explained to me that there had been a
13 huge error and all of the member districts were
14 distributed too much interest earnings and that
15 error caused the deficit position. So we were
16 talking about that being an unfortunate circumstance
17 and she editorialized that Lyons Township High
18 School should probably be paying their own audit.
19 Q. That issue seems somewhat unconnected to
20 me to the issue of the deficit at the treasurer's
21 office. Was there any linkage in your mind between
22 the two?
23 MR. HOFFMAN: Objection to the form of
24 the question.

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1 BY THE WITNESS:
2 A. Could you repeat the question?
3 Q. Sure. She was -- you and her -- you and
4 Ms. Whitlow were discussing the fact that there was
5 a deficit, the treasurer was operating under a
6 deficit, correct?
7 A. Correct.
8 Q. And she said that that was because there
9 was a huge error made at the treasurer's office,
10 correct?
11 A. Correct.
12 Q. I'm wondering what the segue was to then
13 lead her to remark that Lyons Township should be
14 paying for its own audit?
15 A. Well, Lyons Township High School paying
16 for its own audit would alleviate the financial
17 responsibility that the township treasurer had taken
18 on, which was to pay for all the audits of all the
19 cooperative member districts; and in its entirety,
20 that's a significant amount of money.
21 Q. Did you discuss the fact of whether or --
22 the issue of whether the treasurer was, in fact,
23 paying for all the districts with Ms. Whitlow as
24 part of this conversation?

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1 A. No. I don't recall that.
2 Q. Okay. Did you ever discuss -- I'm sorry.
3 Do you recall anything else from your conversation
4 with Ms. Whitlow that we haven't covered?
5 A. I'd asked her how was this going to be
6 remedied? Her response was that they were working
7 with the township treasurer's office to -- my
8 impression was over time, there would have to be an
9 under-distribution of interest earnings that would
10 offset the over-distribution that had occurred. So
11 on a going forward basis, there would have to be
12 some recouping from interest earnings that otherwise
13 would have been distributed in order to offset the
14 over distribution.
15 Q. Was anyone else -- I think you said this
16 conversation occurred in the superintendent's
17 office?
18 A. That's my recollection.
19 Q. Was anyone else present other than you
20 and Ms. Whitlow?
21 A. No, no, no.
22 Q. Did you thereafter raise the issue of the
23 treasurer paying for the audits of either 204 or all
24 of the audits for all of the districts with anyone

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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. Correct.
2 Q. That would have been the last audit --
3 A. I believe I only worked with them with
4 for the FY 13 audit period.
5 MR. KALTENBACH: I'm going to -- could we
6 mark this as Sellers 1.
7 (Document marked as Deposition
8 Exhibit No. 1.)
9 BY MR. KALTENBACH:
10 Q. Mr. Sellers, I'm handing you a document
11 that we have marked as Sellers Deposition Exhibit
12 No. 1, which is a document that the District 204
13 produced to us. It's four pages, but it's a series
14 of emails. It's an email chain. If we turn to the
15 bottom of the second page, it's what appears to be
16 the first email in a chain, and it looks like it is
17 an email that you sent to Deb Schwartz at Baker
18 Tilly on June 19 of 2013.
19 Is, in fact, this a -- did you send
20 that email to Ms. Schwartz on that date, sir?
21 A. Yes.
22 Q. And you state, "please provide the dollar
23 amount that Baker Tilly billed Lyons Township High
24 School for audit years it is fiscal year '07/'08,

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1 '08/'09, '09/'10, '10/'11."
2 Why were you looking for that
3 information, Mr. Sellers?
4 A. I believe this was subsequent to a
5 controversy coming to light with regards to
6 Mr. Healy, and we were doing a retrospective of --
7 or rather, I believe at this point in time, the
8 payments for the audits had come -- it was a
9 recognized issue.
10 Q. That's to say you were aware in June
11 of 2013 that now there is a dispute over --
12 A. Correct.
13 Q. -- who should have been paying for the
14 audit?
15 A. I believe so.
16 Q. So, why were you trying to find out how
17 much Baker Tilly billed the high school for those
18 four fiscal years?
19 A. Because the Lyons Township High School
20 treasurer's office provided numbers, and I wanted to
21 compare the numbers provided by the school
22 treasurer's office with the numbers provided by the
23 Baker Tilly. Theoretically, those numbers should be
24 matching.

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1 Q. Wouldn't District 204 have the invoices
2 for those years?
3 A. Good question. Our practices came to
4 light as being somewhat inconsistent. Deb Cook, the
5 accounts payable specialist I mentioned earlier, I
6 believe most of the years, she would take a copy of
7 the audit invoice; but we found there were some
8 years where she didn't even take a copy. It came in
9 the mail and was forwarded to the township
10 treasurer's office without us having kept a copy of
11 the invoice.
12 So, no, we did not have a complete
13 record of the invoices.
14 Q. It looks like then, later on, on the
15 first page, we see later that day, Deb Schwartz
16 responded to you with totals for fiscal years ending
17 June of '07 through June 2013, correct?
18 A. Correct.
19 Q. Although on June 19, 2013, fiscal year
20 2013 wouldn't have closed yet, correct? It might
21 explain why it's a little bit smaller but --
22 A. I don't know why that number is what it
23 is.
24 Q. But certainly on June 19 of 2013, fiscal

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1 year 2013 hadn't closed, correct?
2 A. True. But the decision about how much
3 the audit was going to cost may have been settled.
4 I don't know.
5 Q. Did these numbers that Deb Schwartz sent
6 on you the first page of this email, do you recall,
7 did you verify if they were accurate or not?
8 A. I looked them over and recalled that in
9 2010 we went to a GASB 34 -- it is Governmental
10 Accounting Standards Board changes, and revamping of
11 some accounting practices and the numbering scheme,
12 which, in my mind, provided an explanation as to why
13 2010 as so large.
14 Q. Why did 204 switch over to the GASB?
15 A. All school districts throughout the State
16 of Illinois that wanted to have an unqualified
17 opinion had to.
18 Q. Why did you only ask Deb to go back to
19 fiscal year '07/'08?
20 A. I don't remember.
21 MR. HOFFMAN: You might want to take a
22 look at Page 2 in the middle by the way. So I
23 object to the question as being inconsistent with
24 the document.

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1 MR. KALTENBACH: I'm sorry. Yeah. Let
2 me withdraw the question.
3 BY MR. KALTENBACH:
4 Q. Mr. Sellers, it looks like after you sent
5 the email to her, you sent a follow-up email that
6 said -- or I guess maybe forwarded your own email on
7 with an additional comment that said if it is
8 possible to go back to '05/'06, I would be grateful.
9 You sent that email, correct?
10 A. Yes.
11 Q. Having now looked at that second email,
12 does that refresh your recollection at all as to why
13 you were looking to go back to '05/'06?
14 A. No, it does not. As a 59-year-old
15 person, my memory has its limits.
16 Q. I do not quarrel with you on that, sir.
17 MR. KALTENBACH: It's been a 45 minutes,
18 Jay. I'm kind of done with one topic. Do you want
19 to take a break.
20 MR. HOFFMAN: I think we're doing great.
21 THE WITNESS: I'm fine.
22 MR. KALTENBACH: If you need a break --
23 lawyers tend to stop once an hour.
24 THE WITNESS: I wouldn't mind getting

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1 home when my daughter arrives. The more we can
2 work, the better.
3 MR. KALTENBACH: I'm fine with that.
4 BY MR. KALTENBACH:
5 Q. By way of a road map, Mr. Sellers, just
6 because I am trying to get through this as quickly
7 as I can. I want to ask you about a little bit
8 about the issue of the pro rata. Okay, generally
9 speaking, you're familiar with that issue, correct?
10 A. Yes.
11 Q. My understanding of the issue is, in
12 essence, that each year pursuant to school code, the
13 treasurer adds up the compensation and expenses of
14 office and then invoices all of the member districts
15 their pro rata share of that sum. Is that your
16 understanding?
17 A. Yes.
18 Q. That pro rata is determined according to
19 a formula set forth in the school code. Do you
20 understand that, sir? Or should be.
21 A. I think the school code provides
22 guidance.
23 Q. Okay. Is there -- it seems like maybe I
24 just -- is there a difference in your mind between

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1 the school code providing the formula and the school
2 code providing guidance to the formula?
3 A. I shouldn't editorialize, but I believe
4 there's some ambiguity as to what the office of a
5 school treasurer should encompass. For example, if
6 they opened a daycare portion, that shouldn't be
7 charged back to the member districts. You know,
8 there are some things that are flat out included and
9 then there are probably some expenses that might be
10 considered gray areas.
11 Q. Do you think there's some expenses then
12 that would be flat out excluded it sounds like?
13 A. I rather not get into that right now.
14 Q. That's fine.
15 A. I understand the spirit of your question.
16 Q. I'm not going to push you on that. I
17 wanted to try to figure out why there was maybe a
18 little hesitancy in the answer. It seems like
19 you -- I just wanted to make sure we were on the
20 same page.
21 Okay. So, at some point -- and I
22 certainly will represent to you, I'm sure you agree,
23 it predated your taking over as director of business
24 services -- 204 would send a memorandum back to the

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1 treasurer's office containing, in essence, an offset
2 to its share of the pro rata?
3 A. Correct.
4 Q. And that offset was very generalized
5 based on the cost of certain services that 204 was
6 performing that it believed the treasurer's office
7 would have otherwise been performing generally
8 speaking. Are we on the same page, sir?
9 A. Yes.
10 Q. When the 204 invoice came in each year --
11 and I'm talking about the time period where you were
12 director of business services -- it appears to have
13 been directed to the superintendent, but I think it
14 actually went to you; is that correct?
15 MR. HOFFMAN: You mean the 204 invoice or
16 the --
17 MR. KALTENBACH: The invoice -- I'm
18 sorry. The invoice from the treasurer's office to
19 204.
20 MR. HOFFMAN: Okay.
21 BY MR. KALTENBACH:
22 Q. Did you actually receive that invoice --
23 A. Yes.
24 Q. -- regardless of whether it was directed

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1 to someone else?
2 A. Correct.
3 Q. Was it emailed to you actually by
4 Mr. Healy?
5 A. Emailed or intercampus mail. I'm not
6 sure which. We got a hard copy one of the two ways.
7 Q. Fair enough. Did you ever question Mr.
8 Healy with respect to -- as you would get the
9 invoice each year as to how he calculated 204's pro
10 rata share?
11 A. Never.
12 Q. Did you ever raise that, you know, that
13 question with either members of his staff or with
14 the individual trustees themselves?
15 A. No.
16 MR. HOFFMAN: Just to make it easier,
17 maybe you can ask the witness if he ever had any
18 reason to talk to the trustees. I don't know what
19 the answer is, but I doubt he did.
20 MR. KALTENBACH: That might save some
21 time.
22 BY MR. KALTENBACH:
23 Q. Have you ever communicated individually
24 with the trustees about any of the, you know, the

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1 three issues generally speaking that set this
2 lawsuit up?
3 A. No.
4 Q. Okay. Did you ever have communications
5 with any of Mr. Healy's staff regarding those
6 issues?
7 A. In his office, I talked with only two
8 people: Mr. Healy or Lauralee Conway. I don't
9 recall talking with anybody else that worked in that
10 operation.
11 Q. Fair enough. That will speed it up a
12 bit. With respect to Ms. Conway, are there any
13 particular communications that stand out in your
14 mind that relate to the three issues in this
15 lawsuit?
16 A. No.
17 Q. You just recall generally speaking that
18 you would have communications with her?
19 A. Correct.
20 Q. Fair to say those were, you know, garden
21 variety administrative-type communications?
22 A. Correct.
23 Q. Thank you. I'm going to hand you what
24 has been marked as Lauralee Conway Deposition

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1 Exhibit No. 3. And it's a series of memoranda of
2 the sort I think we just discussed in part, and the
3 first memorandum is dated February 29, 2000, and
4 that is from Lisa Beckwith. Fair to say, you had
5 nothing to do with creating this top memorandum?
6 A. Correct.
7 Q. And if you flip about four pages in, you
8 will see there's one for each year, you will see
9 there's a May 30 memorandum from Harold Huang to Mr.
10 Healy. Fair to say you had nothing to do with this
11 memorandum?
12 A. Correct.
13 Q. And then there is -- the next page,
14 February 4th, 2002, memorandum from Mr. Huang. Fair
15 to say you had nothing to do with that memorandum?
16 A. Correct.
17 Q. You had nothing to do with the
18 attachments behind the memorandums --
19 A. Correct.
20 Q. -- that we covered so far, right?
21 A. Correct.
22 Q. Okay. And then you see in March 10 of
23 2000 -- I take that back. I think that's in there
24 twice. Maybe not. No.

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1 Okay. We have a March -- the next
2 memorandum is March 10 at 2003 from Mr. Huang.
3 Again, you had nothing to do with that, correct,
4 sir?
5 A. Correct.
6 Q. Okay. So, that's the same year --
7 MR. HOFFMAN: But if you notice, one
8 version has a signature on it. That's why it was
9 produced separately.
10 MR. KALTENBACH: That's fine.
11 BY MR. KALTENBACH:
12 Q. We get to now, a handful of pages in, at
13 the bottom, there's something we called a Bates
14 number, and it's the D204-00125. Are you on that
15 page, sir?
16 A. Yes.
17 Q. And that's an April 12, 2004, memorandum
18 that looks like it's from you to Mr. Healy, correct?
19 A. Correct.
20 Q. Is that your initials next to your name?
21 A. Yes.
22 Q. Did you create this memorandum and send
23 it to Mr. Healy?
24 A. I reviewed and approved what you see on

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1 the 00216 and the memorandum 00215.
 2 Q. Did someone else within your office then
 3 create the memorandum?
 4 A. Yes.
 5 Q. Why were you reviewing and approving it?
 6 A. Because it was to be included in board
 7 materials for formal approval by the board of
 8 education.
 9 Q. When you came on as business manager in
 10 July of 2003, what were you told, if anything, about
 11 these memorandums?
 12 A. Essentially what is printed in the
 13 memorandum that's in plain English. The direct cost
 14 of the township treasurer's office was to include
 15 the human resources costs of people performing
 16 duties and responsibilities that have been agreed
 17 upon as the responsibility of the township
 18 treasurer's office.
 19 Q. When you say human resources costs,
 20 what -- do you mean salary plus benefits?
 21 A. Correct.
 22 Q. You say "that had been agreed upon." Had
 23 been agreed upon by whom?
 24 A. I was told that this went back a number

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1 of years and my administering of this was to
 2 replicate the methodology from the prior year and
 3 move it forward.
 4 Q. Was the memorandum saved on the system
 5 and it was kind of just opened each year and
 6 updated?
 7 A. Correct. That is an Excel spreadsheet.
 8 Q. So the second page is certainly an Excel
 9 spreadsheet, right?
 10 A. Correct.
 11 Q. Is the first page, is that, like, Word or
 12 something document?
 13 A. Correct.
 14 Q. Who at your office actually would prepare
 15 the memorandum for your review and approval?
 16 A. My first year it was Maureen Bently, and
 17 the next year it was Kathy Moran.
 18 Q. And was it Kathy Moran thereafter until
 19 you left?
 20 A. Yes.
 21 Q. So turning to the -- and you reviewed and
 22 approved it -- I'm assuming because you reviewed it
 23 and approved, Mr. Sellers, the memorandum and the
 24 spreadsheet are accurate, correct?

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1 A. Yes.
 2 Q. That is, it doesn't misstate anything?
 3 A. Correct. It was the product of due
 4 diligence.
 5 Q. So, you said you were kind of told this
 6 is how it had been done when you took over. The
 7 system was -- the agreement was already in place.
 8 Who told you that?
 9 A. Maureen Bently and superintendent Dr.
 10 Dennis Kelly. At one time or another, both.
 11 Q. Do you recall specific conversations with
 12 either of them on this issue?
 13 A. No. It was -- all you had to do was look
 14 at the prior year board materials and see that this
 15 was approved by the board of education. I believe
 16 it was done either in May or June of every year as
 17 an ordinary routine piece of material that the board
 18 would approve.
 19 Q. Okay. How did -- so turning for -- we're
 20 looking at the April of 2004 memorandum. Turning to
 21 the second page of that, which is the Excel
 22 spreadsheet, is all of the handwriting on this
 23 yours?
 24 A. None of the handwriting on here is mine.

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1 Q. Do you by chance know whose handwriting
 2 it is?
 3 A. Maureen Bently I believe. Yes, Maureen
 4 Bently.
 5 Q. It looks like at the top where it says
 6 costs for 2003 to 2004, it looks like that's crossed
 7 off, and then someone wrote 2004-2005. Do you have
 8 any idea why that would have been crossed off and
 9 rewritten?
 10 A. I do not.
 11 Q. I mean, the spreadsheet itself has a
 12 column entitled salary '03/'04, correct?
 13 A. Correct.
 14 Q. That handwriting could have been put on
 15 there the following year or something for all you
 16 know, right?
 17 A. I'm looking at this with fresh eyes right
 18 now.
 19 Q. Sure.
 20 A. The 34,442.33 is the identical dollar
 21 amount you see for '04/'05. That would lead me to
 22 believe that someone used the '03/'04 version as a
 23 means by which one were plugging in new numbers that
 24 pertained to the subsequent year.

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1 Q. I'm sorry. What dollar amounts did you
2 say are identical?
3 A. 00216.
4 Q. I'm sorry. The page numbers, 00216.
5 A. You see where it says 34,443.33.
6 Q. I'm sorry.
7 Oh, 34,443.33, the accounts payable
8 bookkeeper?
9 A. Turn to 0022424, which is for '04/'05,
10 the exact same dollar amount. And same thing with
11 the next line, 39,775. It looks to me like the
12 process is somebody -- it might have been Kathy.
13 Let me think. If -- okay, well I don't know when
14 this handwriting was applied.
15 Q. It could have been the next year?
16 A. If this was the next year, then this
17 would be Kathy Moran's handwriting, but it looks to
18 me like somebody took the '03/'04, went to our
19 payroll system --
20 Q. And then handwrote in --
21 A. -- handwrote in what the payroll system
22 reflected as the base salary, et cetera, all in the
23 same columns.
24 Q. Did your -- you mentioned two

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1 assistants -- or not assistants. But two different
2 women that worked in your department.
3 A. Right. Their title was purchasing and
4 accounting manager.
5 Q. Okay. I guess -- just let me just be
6 clear on -- when -- so you mentioned Kathy Moran.
7 When was she purchasing and accounting manager?
8 A. Beginning in July of 2004.
9 Q. And then was she that until you left?
10 A. Yes.
11 Q. And then was Maureen Bently preceded her?
12 A. Yes.
13 Q. She was purchasing and accounting manager
14 when you came on, correct?
15 A. Correct. And she already held that
16 position for I don't know what it was, three years
17 or something like that.
18 Q. She did it for a year and then --
19 A. With me.
20 Q. With you?
21 A. But she was in that same position with
22 Harold Huang and I don't know who else.
23 Q. Maybe Dr. Beckwith?
24 A. I forgot how far back she goes. Maybe

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1 three or four years.
2 Q. It is possible one of them took the last
3 year's memo and kind of updated it by marking it up
4 before they prepared a formal typewritten version,
5 right?
6 A. Right. That would have been per my --
7 that's what I thought was the appropriate approach.
8 Q. How was it determined that -- so this
9 Page 216 has four different positions listed on it,
10 correct?
11 A. Correct.
12 Q. There's a database administrator, it says
13 75 percent. Do you know what that means?
14 A. 75 percent of that person's
15 responsibilities pertained to the description on the
16 previous page of the work that was accomplished that
17 was deemed to be the direct cost to the township
18 treasurer's office.
19 Q. Were they then -- is this charging for
20 75 percent of the database administrator's total
21 salary?
22 A. Correct.
23 Q. 51,638, is that 75 percent of the salary
24 or I'm not going to ask you to do math -- I'm not

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1 going to have you pull out a calculator.
2 A. 71,604 times .75 I believe is the answer
3 to your question.
4 Q. That's probably going to be right around
5 that 50,000 number?
6 A. Correct.
7 Q. One of us was a business major and one of
8 us was an international relation major.
9 A. It's not exact.
10 Q. Okay. Fair enough. You don't --
11 A. That's for the subsequent year.
12 MR. HOFFMAN: Right, correct.
13 MR. KALTENBACH: Oh, okay.
14 BY MR. KALTENBACH:
15 Q. In any event, do you believe that that
16 the salary listed in the column, salary '03/'04,
17 that that is the appropriate percentage of the
18 salary?
19 A. It creates the '04/'05 of 53,703.75 times
20 71,604 equals 53,703. The calculation is pretty
21 straightforward.
22 Q. How is it determined that 75 percent of
23 the database administrator's time was allocated to
24 functions that the treasurer's office would

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1 otherwise have been performing?
2 A. I believe that decision predated me.
3 Look at 00207.
4 Q. That's the attachment to the memo Mr.
5 Huang did?
6 A. Correct.
7 Q. Okay. You see that 75 percent number
8 again.
9 A. Right. So, my job was to follow the same
10 pattern as had been established previously.
11 Q. By Mr. Huang. Then we see again, the
12 next entry is the accounts payable bookkeeper, and
13 that's the same position Mr. Huang had as well,
14 correct?
15 A. Correct.
16 Q. And then payroll specialist and that's
17 the same position Mr. Huang had correct, correct?
18 A. Correct.
19 Q. And accounts manager, 15 percent is the
20 same as Mr. Huang, correct?
21 A. Correct. This was forwarded to Mr.
22 Healy. Just as I had a role in reviewing and
23 approving, Mr. Healy had his role of reviewing and
24 approving.

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1 Q. Did you discuss this memorandum with Mr.
2 Healy after you sent it to him?
3 A. No.
4 Q. Do you know if anyone on your staff
5 discussed it with anyone on his staff?
6 A. I don't know. In this context, I was
7 operating on a management by exceptions basis.
8 Nobody told me there was any reason to do anything
9 but replicate the prior year.
10 Q. It's your understanding that Mr. Healy
11 had to approve the proposal that you make in the
12 memorandum?
13 A. Absolutely.
14 Q. Did Mr. Healy ever tell you that he did
15 approve it?
16 A. No. But I was apprised that Kathy Moran
17 had forwarded it to Mr. Healy, giving him the
18 opportunity to review and approve.
19 Q. You never heard back from Mr. Healy one
20 way or the other on it then?
21 A. No. But Mr. Healy knew that what we were
22 doing, what we were accomplishing was preparing
23 material to go right into the board packet for
24 approval by the Lyons Township High School board of

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1 education. So there was a level of quality and
2 formality associated with the preparation of this.
3 Q. Did the 204 board of education have to
4 approve these memos each year?
5 A. Yes.
6 Q. Do you know if the township trustees
7 approved these memos each year?
8 A. I have no knowledge of Board of Trustee's
9 meetings.
10 Q. Did anyone ever tell you the Board of
11 Trustees approved them each year?
12 A. No. I had no need to know about that
13 from my perspective.
14 Q. Okay. Fair enough.
15 I want to walk quickly through the
16 rest of them, sir. If we turn to 223, that's a memo
17 from you to Mr. Healy. This is June 14, 2005. The
18 next year, right?
19 A. Correct.
20 Q. And it looks like the four positions and
21 the percentage are the same again, correct?
22 A. Correct.
23 Q. So, let's turn to the next memo which is
24 June 14 of 2006, and it looks like they have now --

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1 and that's a memo -- I'm sorry, just so we're clear.
2 The June 14, 2005, is that a memo that you
3 actually -- was that created by your office and then
4 you reviewed it and approved it before sending it to
5 Mr. Healy?
6 A. Yes.
7 Q. And did you discuss that memo with Mr.
8 Healy at all?
9 A. No.
10 Q. The memo beginning on Page 228, which is
11 the June 14, 2006, memo, was that created by someone
12 in your office and then you reviewed and approved
13 it?
14 A. Correct.
15 Q. And it looks like the positions have
16 changed, though, from the prior year. Would you
17 agree with that?
18 A. There was turnover in the database
19 administrator position. Therefore, the salary rates
20 were different for two different people.
21 Q. What is the entry database admin BH
22 75 percent?
23 A. Let me think. I don't remember the
24 person's name. The BH and the SB are the initials.

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1 Q. So was it the two different people that
2 year had the same job?
3 A. Correct.
4 Q. So, is the 75 percent -- is it 75 percent
5 of BH's salary for the entire year and then
6 25 percent of SB's salary for the entire year?
7 MR. HOFFMAN: Object to the form of the
8 question.
9 BY THE WITNESS:
10 A. I would have to do some research. My
11 speculation is that --
12 Q. I don't want you to guess. If you
13 think -- if it is based on something.
14 A. Based on our practices --
15 MR. HOFFMAN: Excuse me, note also
16 there's a separate percentage column, second from
17 the right, that I think in fairness you should --
18 MR. KALTENBACH: I'm not -- I'm not
19 telling him not to look at that. I'm trying to
20 figure out what the entries on the left mean.
21 BY THE WITNESS:
22 A. I think the 43,043 plus the 22,500 is the
23 amount of money we paid for the position.
24 Q. Okay.

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1 A. The position was occupied by two
2 different people, the sum of those.
3 MR. HOFFMAN: The position or 75 percent
4 of the position?
5 BY THE WITNESS:
6 A. But here's where you start out, the
7 column marked salary, add those two numbers
8 together, and then you take 75 percent of those two
9 numbers together.
10 MR. HOFFMAN: Okay, I see.
11 THE WITNESS: Mathematically, I think
12 it's the same as the prior year. It is just -- this
13 is the reflective of employee turnover.
14 BY MR. KALTENBACH:
15 Q. Then you have -- the one above that is
16 accounts payable DC. The prior year had an accounts
17 bookkeeper. Is DC just the initials of someone with
18 even?
19 A. Debra Cook.
20 Q. It's the same job as the prior year?
21 A. LT is Lisa Touloumis. KM is Kathy Moran.
22 I forgot who BH and who SB is, but those are the
23 particular employee initials.
24 Q. And then, what is the next page, sir,

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1 that ends in 23?
2 A. It looks like a different version of the
3 same information. To answer your question, I don't
4 know.
5 Q. Fair enough. It looks like there's an --
6 and this document was given to us by 204. If you
7 look at the footer on the document, it looks like it
8 says business and then there a W added on,
9 officeratehistory.xls and then the date of -- what I
10 assume is probably the print date of June 13, 2006
11 at 1:14 p.m. looking at that information, does that
12 jog your memory at all as to what this is?
13 A. No. The only thing that would matter is
14 what went into the board materials. It's kind of
15 amusing to see Michael Ditchie. I don't know why
16 his name appears here. He was -- but I believe we
17 were talking about charging back for snow removal,
18 but I don't think this is the context that we
19 eventually did. Well, I don't know. Forget it.
20 Q. Charging back to the treasurer the cost
21 for --
22 A. Oh, no, not snow removal. Forget it.
23 Running back and forth as a driver.
24 MR. HOFFMAN: Just for the record, the

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1 difference between Page 229 and 230 is based on the
2 database administrator entry, it seems. So...
3 MR. KALTENBACH: Well, I guess I just --
4 MR. HOFFMAN: In terms of the numerical
5 difference, I just point out for the record that
6 produces the difference between the two numbers.
7 MR. KALTENBACH: But I'm asking the
8 witness if he knows why we have two different
9 documents that do have two different totals.
10 BY THE WITNESS:
11 A. I believe the second page is a draft and
12 00229 my expectation is that that would be the
13 final.
14 Q. Okay. And you would expect if 229 is the
15 final, that would be in the board packet for that?
16 A. Correct.
17 Q. That particular meeting, correct?
18 A. Correct.
19 Q. So let's look then at the next memo,
20 which is 235, and is this a memo that you prepared
21 and sent to Mr. Healy on or about June 7 of 2007?
22 A. Yes.
23 Q. I'm sorry. I say prepared. Was this
24 prepared by someone in your office and then you

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1 reviewed and approved it?
2 A. Correct.
3 Q. And those are your initials on the first
4 page of the memo, sir?
5 A. Correct.
6 Q. On the next page of the memo, is that
7 your handwriting?
8 A. No.
9 Q. I'm guessing Bob Healy's, but I just want
10 to make sure. Do you know what this next page,
11 which is Page 236, do you know what that is?
12 A. Not for certain. It looks like -- well,
13 that's too much money. No, I have to say I don't
14 know.
15 Q. Fair enough.
16 Do you know why -- do you know if
17 this was included -- if Page 236 was included in the
18 memo you sent to Bob Healy?
19 A. I doubt Page 236 was used anywhere. I
20 doubt this was in board materials. I really don't
21 know the significance of Page 236.
22 Q. Fair enough.
23 So then 237, again, is the
24 calculation, right, it's the positions again,

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1 correct?
2 A. Correct.
3 Q. And it's the same four positions that we
4 saw before, understanding that the explanation for
5 the two database administrators before is it was two
6 different people occupying the same position because
7 of the turnover?
8 A. Correct.
9 Q. Did you ever discuss with Mr. Healy or
10 anyone, you know, on his staff the issue, you know,
11 that the dollar amounts are going up each year?
12 A. No.
13 Q. Was it your understanding -- Strike that.
14 The dollar amounts were going up
15 because either the salary was going up or the
16 benefits were going up, correct?
17 A. Correct.
18 Q. Did you have an understanding of whether,
19 therefore, the treasurer's office should be billed
20 for raises or increased benefits given to 204's
21 employees?
22 A. I can't imagine them not.
23 Q. It made sense to you that they would be?
24 A. Yes.

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1 Q. That wasn't a specific conversation you
2 had with someone whether the amount should go up
3 from one year to the next?
4 A. I believe everyone involved knew that
5 inflation is a reality.
6 Q. The next page is 238, which looks like an
7 email from Kathy Moran to MaryAnne Morici. Do you
8 recognize that document, sir?
9 A. I don't. And there's SB, Sherry Bugyis.
10 That would be your SB.
11 Q. From the database administrator which
12 looked at before?
13 A. Yes, that's the database administrator.
14 Q. And then the next several pages look to
15 be screenshots of something. I'm not sure what?
16 A. Base salaries.
17 Q. And so, 239 is for Sherry Bugyis.
18 A. Yes.
19 Q. B-U-G-Y-I-S. And then the 240 is for
20 Debra Cook?
21 A. Correct.
22 Q. And 241 is for?
23 A. Lisa Touloumis.
24 Q. So Kathy Moran was the purchasing and

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1 accounting manager, right?
2 A. Correct.
3 Q. Of the positions that are listed --
4 because these memos don't usually indicate the
5 employee by name, they indicate a position, correct?
6 A. Right. I can tell you who these people
7 are.
8 Q. That's what I would like to you do, sir,
9 if you can?
10 A. Sherry Bugyis is a database
11 administrator. Debra Cook, accounts payable
12 specialist. Lisa Touloumis, payroll specialist.
13 That's all that's printed out here.
14 Q. We covered Kathy Moran already?
15 A. Correct.
16 Q. Is Kathy Moran the accounting manager?
17 A. Purchasing and accounting manager.
18 Q. I know, for instance, just looking at
19 Page 229, it says accounting manager, KM, that's
20 Kathy Moran?
21 A. Correct.
22 Q. Her full title isn't necessarily on
23 there?
24 A. Correct.

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1 Q. We'll go to page -- there's not Bates
2 number on it. But the next document -- the next
3 memo looks like -- so the memo and the supporting
4 documents we just been looked at were June 7 of
5 2007, and as we keep flipping after the three
6 computer printouts, we see -- and I think these were
7 compiled by Mr. Hoffman, and I'm, you know, not
8 taking any particular issue with it. But we see
9 there's another memo then from June 7 of 2007,
10 right?
11 A. Yes.
12 Q. Those are your initials on that next
13 June 7 memo, correct?
14 A. Correct.
15 MR. HOFFMAN: The reason that this was
16 produced, again, is because it was a slightly
17 different version.
18 MR. KALTENBACH: That's fine. I'm not
19 insinuating anything.
20 BY MR. KALTENBACH:
21 Q. So now, we go to 244, and this is the
22 next year's memo now, this is June 9 of 2008,
23 correct, sir?
24 A. Yes.

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1 Q. And this is a memo that someone in your
2 office prepared and you reviewed and approved it,
3 correct?
4 A. Correct.
5 Q. And those are your initials on the first
6 page?
7 A. Yes.
8 Q. And it is the same four positions and the
9 same four percentages, right?
10 A. Correct.
11 Q. What is 246? I guess I'll add 246 and
12 247, both appear to be invoices by CDW-G, CDW
13 government.
14 A. Falling under the heading of printing
15 costs and that's just me interpreting the document
16 as I'm looking at it right now.
17 Q. You're including -- it looks like you're
18 including just two invoices for --
19 A. Toner.
20 Q. -- for toner cartridges for a few hundred
21 bucks.
22 And then we go to next page, which is
23 251, it looks like it's a memo from you to Mr. Healy
24 for the next year June 9, 2009. Is that what it is?

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1 A. Correct.
2 Q. And someone in your office prepared this
3 and you reviewed and approved it, sir?
4 A. Yes.
5 Q. And we see it's the same four people in
6 the same percentages, again, right?
7 A. Correct.
8 Q. Or the same positions at least. We have
9 got some toner charges now, right?
10 A. Correct.
11 Q. And then the next page is 253, an email
12 again from MaryAnne Morici to Kathy Moran and this
13 is similar to the email we saw a few pages back,
14 right?
15 A. Correct.
16 Q. It is an attempt or calculations of
17 various insurance costs?
18 A. Same procedure, different year.
19 Q. So then we go to 257, I want to make sure
20 we have got everything here. This is a June 14,
21 2010, memo that you sent to Mr. Healy, correct?
22 A. Correct.
23 Q. Again, someone in your office prepared it
24 and you reviewed and approved it?

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1 A. Yes.
2 Q. And it looks like we have got an extra
3 position for this year, though.
4 MR. HOFFMAN: What's your question?
5 BY MR. KALTENBACH:
6 Q. Well, sir, so we have got the accounting
7 manager at 20 percent this year instead of
8 15 percent the prior year, right?
9 A. Correct.
10 Q. Why did it go from 5 to 20 percent?
11 A. I approved a proposal from Kathy Moran,
12 and my understanding was that she obtained approval
13 from Mr. Healy, but I was not part of the
14 conversation to do some changing of the methodology.
15 Q. Did Ms. Moran tell you that she had
16 received Mr. Healy's approval to change the
17 methodology?
18 A. I don't remember. It's been a number of
19 years. This is now 2016. My rationale for
20 approving was an acceptance of the attestation of
21 the accounting manager that she was spending at
22 least 20 percent of her job dealing with the
23 township treasurer's office, and I know she spent an
24 inordinate amount of time doing reconciliations and

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1 in some -- at some times correcting work that was
2 problematic due to errors that township treasurer's
3 office. And I believe that I accepted the proposal
4 of the other accounts payable bookkeeper being
5 included because the only difference between those
6 positions was one bookkeeper is A through M, and the
7 other bookkeeper was N through Z. The duties and
8 responsibilities were 100 percent identical. My
9 understanding was that was presented to Mr. Healy
10 and he agreed.

11 Q. And I want to narrow it down. That was
12 your understanding. What framed or what created
13 that understanding?

14 A. The framing of it would be that accounts
15 payable is an identical function, whether you're
16 dealing with a vendor who has a first title of their
17 company name A through M or N through Z. There's no
18 way logical way to differentiate.

19 Q. Do you know why then in prior years it
20 wasn't?

21 A. I do not.

22 Q. Your understanding that Mr. Healy
23 approved the inclusion of the second bookkeeper and
24 the bump from 15 to 20 percent for the accounting

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1 manager, is your understanding that he approved that
2 solely based on what Ms. Moran told you?

3 A. Correct. I did not have a conversation
4 or exchange any written communications with
5 Mr. Healy at this point in time, and I was relying
6 on the presentation of the argument by Kathy Moran.
7 I agreed with her rationale, and I approved it.

8 Q. Did you discuss the change with the board
9 of education at all?

10 A. No. But the document was forwarded to the
11 board of education in exactly the same format as in
12 the past. From my perspective, operating, again, on
13 a management by exceptions basis, if Mr. Healy had
14 an objection to this, it was incumbent upon
15 Mr. Healy to communicate to me.

16 Q. To reject the proposal --

17 A. Correct.

18 Q. -- that you state in the memorandum?

19 A. Correct.

20 Q. Just so we're clear, I guess, when you
21 say management by exception, what do you mean by
22 that?

23 A. I mean, I assumed that, absent
24 information to the contrary, what is being moved

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1 forward is raising no objections or creating any
2 problems.

3 Q. Fair enough.

4 I don't have a lot left to go before
5 we're ready to move on.

6 MR. HOFFMAN: Are we done this with
7 document so we can --

8 MR. KALTENBACH: Almost.

9 MR. HOFFMAN: Why don't we finish the
10 document and take a break.

11 MR. KALTENBACH: We have got that and
12 then final memo isn't part of a document. We're
13 going to do one more exhibit.

14 MR. HOFFMAN: Why don't we finish this
15 document and take a break. Is that cool?

16 MR. KALTENBACH: That's fine. Does that
17 work for you, Mr. Sellers?

18 THE WITNESS: Yeah.

19 BY MR. KALTENBACH:

20 Q. So we just talked about the June 14,
21 2010, memorandum. So, going to the next year now,
22 it would be on 265, and that is June 1st of 2011,
23 correct, sir?

24 A. Correct.

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1 Q. And is that a memorandum that someone on
2 your staff prepared and you reviewed and approved?

3 A. Yes.

4 Q. Out of curiosity, the format of the
5 memorandum is slightly different in that it has
6 Mr. Healy's title and your title. Do you know why
7 that changed?

8 A. No, I do not.

9 Q. Not a particularly important change from
10 your perspective, I'm guessing?

11 A. Correct.

12 Q. And then we have got data -- we have got
13 the same five positions as the prior year, correct?

14 A. Correct.

15 Q. And I know that it doesn't say 75 percent
16 next to the database administrator, but if you look
17 over on the right side, you will see that percent
18 applied, there's a .75, right?

19 A. Correct.

20 Q. And the accounting manager, it looks like
21 it is back to a .15, correct?

22 A. Correct.

23 Q. Do you have any recollection of why it
24 changed from 20 percent back to 15 percent?

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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

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1 a direct cost of the Township treasurer's office,"
2 correct, sir?
3 A. Yes.
4 Q. And then that language repeats again in
5 Sellers No. 2, correct?
6 A. Yes.
7 Q. Why was that change made?
8 A. I don't know. You'd have to ask Kathy
9 Moran. I don't think the spirit of it changed.
10 Q. That's not a change that you asked her to
11 make?
12 A. No.
13 Q. That's not a change you made yourself?
14 A. No.
15 Q. Do you recall noticing that change back
16 in 2012 when you approved the 2012 memo?
17 A. Which number is that?
18 Q. 2012 would be the document, it starts on
19 271. That's the first time that the "proposes" is
20 gone is in the memo that's on Page 271. So my
21 question is back on or about June 13 of 2012 when
22 you reviewed and approved the 2012 memo, did you
23 even notice that that change had occurred?
24 A. I did not notice.

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1 Q. Is the first time that you have seen that
2 change as you're sitting here today?
3 A. Yes.
4 Q. Did you discuss that change -- you didn't
5 discuss that exchange with Ms. Moran obviously then,
6 did you?
7 A. Correct.
8 MR. KALTENBACH: Then we will -- we will
9 leave them here in case you are going to use them.
10 That is Sellers 1 and 2 just in case, Jay.
11 MR. HOFFMAN: Okay.
12 BY MR. KALTENBACH:
13 Q. Mr. Sellers, by way of a road map, to try
14 to make our discussions a little bit easier, I want
15 to ask you some questions about the last issue,
16 which relates to the allocation of interest income.
17 Okay, sir?
18 A. Yes.
19 Q. So, just in terms of big picture context,
20 you're aware that the treasurer's office is the
21 custodian for the property tax dollars that come in
22 from all of the member districts, correct?
23 A. Yes.
24 Q. And are you aware that the treasurer's

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1 office back when you were business manager, the
2 treasurer's office would pool that money and then
3 invest it?
4 A. Correct.
5 Q. Okay. And that investment at least
6 ideally earns -- there's a return on investment
7 then, correct?
8 A. Correct.
9 Q. And the return, because it's pooled, then
10 has to be allocated back to each member district,
11 correct?
12 A. Correct.
13 Q. Do you recall, ballpark, that District
14 204 made up let's say somewhere between 25 and
15 30 percent of the pooled funds each year?
16 A. I don't recall the exact percentage.
17 Anything over 20 percent I would have said fine.
18 Q. So let's say at least 20 percent or
19 higher in a given year on average?
20 A. Yeah, right.
21 Q. Mr. Sellers, did you have any role in the
22 treasurer's office investment of this pooled money?
23 MR. HOFFMAN: I object to the question as
24 very broad and vague, but if you understand what

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1 that means, you can answer.
2 BY THE WITNESS:
3 A. My role was to monitor investment
4 earnings as posted revenues in our general ledger.
5 Q. To -- can you elaborate on that at all or
6 no?
7 A. Every year we adopt a budget. When a
8 school district with 55 percent of a year of
9 expenditures in the bank has that much money as a
10 cumulative cash reserve, one normally expects that
11 money to generate interest earnings, and a
12 projection of interest earnings was my
13 responsibility, as I recommended the budget for
14 board adoption.
15 Q. I'm not going to walk you through what is
16 a lot of correspondence between you and Mr. Healy
17 regarding the rate of return that was being
18 generated. Is it safe to say, sir, you were not
19 happy with the rate of return that the treasurer's
20 office was telling you it was achieving?
21 MR. HOFFMAN: Objection to the form of
22 the question.
23 BY THE WITNESS:
24 A. I disagree with that.

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1 Q. Okay.

2 A. I never trusted that Bob Healy was giving

3 me an accurate picture of investment activity

4 because he did something that was, from my

5 perspective, very worst practices. The worst

6 practice you could imagine would be to wait until

7 the end of the fiscal year or even a month into the

8 subsequent fiscal year and then tell your member

9 districts how much they have earned in interest

10 earnings without, during the year, providing monthly

11 statements. Unimaginable dereliction of duty from

12 my perspective.

13 Q. As you have an educational degree on

14 those things, that I do not, can you explain why

15 that is bad practices?

16 A. Well, I started at Joliet Township High

17 School in July of 1996, being a school district

18 outside of Cook County or anywhere else in the

19 nation, the chief financial officer for the given

20 school district is responsible for managing the

21 school district's investments. So I did that duty

22 and responsibility for seven years.

23 When you go to seminars about the

24 treasurer function, experts will give you sample

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1 monthly treasurer reports; and I was proud to say

2 that at Joliet Township High School, I provided

3 features within my monthly reports that one would

4 find under the heading of best practices.

5 Mr. Healy provided nothing. Zilch.

6 Zero. Nada. To me, that was an unbelievably

7 neglectful practice on his part.

8 Q. Did you share your feelings with

9 Mr. Healy on that issue?

10 A. Yes. And we worked toward a solution,

11 and we, to my way of thinking, achieved a solution.

12 Q. What was that solution?

13 A. The solution was to replicate to a

14 reasonable degree a combination of the monthly

15 investment report from the North Shore School

16 Township treasurer and the format I used at Joliet

17 Township High School and a format used by the Worth

18 Township treasurer.

19 So, combining the features of these

20 different styles or formats, Mr. Healy and I

21 developed together in a collaborative fashion a

22 monthly treasurer's investment report, and I believe

23 that that was practiced for two years, maybe two and

24 a half years. And at that point in time, I was

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1 happy, and everything negative I said before did not

2 apply because I felt like he had made a transition

3 from being very derelict in his responsibilities to

4 being fulfilling of his responsibilities.

5 In hindsight, I questioned whether or

6 not everything that he was putting into that report

7 was based in fact because he is where he is.

8 Incarcerated.

9 Q. The hindsight being that he has been

10 convicted of embezzling a significant amount of

11 money?

12 A. Which makes me question whether or not

13 those monthly reports that I was happy to receive

14 were as accurate as I assumed them to be at the

15 time.

16 MR. KALTENBACH: Okay. I'm going to --

17 let's mark this as Sellers No. 3, please.

18 (Document marked as Deposition

19 Exhibit No. 3.)

20 BY MR. KALTENBACH:

21 Q. Mr. Sellers, we have handed you Sellers

22 Exhibit No. 3 which looks to be an April 27, 2007

23 letter from Mr. Healy to you, with a two-page

24 attachment. Is this a letter that you, in fact,

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1 received from Mr. Healy on or about April 27, 2007?

2 A. Yes.

3 Q. And was the attachment with the letter?

4 A. Yes.

5 Q. Is this the report that you were just

6 talking about?

7 A. This is the report that made me very

8 happy.

9 Q. Okay. And it says, "Dear David, pursuant

10 to our discussions, I have attached a proposed

11 format for the monthly investment statement prepared

12 by the Lyons Township High School treasurer's

13 office."

14 Are the discussions -- Strike that.

15 Do you understand the discussions to

16 which Mr. Healy refers to be the discussions which

17 you just testified?

18 A. Yes.

19 Q. That is you wanted monthly information

20 from Mr. Healy?

21 A. I don't see the word "discussions."

22 MR. HOFFMAN: First line.

23 THE WITNESS: Pursuant to our

24 discussions. Okay. Sorry.

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1 BY MR. KALTENBACH:
2 Q. Do you take that to be the discussions
3 about which you just testified?
4 A. Yes. We discussed these alternative
5 means of putting the information in black and white,
6 clear as it is presented, and I was very happy that
7 Mr. Healy achieved this kind of reporting.
8 Q. And did he -- to the best of your
9 recollection, sir, did he send you this type of
10 report then every month?
11 A. Yes. It went into the board packet. And
12 our board of education was told this is a step
13 forward and an improvement in the relationship
14 between Lyons Township High School District 204 and
15 the Lyons Township School treasurer's office as
16 having this as part of our monthly board materials.
17 Q. Assuming that Mr. Healy left at the end
18 of the summer of 2012, do you recall that he
19 provided this monthly report up until about the time
20 he left?
21 A. Yes.
22 Q. So, I think earlier you said you thought
23 it was for a two or three years. Now, that you have
24 had a chance to look at the letter, would you say he

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1 provided it from 2007 through the time he left in
2 2012?
3 A. I see this now as probably being in
4 effect for four fiscal years or maybe even five.
5 So, I had forgotten.
6 Q. I'm not trying to play gotcha with your
7 memory on that. I just put the document in front of
8 you. I completely understand. I want to make sure.
9 Your recollection is that beginning, let's say,
10 maybe in May of 2007, he would send one of these
11 every month, correct?
12 A. Yes.
13 Q. And on the document itself, you did not
14 prepare this two-page spreadsheet, correct?
15 A. No.
16 Q. That's something that was sent to you
17 Mr. Healy, right?
18 A. Correct.
19 Q. You have an understanding of what this
20 spreadsheet is, correct?
21 A. Yes. And you know, I would like to
22 emphasize that the last page provides the
23 information that I relied on. I wanted to see
24 ISDLAF rate, which is an Illinois School District

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1 Liquid Fund, do you see where it says 4.92, as
2 compared to the Lyons Township High School pooled
3 investment return on investment rate 5.20. In our
4 discussions, I said to Mr. Healy, we need to
5 benchmark this and the benchmark comparison -- the
6 external rates of return for comparison purposes are
7 the jumbo three-month CD, the three-year treasury
8 note, and Illinois School District Liquid Asset
9 Fund. That's why I consider this a very high
10 quality presentation.
11 Q. For example, in this document, Mr. Healy
12 is showing a return on investment of 5.20 percent,
13 am I reading that correct?
14 A. Yes.
15 Q. Versus 4.69 percent for the CD,
16 4.53 percent for the note, and 4.92 percent for the
17 Illinois School District Liquid Asset Fund?
18 A. Right. Those are an external published
19 rates of return for comparison purposes or
20 benchmarking purposes only.
21 Q. And the acronym for that is I-S-D-L-A-F.
22 What is the ISDLAF?
23 A. School districts outside of Cook County
24 are voluntarily members of a cooperative, and that's

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1 the name of it. Illinois School District Liquid
2 Asset Fund is a means by which small school
3 districts, medium school districts, even some large
4 school districts are members. They put their money
5 with ISDLAF and then they trust that the
6 sophisticated investor gurus that are employees of
7 ISDLAF will do a good job.
8 Q. There is a series of columns on this
9 spreadsheet. The leftmost column looks to me like
10 it's the actual type of investment that was made.
11 Would you agree with that, sir?
12 A. Everything else on this report from my
13 perspective is transparency. What is the entity
14 with which the money is invested, when is the
15 maturity date, or when was the investment date, what
16 is the maturity date, what is the current balance,
17 all of these things are just details that allow
18 somebody reading the report some level of
19 transparency with how the money is being invested.
20 Q. Did you ever do analysis of this report
21 to see if the numbers match up?
22 A. I was unable to reconcile this report
23 with year end interest earnings allocations to Lyons
24 Township High School, but I was reasonably

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1 comfortable that the interest earnings were within a
2 relevant range, but I had it on my to do list in the
3 future to achieve a greater level of precision with
4 Mr. Healy with regards to how these monthly reports
5 would then translate into the dollar amount that we
6 would post for the fiscal year in its entirety.
7 Q. You said you were unable to reconcile.
8 Was that something that you were trying to do while
9 you were the director of business services or
10 something you tried to do after in connection with
11 this lawsuit?
12 A. Before any knowledge of the lawsuit.
13 Q. Do you know if the other school districts
14 got this same type of information from Mr. Healy on
15 a monthly basis?
16 A. I thought they did. I couldn't imagine
17 him going to all this trouble and not providing it
18 to other school districts, but from what I
19 understand now, apparently other school districts
20 did not. That's my understanding today.
21 Q. I think I saw something in writing from
22 you to that the same extension of disbelief and I'm
23 probably going to take a look at that.
24 A. It made no sense to me that he did not do

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1 this for all of the member cooperative districts.
2 MR. KALTENBACH: I'm going to mark this
3 as Sellers No. 4.
4 (Document marked as Deposition
5 Exhibit No. 4.)
6 BY MR. KALTENBACH:
7 Q. Mr. Sellers, we have handed you an
8 exhibit that's been marked as Sellers Deposition
9 Exhibit No. 4, which looks to be an email you sent
10 Mr. Healy, copying Kathy Moran, on June 14 of 2012.
11 Is that, in fact, what this is?
12 A. I recognize this email, yes.
13 Q. Okay. And in fact, did you send this to
14 Mr. Healy on or about June 14 of 2012?
15 A. Yes.
16 Q. You say, "Dear Bob, thank you for
17 continuing the treasurer's report format as in the
18 past."
19 MR. HOFFMAN: As in the past.
20 MR. KALTENBACH: As in the past.
21 BY MR. KALTENBACH:
22 Q. Are you referring to the format we just
23 looked at?
24 A. Yes.

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1 Q. Was there an issue at this time as to
2 whether he was or wasn't going to continue that
3 format?
4 A. No.
5 Q. Why were you thanking him for continuing
6 it?
7 A. Just a matter of courtesy.
8 Q. Okay.
9 MR. HOFFMAN: It's like when you send me
10 an email on the discovery and I say thank you for
11 your email.
12 MR. KALTENBACH: It's like when you tell
13 someone that they have completely botched something
14 and you say warmest regards. I think you're in
15 contempt of court, warmest regards, Jay Hoffman.
16 BY MR. KALTENBACH:
17 Q. Mr. Sellers, and then the next couple of
18 sentences, you are asking about a particular
19 investment with Allstate it looks like?
20 A. Yes.
21 Q. By this point, that is to say by June
22 of 2012, were you taking a closer look at the
23 investments in those reports?
24 A. This was subsequent to a complaint raised

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1 by Martin Brown.
2 Q. I think I know who that is, but for the
3 record who is Marty Brown?
4 A. A resident and taxpayer and a local
5 financial advisors by profession.
6 Q. Is he someone that showed a lot of
7 interest in the financial on goings of the school
8 district and the township?
9 A. I characterize him as taking on the role
10 of whistleblower.
11 Q. What was -- had Mr. Brown made a
12 complaint to you?
13 A. Not to me.
14 Q. What is your knowledge of the complaint
15 Mr. Brown made?
16 A. That Mr. Healy violated the Illinois
17 Public Funds Investment Act and the lack of
18 detection of that became very controversial and, in
19 fact, my opinion is that Mr. Healy did violate the
20 Illinois Public Funds Investment Act as it pertained
21 to investments with the company Allstate.
22 Q. I know you are not a lawyer, sir. You
23 are not a lawyer, are you?
24 A. No.

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1 Q. So I'm not trying to ask you for your
 2 legal opinion, but can you expound upon why you
 3 believe -- what provision of the Act Mr. Healy
 4 violated and why he violated it?
 5 A. He violated the time limit an investment
 6 can be placed with an entity that is not backed by
 7 the full faith and credit of the United States
 8 government. His investments were multi year. When
 9 the Illinois Public Funds Investment Act restricts
 10 such investments that are not backed by the full
 11 faith and credit of the federal government to I
 12 believe only 30 days.
 13 Q. So, in other words, buying a bond from
 14 Allstate that had a maturity date of a year or more
 15 out?
 16 A. Correct.
 17 Q. And is it your understanding that
 18 Mr. Brown saw somewhere that Mr. Healy had done
 19 that?
 20 A. I don't know how Mr. Brown was able to
 21 obtain the records, but he obviously obtained the
 22 records and inspected documents and drew that
 23 conclusion. And our review at the Lyons Township
 24 High School administrative level and my

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1 conversations with Bob Healy, that conclusion seemed
 2 logical, and Mr. Healy's excuse was that he achieved
 3 an excellent rate of return and his interest rates
 4 were dropping and dropping and dropping. He was
 5 able to sustain good return on investment
 6 performance by working with these particular
 7 investments through Allstate.
 8 Unfortunately, they were in conflict
 9 with the Illinois Public Funds Investment Act to my
 10 knowledge.
 11 Q. Did Mr. Healy ever agree or disagree
 12 whether he violated the school code investment
 13 guideline on that issue?
 14 A. Not to me.
 15 Q. Do you know if he ever did to anyone
 16 else?
 17 A. I can only speculate. I think he did
 18 admit it because it was true.
 19 Q. Your last sentence is, "I feel very
 20 comfortable with the reports as far as providing
 21 sufficient transparency and accountability for the
 22 investment activity."
 23 Are you referring to the monthly
 24 reports we looked at earlier, sir?

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1 A. Right. I was just being nice.
 2 Q. Did you mean what you said?
 3 A. Yes. I was very proud how that played
 4 out over those years.
 5 Q. That you had been able to get Mr. Healy
 6 to provide more information?
 7 A. Right, and if they had been perfectly
 8 accurate, they would have been a wonderful tool and
 9 all school districts should have received those
 10 reports.
 11 Q. Did you ever discuss with Mr. Healy
 12 whether he provided those reports to all member
 13 districts?
 14 A. I did not.
 15 Q. That was just something you may have
 16 heard later that he wasn't doing?
 17 A. I didn't have a reason to ask that
 18 question.
 19 MR. KALTENBACH: Fair enough.
 20 Let's mark this as Sellers Exhibit 5.
 21 (Document marked as Deposition
 22 Exhibit No. 5.)
 23 BY MR. KALTENBACH:
 24 Q. Mr. Sellers, I'm handing you what has

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1 been marked as Sellers Deposition Exhibit No. 5
 2 which looks to be an email. I think it was
 3 printed by Dr. Birkenmayer but it looks to be an
 4 email chain, at least the topmost email is an email
 5 from you to, I think, Mike Thiessen, copying
 6 Mr. Kilrea, I'm not sure if it the doctor, off the
 7 top of my head --
 8 MR. HOFFMAN: I believe it is doctor, Dr.
 9 Kilrea.
 10 BY MR. KALTENBACH:
 11 Q. Kathy Moran, Lauralee Conway. Is that an
 12 email that you, in fact, sent to Mike Thiessen --
 13 A. Yes.
 14 Q. -- on or about October 11 of 2012?
 15 A. Yes.
 16 Q. And the rest of these emails in here,
 17 sir, all have dates and times and authors and
 18 recipients attached. The bottom email is from you.
 19 The top email is from you. To the best of your
 20 knowledge, are all these emails that were actually
 21 sent on or about the date and time indicated?
 22 A. Yes.
 23 Q. I want to start with the bottom email
 24 which chronologically then is the first one that

Page 98

1 gets sent. It's an email that you sent to Clyde on
2 September 19, 2012. Was that Clyde Bradley, sir?
3 A. Yes.
4 Q. He had replaced Mr. Healy, correct?
5 A. Yes.
6 Q. In your first paragraph, you say, "please
7 see the attached per our conversation. We would
8 appreciate a resumption of the monthly Lyons
9 Township High School Treasurer Statement of
10 Investments as soon as you are confident you can
11 produce an accurate report."
12 To what are you referring there, sir?
13 A. The previous exhibit, what do you call
14 it, Exhibit 3.
15 Q. That's the monthly document you worked
16 with Mr. Healy to create?
17 A. Yes. Yes.
18 Q. And then you say, "please see the
19 attached per our conversation." There's a number of
20 documents that I think were attached and I
21 understand there's multiple emails. So, I'm
22 sensitive to that. But, if we flip a handful of
23 what looks to be attachments back, there's an
24 August 17, 2012, letter from Mr. Healy to you where

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1 he says, "attached are the monthly investment
2 statements," and then there's several pages of
3 spreadsheets thereafter.
4 Do you believe that that's what you
5 had attached to your email, sir?
6 A. Yes.
7 Q. What was the conversation you were
8 something with Mr. Bradley at that time?
9 A. Mr. Bradley was brought in and my
10 understanding was that he was struggling, trying to
11 understand everything about the operation and
12 finding it to be a challenging position to be the
13 interim treasurer. My goal was to clarify for him
14 from my perspective the basics, and the basics
15 included the monthly treasurer's investment reports
16 and the annual chargeback arrangement.
17 Q. And the annual chargeback arrangement, is
18 that what your discussing in your second paragraph?
19 A. Let me see.
20 Q. We're talking about the September 19,
21 2012, email, your second?
22 MR. HOFFMAN: Where it refers to
23 chargeback procedure?
24 This is what he's talking about right

Page 100

1 here this page.
2 MR. KALTENBACH: Right.
3 BY THE WITNESS:
4 A. Yes.
5 Q. You state, "regarding the other topic we
6 discussed, please note that the yearly services
7 reconciliation is at least 15 years old, and in my
8 years here at LT since 2003, there has been no
9 change to the factors built into the
10 reconciliation."
11 Is the reconciliation that you are
12 referring to, is that -- that's those memos that we
13 looked at earlier in Conway Exhibit 3, right?
14 A. Correct. And the change that we have --
15 that we have noted this afternoon, I think, is
16 arguably no change in the sense that how can you
17 differentiate between an accounts payable clerk that
18 does A through M and N through Z? So I think the
19 spirit of it really could be characterized as no
20 change to the factors.
21 Q. So, what was the discussion that you were
22 having with Mr. Bradley on that topic?
23 A. He knew nothing about anything. I was
24 trying to let him know how -- I mean, he was brand

Page 101

1 new, and I needed to apprise him of two important
2 fundamentals of our relationship.
3 Q. And the first one was getting these
4 monthly reports with additional information,
5 correct?
6 A. Correct.
7 Q. And the second one was the annual
8 chargeback to the treasurer's office of the cost
9 that District 4 paid to perform certain services as
10 set fourth in the annual memo?
11 A. Correct.
12 Q. When you're saying "there has been no
13 change to the factors built into the
14 reconciliation," you're saying no change because of
15 the A through M versus through N through Z issue?
16 A. Correct.
17 Q. Was he questioning you about -- what was
18 he questioning you about?
19 A. He wasn't questioning me. I was -- I
20 reached out to him because I was frustrated with the
21 idea that the monthly investment reports had
22 stopped, and you know, I kind of considered that a
23 feather in my cap.
24 Q. That you had gotten Bob to do those?

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1 A. Correct. And for those to go away and be
 2 discontinued, to me was -- would be a red flag
 3 because then we're going back to the practices that
 4 I spoke so harshly about earlier where we get no
 5 information during the year. It is very important
 6 for a treasurer function to have monthly reporting.

7 Q. How did the topic of the -- Strike that.
 8 Did the topic of the chargeback
 9 relate to that in some way?

10 A. No. I wanted to explain to Clyde
 11 probably the two most important and unique
 12 characteristics of our relationship. They were
 13 material and substantive.

14 Q. Did you discuss with Clyde the issue of
 15 whether the trustees had agreed to the chargeback or
 16 not?

17 A. I never had any reason to doubt that the
 18 trustees had.

19 Q. I'm just asking because you're clearly
 20 discussing the issue with Clyde in September
 21 of 2012.

22 A. I knew that Lyons Township High School
 23 District 204 was, to my knowledge, the only school
 24 district that did its own data processing, that

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1 owned its own computer system, its own software, its
 2 own -- everything at Lyons Township High School
 3 functioned operationally independent of the township
 4 treasurer's office. And it is that fact that is
 5 reflected in the chargeback arrangement. We don't
 6 need the township treasurer's office to exist.
 7 Other school districts did. That's a unique aspect
 8 to the relationship between Lyons Township High
 9 School and the Lyons Township School treasurer's
 10 office.

11 Q. Did you have a -- was it discussed with
 12 Mr. Bradley whether or not the chargeback would
 13 continue at this point in time?

14 MR. HOFFMAN: When you say, was it
 15 discussed, did he discuss it?

16 BY MR. KALTENBACH:

17 Q. Did you discuss with Mr. Bradley whether
 18 the chargeback would continue or not?

19 A. In my mind, I didn't raise it as a
 20 question. I was explaining to him how things work.

21 Q. Was this a topic that you brought to
 22 Mr. Bradley or was it a topic of discussion he
 23 brought to you?

24 A. I brought it to Mr. Bradley because I had

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1 a conversation or two with him, and it was very
 2 clear that he was frustrated by how disorganized the
 3 office was and how hard it was for him to try and
 4 make sense of everything. And I knew that, okay,
 5 this guy is struggling. As a matter of professional
 6 courtesy, Dr. Bradley, here's a couple of things
 7 that you need to know. You need to know we expect
 8 an investment report on a monthly basis, and at the
 9 end of the year we do this thing called a
 10 reconciliation that is unique Lyons Township High
 11 School. Why? Because we don't need you to exist in
 12 the sense that we run all of our own data processing
 13 functions, everything we do is independent of the
 14 township treasurer.

15 Q. Thank you.

16 The next sentence is, "also, I have
 17 discussed this methodology with Baker Tilly and they
 18 have not voiced any disagreement with this
 19 chargeback procedure being ongoing."

20 What were you referring to there,
 21 sir?

22 A. I don't remember. However, John Rossi
 23 was our Baker Tilly partner and I know we had
 24 conversations about the Township treasurer's office

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1 in a number of ways, and we certainly had chatted
 2 about the chargeback arrangement being part of our
 3 relationship.

4 Q. Do you recall any specific conversations
 5 you had with Mr. Rossi regarding that?

6 A. I can't tell you date/time specific.
 7 Just, we discussed everything. So this was among
 8 many topics that we discussed.

9 Q. What was the methodology that you were
 10 referring to? What did you mean by methodology?

11 A. The buckets into which you plugged the
 12 human resource costs.

13 Q. Did you discuss with -- let me backup a
 14 little bit. I'm sorry.

15 I guess I don't understand your
 16 answer on that. What do you mean by the buckets
 17 into which you would plug the human resource costs?

18 A. The Excel spreadsheet.

19 Q. How the positions and salaries and
 20 insurance numbers and all that?

21 A. Correct.

22 Q. Did you discuss with Baker Tilly at all
 23 whether the chargeback procedure was lawful or not?

24 A. No. Because I had no reason to question

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1 its legality.
2 Q. I'm just trying to eliminate things that
3 you didn't talk --
4 A. Again, I'm not a lawyer. I had no reason
5 to question its validity or legality.
6 Q. Did you discuss with Baker Tilly at all
7 the issue of whether the agreement had been properly
8 entered into by the trustees and by the board of
9 education?
10 A. A question of that nature was not on my
11 radar screen.
12 Q. Fair enough. Do you recall talking about
13 that issue, the methodology issue with anyone else
14 at Baker Tilly other than Mr. Rossi?
15 A. I mentioned Shelly Whitlow.
16 Q. Right. Maybe her?
17 A. Yes.
18 Q. What did you mean when you said they did
19 not voice an agreement with this chargeback
20 procedure being ongoing?
21 MR. HOFFMAN: It actually says they
22 hadn't -- have not voiced any disagreement with this
23 chargeback procedure being ongoing.
24 MR. KALTENBACH: I think that's what I

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1 said. If not, that's what I intended.
2 MR. HOFFMAN: I don't think so.
3 BY THE WITNESS:
4 A. In other words, it's one way of saying
5 the auditor has no objections. This is an
6 arrangement that has been in place for 15 years.
7 The auditor has no objections. Certainly an auditor
8 would have objections if they -- if an auditor felt
9 there was something wrong. And an auditor being a
10 100 percent aware of it and never saying anything
11 negative to me that voices a reason to continue it
12 without questioning whether or not it's going to be
13 a problem from an auditing perspective.
14 Q. Okay. Were you still director of
15 business services when Dr. Birkenmaier took over as
16 township treasurer?
17 A. Yes.
18 Q. Did you discuss the issue of the
19 chargeback with Dr. Birkenmaier at all?
20 A. No. Because the lawsuit had already been
21 filed and it became a matter for attorneys, not me.
22 Q. Okay. Other than the communications with
23 Clyde Bradley -- Dr. Bradley I guess I should say
24 that we have already covered, do you recall any

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1 other communications with Dr. Bradley regarding the
2 chargeback issue?
3 A. No. He didn't even respond. He
4 responded neither to my request for the treasurer's
5 investment reports to continue and he gave me no
6 response as it pertained to the chargeback
7 arrangement.
8 Q. The top email that you sent to Mike
9 Thiessen on October 11 of 2012, it at least kind has
10 a brief mention to the chargeback procedure, right?
11 A. Correct.
12 Q. Why were you bringing -- why were you
13 discussing these issues in your email with
14 Mr. Thiessen?
15 A. Because I did not get a reply from Dr.
16 Bradley.
17 Q. Okay. And it looks like Lauralee Conway
18 emailed Mike Thiessen's email address to Kathy Moran
19 and then Kathy Moran forwarded that email to you,
20 and then you forwarded the whole chain to
21 Mr. Thiessen?
22 A. The hubbub was Mr. Thiessen was in
23 charge.
24 Q. At the --

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1 A. I mean, Dr. Bradley from what I
2 understood was taking pretty close supervisory type
3 of direction from Mr. Thiessen.
4 I have to ask to use your washroom
5 again.
6 MR. KALTENBACH: Absolutely.
7 (Whereupon, a break in the
8 proceedings was taken.)
9 BY MR. KALTENBACH:
10 Q. Mr. Sellers, other than this email to
11 Mr. Thiessen, do you recall having any other
12 communications with him or any of the other trustees
13 regarding the chargeback issue or either of the
14 other two issues that we have discussed?
15 A. I think I cc'd Mr. Thiessen on -- I don't
16 recall. But I might have cc'd him on something that
17 related to -- you know, I don't know that it had
18 anything to do with this but. I can't say that I
19 didn't have any other email contact with him. I
20 might have.
21 Q. But nothing that stands out in your mind?
22 A. Nothing that stands out in my mind.
23 Q. Great.
24 I want to show real quick what we had

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1 previously marked as Exhibit No. 4 in the Healy
2 deposition. This looks to be, Mr. Sellers, it's
3 another email chain. The bottom email is from you
4 to Mr. Healy on August 1st of 2006, and it looks
5 like -- you resent that email with an additional
6 email on August 2nd of 2006, copying Kathy Moran on
7 the second email.

8 Are these emails that you did, in
9 fact, send to Mr. Healy on the date and time
10 indicated?

11 A. Yes.

12 Q. So, the bottom email, which is the
13 August 1st email, indicates that you had a lunch
14 with Mr. Healy, and that you state the interest
15 initially was \$1.451 million and you indicated there
16 was 280,000 more to be added. What were you
17 referring to there, sir?

18 A. I recall a conversation with Mr. Healy,
19 and as a school business official, I'm in
20 negotiations made in many context. And in years
21 prior to this, I recall saying to Mr. Healy the
22 interest earnings that you were providing are
23 falling short of what I put into our budget. Can
24 you help me out? Are you sure that you're not

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1 understating how much we should be getting just as a
2 business manager would ask any contractor to sharpen
3 his or her pencil. And so, I believe I said to
4 Mr. Healy, here's my budget amount, I'm definitely
5 not going to reach it. Can you do something for me
6 to get me closer to my budget, and by the way, the
7 rate of return seems low. As we just looked at the
8 2007 investment report --

9 Q. Right, exhibit --

10 A. At that time, you're talking about
11 investment rates of return, what he's stating here
12 is 5.2 percent. So, you know, my request to
13 Mr. Healy was always do as well as we would be doing
14 if we were outside of Cook County working with the
15 Illinois School District Liquid Asset Fund.

16 And so within that context, I said to
17 him that 1.45 million seems low and it's definitely
18 lower than I had in my budget, what can you do for
19 me? And his response was here's \$280,000.

20 Incidentally, I think I went to lunch
21 with Mr. Healy twice -- once right after I got hired
22 and then once at this time. I mean, I almost never
23 went to lunch with Mr. Healy, just for the record.

24 Q. Okay. Did Mr. Healy explain where the

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1 extra \$280,000 was coming from?

2 A. No.

3 Q. Did you ask him?

4 A. No.

5 Q. Did it seem strange to you he was coming
6 up with an extra couple hundred thousand dollars to
7 allocate to 204?

8 A. The magnitude of strangeness is small by
9 comparison to the strangeness of a school treasurer
10 providing no information during a fiscal year, and
11 then allocating interest earnings in the manner that
12 he did. The strange hardly even describes how
13 aberrant that is, and it is interesting that the
14 date on this is August of 2006, and the inception of
15 our monthly statements was April of 2007.

16 My frustration with the "who the hell
17 knows where he's coming up with these numbers" was
18 present from day one when I walked in the door; and
19 as I have emphasized, I thought we came to a good
20 agreement by having monthly statements. Then I
21 wouldn't have to call him at the end of the year and
22 say, Bob, you're way off from where I had thought we
23 would be, can't you do better. But that was the
24 nature of my conversation, and I also assumed that

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1 that Bob Healy was the chief executive, the No. 1
2 administrator with administrative authority over a
3 cooperative. And I served on the board of directors
4 of the Illinois Gas Cooperative, on the Self
5 Workers' Comp Cooperative, all cooperatives
6 accumulate cash reserves. So, as far as I was
7 concerned, I had no idea where he would come up with
8 additional money. All I was doing was pleading my
9 case to get more interest earnings and it was his
10 job to determine where the money came from and he
11 came up with the \$280,000. I did not request any
12 specific dollar amount. All I did was say Bob can't
13 you do better.

14 Q. The next day, then on August 2nd of '06,
15 you send him another email in the chain. You say,
16 "per our conversation this morning, I understand the
17 280 K was already included and appreciate the
18 increase of 172,165 that we talked through."

19 Do you recall having a conversation
20 with Bob Healy on the morning -- that was a long
21 ago -- on the morning of August 6 of 2006?

22 A. I do not.

23 Q. Your statement that you understand 280 K
24 was already included, what was that referring to,

Page 114

1 sir?

2 A. I can only speculate at this point in

3 time.

4 Q. I don't want you to guess.

5 A. Okay. Then the answer is I don't know.

6 Q. Okay. When you use -- your statement

7 that you appreciate the increase of 172,165 that we

8 talked through, to what were you referring there,

9 Mr. Sellers?

10 A. I think I see enough information in front

11 of me and based on my experience working with

12 Mr. Healy, I'm going to draw the conclusion that the

13 280 was already in the 1.451 and he went back to his

14 available potential resources and said I can come up

15 with 172 and the purpose of my memo is to say okay,

16 you have given me 172, here's how you distribute

17 that dollar amount to the various funds. But,

18 again, I'm basing that on --

19 Q. Your interpretation?

20 A. -- my working relationship with him and

21 my recollection of the fact that I went through this

22 absurd year end exercise of saying to Mr. Healy, can

23 you come closer to the dollar amount I budgeted and

24 can you come closer to what I am perceiving to be an

Page 115

1 ISDLAF, Illinois School District Liquid Asset Fund,

2 quality of rate of return, which at that time was a

3 pretty good rate of return. Huge by today's

4 standards.

5 Q. The initial -- it looks like Mr. Healy

6 had said there was another \$280,000, which is a

7 round number, and then the next day he appears to

8 suggest that there isn't the extra 280 because it

9 was already included, but there's extra \$172,165,

10 which is less of a rounded number.

11 Does that ring a bell at all in terms

12 of maybe, you know, where those numbers came from

13 or --

14 A. I considered Mr. Healy's calculations to

15 be arbitrary and a black hole in terms of what went

16 on behind them. I had no reason to question his

17 numbers. All I wanted to do was have a good

18 relationship with him and have a good enough

19 relationship with him to beg him for all the

20 interest earnings that I might be able to get,

21 suspecting that I don't know whether or not I'm

22 getting all the money that I should and only by

23 having monthly investment reports would that

24 information ever be possible.

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1 Q. Do you recall if Mr. Healy told you that

2 the \$172,165 was an advance on interest that would

3 be payable otherwise at some point in the future?

4 Does that explanation make sense?

5 A. By advance, do you mean loan?

6 No. My understanding was that

7 Mr. Healy distributed interest earnings however he

8 wanted to, and I had no insight or access to records

9 that would provide rationale. As far as I knew, he

10 was sitting on a healthy reserve that he could draw

11 from as he saw fit. No mention of a loan or a

12 variance was involved in this conversation.

13 Q. Mr. Sellers, are you aware that in

14 connection with the allocation of interest issue in

15 this lawsuit, that the township trustees are

16 alleging their belief that District 204 was over

17 allocated its share of interest income?

18 A. Yes.

19 Q. Do you have an opinion on whether they

20 were, in fact, over allocated their share of

21 interest income?

22 A. Respectfully submitted, hogwash.

23 MR. KALTENBACH: Okay. Could we go off

24 the record for a quick second.

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1 (Whereupon, a short break in the

2 proceedings was taken.)

3 BY MR. KALTENBACH:

4 Q. Back on the record.

5 Why is it hogwash, Mr. Sellers?

6 A. Setting aside cash flow fluctuations,

7 that's cash flow fluctuations, during a given fiscal

8 year that differ school district by school district,

9 I used a readily available downloading of annual

10 financial reports for all of the member districts

11 and ran an analysis that to my level of satisfaction

12 provides a good perspective on the relative size of

13 each school district in proportion to what would be

14 reasonably expected levels of an investment

15 activity, meaning what percentage of total

16 investments are owned by each member of the

17 cooperative based upon their size. And the size was

18 defined by a rough factor, which is the previous

19 fiscal year's cash balance for the district.

20 The presumption is that during the

21 subsequent fiscal year, those monies would be

22 invested and would earn interest. The amount of

23 money that is -- that is earned as interest is to

24 the dollar defined in the annual financial reports

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1 of every member district.
2 So, by comparing the prior year cash
3 balance and the interest earnings, I think you get a
4 broad brush indication of how these school districts
5 would normally compare with each other as far as
6 interest earnings. Interest earnings being the
7 bottom line.
8 Now, that methodology is not very
9 precise because during the fiscal year, one district
10 and another district could have different patterns
11 of cash flow. But, you know, that level of
12 granularity or specificity is not available
13 information.
14 So I used information that is easily
15 accessible through the Illinois State Board of
16 Education website and I concluded in the analysis
17 that I did that Lyons Township High School was, in
18 fact, provided less interest earnings than the prior
19 year cash balances compared to other school
20 districts would indicate as warranted or
21 appropriate. And there were a couple of school
22 districts that were -- that seemed to be achieving a
23 much higher than expected magnitude of interest
24 earnings. For example Argo 217.

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1 That's about all I can say about it
2 because, again, my methodology has nothing to do
3 with cash balance fluctuations within the fiscal
4 year, but I believe that even the most precise
5 analysis will come up with numbers that are not
6 hugely different.
7 MR. KALTENBACH: Okay. Let's mark this
8 as Sellers No. 6 I believe we are on. Is that
9 correct?
10 (Document marked as Deposition
11 Exhibit No. 6.)
12 BY MR. KALTENBACH:
13 Q. Mr. Sellers, I'm handing you or you have
14 been handed a Deposition Exhibit No. 6 which looks
15 to be four pages worth of spreadsheets. And this
16 was given to us in discovery by District 204's
17 attorneys. Is this the analysis to which you were
18 just referring?
19 A. Yes.
20 Q. These are spreadsheets that you prepared?
21 A. Yes.
22 Q. Okay. And this is the, for lack of a
23 better word, work product behind your hogwash
24 answer, correct?

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1 A. Correct.
2 Q. Can you walk me through so I can
3 understand a little bit better what these are and
4 what you were doing. Is the first page kind of just
5 a summary of the next three pages to some extent?
6 A. Yes.
7 Q. Okay. Just so we can get through this
8 without me having to pull teeth, can you then kind
9 of walk me through what you are doing in this
10 exhibit?
11 A. Well, I guess.
12 MR. HOFFMAN: Look, give him a moment.
13 For the record, the witness is looking over the
14 exhibit. I have no problem with the question of
15 explain the exhibit to me.
16 MR. KALTENBACH: That's fine.
17 BY THE WITNESS:
18 A. What I'm not seeing that is in another
19 spreadsheet is the actual prior year cash balance.
20 Q. Okay. And I don't know if maybe what I
21 have copied here just doesn't include that or maybe
22 if that wasn't a part of what we were given, I'm not
23 sure.
24 A. The column B.

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1 Q. What page are we looking at, the second
2 page?
3 A. Yeah, well, let's go to --
4 Q. It looks like the third and fourth pages.
5 A. Let's go to Page 2. Column B is
6 published TTO percent distribution. That is what
7 the TTO sends to all of the member districts to say
8 this is your piece of the pie.
9 Q. Your allocation of interest income is
10 that what you mean by that?
11 A. No --
12 Q. Okay.
13 A. Well, yeah, I guess your allocation of
14 interest income.
15 Q. Your percentage?
16 A. Right.
17 Q. That's what you're referring to.
18 A. Theoretically, that's the percentage of
19 dollars invested. So, if there were -- you know, if
20 there was a million dollars invested, Lyons Township
21 High School would have \$200,000. In that range.
22 The column D is a percentage based
23 upon the cash handled. In other words, that's the
24 distribution of what I was referring to earlier as

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1 the prior year's cash balance.
2 So if I take all of the school
3 districts and take their prior year cash balance and
4 create a percent distribution using that statistic,
5 that would be how much money they have in the bank
6 on June 30 of the prior fiscal year, I generate
7 column D.
8 Q. Got it.
9 A. So, column D is, from my perspective, the
10 way it ought to be done or really close to what
11 happens in column D. In fact, I don't think school
12 districts would be ill-served by making column D
13 exactly the way interest earnings are allocated
14 because you're taking a number that is subject to
15 your annual independent audit and is irrefutable how
16 much money you had in the bank.
17 Then, column F, is -- I'm sorry. You
18 have to take column G.
19 Q. Okay.
20 A. Column G is interest earnings as included
21 in the ISBE audits.
22 Q. ISBE stands for?
23 A. Illinois State Board of Education annual
24 financial reports. So, when the auditors left Lyons

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1 Township High School, and buttoned up the fiscal
2 year 11/12 audit, they said you guys have earned
3 during that fiscal year \$749,034 of interest on
4 their investments.
5 Q. You're looking at the 11-to-12 fiscal
6 year there?
7 A. Right. Column G is what we actually
8 earned and was posted to our annual financial
9 reports. Now, if you take -- if you take G minus
10 C -- I don't care about G minus C. It is really G
11 minus E that counts because G is what we actually
12 got and E is what we should have gotten.
13 Q. I'm sorry. G is what you actually got
14 based on the audited report from the ISBE and then
15 what are you saying you should have gotten?
16 A. E.
17 Q. Okay.
18 A. Because according to my methodology, one
19 would expect the percentage to be based upon the
20 prior year cash balance a distribution of that.
21 That column D is what I would use instead of column
22 B.
23 Q. Is it -- you say it's what you would use.
24 Is it improper to use column B or is it just not

Page 124

1 what you would do?
2 A. Well, back to my original point of
3 discussion. None of this has precision. It is
4 based upon a snapshot in time and it assumes that
5 all the cash flow patterns are school district to
6 school district the same, which is arguably true in
7 the sense that every time Cook County distributes
8 property taxes, they do it on the same date for all
9 school districts.
10 So I mean, you know, I enjoyed doing
11 this.
12 Q. I would not have.
13 A. It's not intended to shoot a rocket to
14 the moon, but it does indicate to me that if you
15 consider the prior year cash balance to be as
16 important as I am considering it to be, then that
17 should be a very usable and reliable measure of the
18 size of that entity within the co-op.
19 Q. Okay. A couple of questions. First, I
20 noticed there are two column Hs. Is that --
21 A. A typo.
22 Q. The last H should be an I, right?
23 A. Yes. I goofed.
24 Q. That's fine. I wanted to make sure. And

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1 this second page of the exhibit, this is just your
2 analysis for 204, correct?
3 A. Correct.
4 Q. Pages 3 and 4, did you do the same thing
5 for each district then?
6 A. Yes.
7 Q. Okay. And you also have 204 at the end
8 of Page 4, and it looks like the numbers -- it looks
9 like the portion of the fourth page that is your
10 analysis for 204 looks like it's the same as what's
11 on the second page?
12 A. Yes.
13 Q. Okay. So was that your -- you're just
14 kind of graphically pulling that out and making its
15 own page for --
16 A. You know note that I have "I" at the top
17 of there. So I corrected my typo.
18 Q. You do. Okay. So, the procedure we just
19 walked through on Page 2 with respect to all of the
20 districts on Page 3 and 4, was it the same --
21 would -- if I were to walk you through each of
22 those, would your testimony be the same for those
23 districts?
24 A. Yes. And interestingly column A is how

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1 much interest is earned for all school districts.
2 Okay.
3 Q. Right.
4 A. It's important to recognize that that's
5 how much all the school districts in combination got
6 by adding up function number 1510 of the AFRs for
7 all of these school districts.
8 Q. I got to tell you, sir, you just lost me
9 on that one.
10 MR. HOFFMAN: Tell him what function 1510
11 AFR is.
12 BY THE WITNESS:
13 A. If you look at any annual financial
14 report, there are account codings. Interest
15 earnings is only one line for every school district
16 and it's function 1510. And if you -- so if you
17 call up any one of these school districts for any
18 year and look at their AFR and go to function 1510
19 and copy and paste that school district's interest
20 earnings and then do that for every school district
21 that's a member of the co-op, and then add it up --
22 Q. That's A?
23 A. -- that's column A.
24 Q. That's where you got the totals in column

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1 A from?
2 A. Right.
3 Q. And you used the acronym AFR, was that
4 annual financial report?
5 A. Yes.
6 Q. Are those publicly available documents?
7 A. Easily accessible.
8 Q. So to get A for each of these years, you
9 got the annual financial reports for each district
10 that's a member that the treasurer's office serves
11 and you added up the function 1510?
12 I'm not trying to trick you. I want
13 to make sure I understand.
14 A. I copied and pasted their interest
15 earnings. I also copied and pasted their prior year
16 cash balance for all funds.
17 Q. So, I just want to make sure I understand
18 your sources for each of these columns.
19 So, for A, it's the total of the
20 interest earnings, i.e., function 1510, for all the
21 districts in their publicly available annual
22 financial reports?
23 A. Correct.
24 Q. For B, where did you get that -- what

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1 publication had that percentage?
2 A. A memorandum from Mr. Healy that he
3 issued every year indicating a school district's
4 percentage of pro rata share.
5 Q. Was that one document that had all the
6 districts listed?
7 A. Yes.
8 Q. So, you would have been able to -- the
9 District 204's copy would have had the information
10 for everyone on there?
11 A. Easily accessible.
12 Q. And then C is just a mathematical
13 calculation, there's no source of that so to speak,
14 it's a calculation of A times B?
15 A. Right. The formula is right there. A
16 times B equals C.
17 Q. D is cash handled available percent
18 distribution, and forgive me if I asked this, sir,
19 where did that come from?
20 A. Okay. That's the most important factor.
21 Q. I remember that. I know it was as of
22 6/30?
23 A. As of -- let's say, as of June 30 of
24 2010, Lyons Township High School had \$20 million in

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1 the bank. Okay. That's stated right there in the
2 AFR. Okay. And that's called their cumulative cash
3 reserve. If you take the cumulative cash reserve
4 for all of these member districts and run out of a
5 percentage distribution, you can see what are the
6 big districts, what are the tiny districts, based
7 upon the magnitude of how much money they have.
8 Q. So did you -- does the -- did you
9 calculate this percentage?
10 A. Yes.
11 Q. It's not listed somewhere, you calculated
12 the percentage based on the total of the cumulative
13 cash reserves?
14 A. Yes. It's in the same spreadsheet file.
15 Q. And then column E, again, is just a
16 mathematical calculation?
17 A. Right.
18 Q. Column F, that's just a mathematical
19 calculation, right?
20 A. Correct.
21 Q. Column G is the actual distribution you
22 got that from the audited reports?
23 A. That's correct.
24 Q. Are the audited ISBE reports referenced

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1 in column G, is that the same as the AFRs?
2 A. Yes. And that's your function 1510.
3 Q. And then H and the second H or the I,
4 depending on how you want to look at it -- again,
5 those are the mathematical functions?
6 A. Just calculating. I think you have got
7 it.
8 Q. So 3 and 4 are what we have talked about,
9 the second page is 3 and 4. So the first page, this
10 is the -- is this the sum for each of the five
11 fiscal years you were looking at?
12 A. Yes.
13 Q. Okay.
14 A. Wait. Wait. Let me just doublecheck
15 that.
16 Q. Sure.
17 A. Yes, it's the sum.
18 Q. It is an -- okay. So the aggregate for
19 each of those five years?
20 A. It's a five-year total.
21 Q. So let me start with this: Why were
22 you -- and I don't want you -- if the answer is
23 that's what your attorney told you, I'm not going to
24 ask you to go any further with it. But why were you

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1 looking at just those five years?
2 A. Because it was a lot of work.
3 MR. HOFFMAN: Well, I would point out for
4 the record that in our interrogatory answer, we
5 pointed out that the five-year period came from
6 prior counsel for LT based on the statute of
7 limitations.
8 MR. KALTENBACH: Then that's fine.
9 MR. HOFFMAN: You're aware that it's our
10 position that a five-year statute of limitations
11 applies.
12 MR. KALTENBACH: I'm not going to ask any
13 more. That's fine.
14 BY MR. KALTENBACH:
15 Q. If I'm reading this first page then
16 correctly, sir, as an example, let's look at 204,
17 which is the last district mentioned. Your
18 calculations -- and I understand you said there's a
19 level of precision, but if we look at the under or
20 over allocation based upon the published TTO
21 distribution, you're calculating that for that
22 five-year period 204 was under-allocated \$389,185;
23 is that correct?
24 A. Correct.

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1 Q. And if we look at the second column,
2 which is the cash handled available percentage, the
3 under allocation would be \$459,058, correct?
4 A. Correct.
5 Q. And the first column, the based upon
6 published TTO percentage that correlates with column
7 B on the second page, right? That's the percentage
8 that you're using? I'm sorry. It correlates with
9 column H, actually?
10 A. I think you were right the first time.
11 The TTO percentage is column B.
12 Q. That is the percentage that Healy said --
13 that Healy gave?
14 A. Right.
15 Q. And then the second column cash handled
16 available percentage, that correlates to column D?
17 A. Correct.
18 Q. Okay. And I know you mentioned earlier,
19 that that Argo showed a significant or showed a
20 number or some of the districts, I think you
21 mentioned Argo, showed numbers going to other way.
22 So if I'm reading this correctly, sir, based upon
23 the published TTO percentage, your analysis shows
24 that Argo District 217 was over-allocated


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1 \$1,212,823; is that correct?
2 A. That's correct. I'm trying to find Argo.
3 Q. It says page -- if you look at the last
4 page of the exhibit, it says Page 2 of 3. And I
5 don't know --
6 A. I think Argo is on the next page.
7 Q. I don't know if maybe -- they appear to
8 go in numerical order. I don't know if we didn't
9 get that page or it was a miscopying error.
10 A. I would encourage anybody who questions
11 this methodology, just go to the AFR for five years,
12 cut and paste their interest earnings, and it
13 will -- you know, these numbers will pop right up.
14 Q. Okay.
15 A. I'm not trying advocate this as really
16 anything other than me making sure that I have a
17 comfort level, and I think I have achieved my own
18 comfort level. This is not anything other than that
19 because, as I mentioned before, there are cash flows
20 that are going to happen during the year. This is
21 blind to that.
22 MR. KALTENBACH: Okay. I don't have any
23 further questions for the witness.
24 MR. HOFFMAN: I think we're all done.

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1 We'll reserve signature. I would
 2 like an etran and PDF, please.
 3 MR. KALTENBACH: I want a hard copy for
 4 an original. Regular delivery.
 5 (Witness excused at 4:25 p.m.)
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Page 136

1 IN WITNESS WHEREOF, I do hereunto set my
 2 hand this December 11, 2016.
 3
 4
 5
 6
 7
 8 
 9 JO ANN LOSOYA, CSR
 C.S.R. No. 84-002437
 10
 11
 12
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 16
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 18
 19
 20
 21
 22
 23
 24

Page 135

1 REPORTER CERTIFICATE
 2
 3 I, JO ANN LOSOYA, a Certified Shorthand
 4 Reporter within and for the County of Cook and State
 5 of Illinois, do hereby certify:
 6 That previous to the commencement
 7 of the examination of the witness, the witness was
 8 duly sworn to testify the whole truth concerning the
 9 matters herein;
 10 That the foregoing deposition
 11 transcript was reported stenographically by me, was
 12 thereafter reduced to typewriting under my personal
 13 direction and constitutes a true record of the
 14 testimony given and the proceedings had;
 15 That the said deposition was taken
 16 before me at the time and place specified;
 17 That I am not a relative or
 18 employee or attorney or counsel, nor a relative or
 19 employee of such attorney or counsel for any of the
 20 parties hereto, nor interested directly or
 21 indirectly in the outcome of this action.
 22
 23
 24

Page 137

1 Veritext Legal Solutions
 1 North Franklin Street - Suite 3000
 2 Chicago, Illinois 60606
 Phone: 312-442-9087
 3
 4
 5 December 12, 2016
 6 To: Jay R. Hoffman, Esq.
 7 Case Name: Township Trustees of Schools Township 38 North, Range 12
 East v. Lyons Township High School District No. 204
 8 Veritext Reference Number: 2484023
 9 Witness: David Sellers Deposition Date: 11/23/2016
 10
 11 Dear Sir/Madam:
 12 Enclosed please find a deposition transcript. Please have the witness
 13 review the transcript and note any changes or corrections on the
 14 included errata sheet, indicating the page, line number, change, and
 15 the reason for the change. Have the witness' signature at the bottom
 16 of the sheet notarized and forward errata sheet back to us at the
 address shown above, or email to production-midwest@veritext.com.
 17
 18 If the errata is not returned within thirty days of your receipt of
 19 this letter, the reading and signing will be deemed waived.
 20
 21
 22 Sincerely,
 23
 24 Production Department

Page 138

1 DEPOSITION REVIEW
CERTIFICATION OF WITNESS

2

3 ASSIGNMENT NO: 2484023
CASE NAME: Township Trustees of Schools Township 38 North,
Range 12 East v. Lyons Township High School District No. 204
DATE OF DEPOSITION: 11/23/2016

4 WITNESS' NAME: David Sellers

5 In accordance with the Rules of Civil
Procedure, I have read the entire transcript of
6 my testimony or it has been read to me.
7 I have made no changes to the testimony
as transcribed by the court reporter.

8

9 _____
Date David Sellers

10 Sworn to and subscribed before me, a
Notary Public in and for the State and County,
11 the referenced witness did personally appear
and acknowledge that:

12 They have read the transcript;
13 They signed the foregoing Sworn
Statement; and
14 Their execution of this Statement is of
their free act and deed.

15 I have affixed my name and official seal
16 this _____ day of _____, 20____.

17 _____
18 Notary Public
19 _____
Commission Expiration Date

20
21
22
23
24
25

Page 140

1 ERRATA SHEET
VERITEXT LEGAL SOLUTIONS MIDWEST

2 ASSIGNMENT NO: 2484023

3 PAGE/LINE(S) / CHANGE /REASON

4 _____

5 _____

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

20 _____
Date David Sellers

21 SUBSCRIBED AND SWORN TO BEFORE ME THIS _____

22 DAY OF _____, 20____.

23 _____
Notary Public

24 _____
Commission Expiration Date

25

Page 139

1 DEPOSITION REVIEW
CERTIFICATION OF WITNESS

2

3 ASSIGNMENT NO: 2484023
CASE NAME: Township Trustees of Schools Township 38 North,
Range 12 East v. Lyons Township High School District No. 204
DATE OF DEPOSITION: 11/23/2016

4 WITNESS' NAME: David Sellers

5 In accordance with the Rules of Civil
Procedure, I have read the entire transcript of
6 my testimony or it has been read to me.
7 I have listed my changes on the attached
Errata Sheet, listing page and line numbers as
8 well as the reason(s) for the change(s).
9 I request that these changes be entered
as part of the record of my testimony.

10

11 I have executed the Errata Sheet, as well
as this Certificate, and request and authorize
that both be appended to the transcript of my
12 testimony and be incorporated therein.

13 _____
Date David Sellers

14 Sworn to and subscribed before me, a
15 Notary Public in and for the State and County,
the referenced witness did personally appear
16 and acknowledge that:

17 They have read the transcript;
They have listed all of their corrections
18 in the appended Errata Sheet;
They signed the foregoing Sworn
19 Statement; and
Their execution of this Statement is of
20 their free act and deed.

21 I have affixed my name and official seal
22 this _____ day of _____, 20____.

23 _____
Notary Public

24 _____
Commission Expiration Date

25

Tilly Vi... ause, LLP
 1301 West 22nd Street • Suite 400
 Oak Brook, IL 60523 • 630 990 3131



An independent member of Baker Tilly International

Mr. Robert Healy
 Lyons Township School Treasurer
 930 Barnsdale Road
 LaGrange Park IL 60525

Invoice Date : October 26, 2011
Invoice Number : BT551062
Client Number : 72695
Project Number: 562466

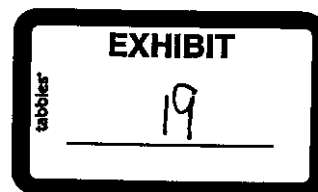
INVOICE

AMOUNT

	AMOUNT
Fees Progress bill upon completion of interim fieldwork for professional services rendered through the period ending October 31, 2011, in connection with the June 30, 2011, financial statement audit of the Lyons Township Elementary School District Employee Benefit Cooperative (Fund 999).	1,000.00
<div style="text-align: right;">Fees Total:</div>	1,000.00
<div style="text-align: right;">Expenses Total:</div>	0.00
<div style="text-align: right;">Invoice Total:</div>	1,000.00

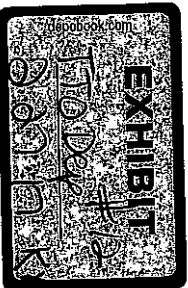
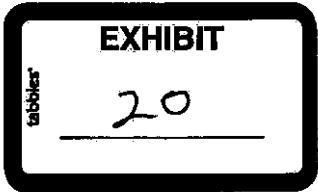
For questions, comments or suggestions, please contact James White at 630 990 3131.

Invoice is payable upon receipt or previously agreed upon terms.



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	76619	1,475.00	5/31/1993	DIST 204	204 GL	
1-2520-317-0-0	7/1/1993	BUSINESS SER ANNUAL AUDI	E	76619	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	JE	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 & SCHLRSHR	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 SER ANNUAL AUDI	E	129585	7,500.00	8/31/1995	DIST 204	204 GL	
1-2520-317-0-0	11/30/1995	BUSINESS SER ANNUAL AUDI	E	136511	2,500.00	10/31/1995	DIST 204	204 GL	
1-2520-317-0-0	11/30/1995	BUSINESS SER ANNUAL AUDI	E	136511	1,500.00	9/30/1995	DIST 204	204 GL	
1-2520-318-0-0	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 SER ANNUAL AUDI	E	151793	4,800.00	5/31/1996	DIST 204	204 GL	
1-2520-317-0-0	7/15/1996	BUSINESS SER ANNUAL AUDI	E	152370	7,200.00	6/30/1996	DIST 204	204 GL	
1-2520-317-0-0	10/11/1996	BUSINESS SER ANNUAL AUDI	E	158295	1,600.00	9/30/1996	DIST 204	204 GL	
1-2520-317-0-0	10/31/1996	BUSINESS SER ANNUAL AUDI	E	160108	7,000.00	8/31/1996	DIST 204	204 GL	
1-2520-317-0-0	11/14/1997	BUSINESS SER ANNUAL AUDI	E	188826	6,150.00	10/31/1997		204 YES	
1-2520-317-0-0	1/7/1998	BUSINESS SER ANNUAL AUDI	E	193313	3,150.00	12/31/1997	DIST 204	204 YES	
1-2520-317-0-0	7/22/1998	BUSINESS SER ANNUAL 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	AUDIT'S DIST 204	E	26891	1,200.00	12/31/1998	EOY 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	2386	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/#204	E	27284	2,500.00	7/18/2001	2906	204 YES	
1-2520-317-0-0	9/28/2001	CASH BASIS MODIFIED ACCRUAL #204	E	27284	4,900.00	7/18/2001	2906	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	15591	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	8/30/2006	SERVICES FOR 6/30/06 AUDIT	E	123698	11,695.00	8/24/2006	VK195240	204 YES	
1-2520-317-0-0	9/29/2006	AUDIT 6/30/06 FOR DIST. 204	E	126472	4,255.00	9/20/2006	VK198739	204 YES	
1-2520-317-0-0	3/15/2007	SD #204 YR END 6/30/06	E	12967	3,510.00	2/23/2007	VK222390	204 YES	
1-2520-317-0-0	4/16/2007	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	

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	WK275728	204 YES	
1-2520-317-0-0	11/30/2007	AUDIT FOR 6/30/07	E	32980	3,910.00	11/15/2007	WK280894	204 YES	
1-2520-317-0-0	12/28/2007	AUDIT FOR 6/30/07	E	37263	5,985.00	12/21/2007	WK284839	204 YES	
1-2520-317-0-0	2/14/2008	FINAL BILL FOR AUDIT 6/30/07	E	13061	485.00	1/31/2008	WK291691	204 YES	
1-2520-317-0-0	5/9/2008	TIME & EXPENSE FOR #204 MEETING	E	19524	855.10	4/29/2008	WK317005	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	WK325962	204 YES	
1-2520-317-0-0	7/15/2008	2ND BILL FOR 2008 AUDIT	E	25092	9,000.00	6/30/2008	WK331461	204 YES	
1-2520-317-0-0	8/15/2008	2008 AUDITED FINANCIAL STMTS	E	26623	7,900.00	7/31/2008	WK335759	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	WK343587	204 YES	
1-2520-317-0-0	11/14/2008	SERVICES ENDING 10/31/08	E	34305	8,942.44	10/29/2008	WK347810	204 YES	
1-2520-317-0-0	12/15/2008	SD #204 AUDIT 11/30/08	E	36609	5,654.80	11/25/2008	WK353915	204 YES	
1-2520-317-0-0	1/6/2009	AUDIT FOR 12/31/08	E	37974	5,267.55	12/22/2008	WK356942	204 YES	
1-2520-317-0-0	3/13/2009	AUDIT ENDING 2/28/09	E	43064	1,050.00	2/26/2009	WK368671	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 TIO	E	3635	2,500.00	12/22/2011	BT560281	204 YES	
1-2520-317-0-0	6/12/2012	AUDIT WORK TIO	E	13933	9,750.00	5/22/2012	BT596768	204 YES	

511,068.60

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	NO
1-2520-317-0-0	7/1/1993	BUSINESS SER ANNUAL AUDI	E	73619	1,205.00	3/31/1993	DIST. 204	204	NO
1-2520-317-0-0	11/15/1993	BUSINESS SER ANNUAL AUDI	E	82813	2,970.00	10/31/1993	DIST. 204	204	NO
1-2520-317-0-0	12/15/1993	BUSINESS SER ANNUAL AUDI	E	91175	1,250.00	11/30/1993	DIST. 204	204	NO
1-2520-317-0-0	2/7/1994	PROF SERVICES # 204	C	86028	1,540.00			204	NO
1-2520-317-0-0	5/13/1994	DIST 204 BALANCING	E	94599	2,343.00	4/30/1994	DIST 204	204	NO
1-2520-317-0-0	6/15/1994	BUSINESS SER ANNUAL AUDI	E	96496	989.00	5/31/1994	DIST. 204	204	NO
1-2520-318-0-0	6/30/1994	BUSINESS SER LEGAL SERV	E	97924	73.00	4/30/1994	DIST #204	204	NO
1-2520-318-0-0	8/31/1994	BUSINESS SER LEGAL SERV	E	101494	441.00	6/30/1994	DIST 204	204	NO
1-2520-317-0-0	9/30/1994	BUSINESS SER ANNUAL AUDI	E	104232	8,700.00	8/31/1994	DIST. 204	204	NO
1-2520-318-0-0	1/31/1995	BUSINESS SER LEGAL SERV	E	113456	290.00	12/31/1994	SOC SEC #204	204	NO
1-2520-317-0-0	4/12/1995	FLEX & SCHLRSH	E	119940	75.00	3/28/1995	204	204	NO
1-2520-317-0-0	8/11/1995	FORM 5500-CR	E	127635	350.00	7/21/1995	DIST 204	204	NO
1-2520-317-0-0	8/11/1995	SCHOOL LEVY/TAX CAP	E	127635	160.00	6/30/1995	DIST 204	204	NO
1-2520-317-0-0	9/15/1995	BUSINESS SER ANNUAL AUDI	E	129585	7,500.00	8/31/1995	DIST 204	204	NO
1-2520-317-0-0	11/30/1995	BUSINESS SER ANNUAL AUDI	E	136511	2,500.00	10/31/1995	DIST 204	204	NO
1-2520-317-0-0	11/30/1995	BUSINESS SER ANNUAL AUDI	E	136511	1,500.00	9/30/1995	DIST 204	204	NO
1-2520-318-0-0	12/11/1995	BUSINESS SER LEGAL SERV	E	136567	430.00	10/31/1995	DIST 204	204	NO
1-2520-317-0-0	6/28/1996	BUSINESS SER ANNUAL AUDI	E	151793	4,800.00	5/31/1996	DIST 204	204	NO
1-2520-317-0-0	7/15/1996	BUSINESS SER ANNUAL AUDI	E	152370	7,200.00	6/30/1996	DIST 204	204	NO
1-2520-317-0-0	10/11/1996	BUSINESS SER ANNUAL AUDI	E	158295	1,600.00	9/30/1996	DIST 204	204	NO
1-2520-317-0-0	10/31/1996	BUSINESS SER ANNUAL AUDI	E	160108	7,000.00	8/31/1996	DIST. 204	204	NO
1-2520-317-0-0	11/14/1997	BUSINESS SER ANNUAL AUDI	E	188826	6,150.00	10/31/1997		204	YES
1-2520-317-0-0	1/7/1998	BUSINESS SER ANNUAL AUDI	E	193313	3,150.00	12/31/1997	DIST 204	204	YES
1-2520-317-0-0	7/22/1998	BUSINESS SER ANNUAL AUDI	E	13405	5,200.00	7/10/1998	DIST 204	204	YES
1-2520-317-0-0	11/30/1998	BUSINESS SER LEGAL SERV	E	24092	4,000.00	10/31/1998	DIST 204	204	YES
1-2520-317-0-0	12/11/1998	BUSINESS SER LEGAL SERV	E	24913	4,000.00	11/30/1998	Jun-98	204	YES
1-2520-317-0-0	1/15/1999	AUDITS DIST 204	E	26891	1,200.00	12/31/1998	EOY JUNE 98	204	YES

EXHIBIT
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EXHIBIT
TID Rep
10/1/98

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	2386	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/#204	E	27284	2,500.00	7/18/2001	2906	204	YES
1-2520-317-0-0	9/28/2001	CASH BASIS MODIFIED ACCRUAL #204	E	27284	4,900.00	7/18/2001	2906	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	NO
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	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	8/30/2006	SERVICES FOR 6/30/06 AUDIT	E	123698	11,695.00	8/24/2006	VK195240	204	YES
1-2520-317-0-0	9/29/2006	AUDIT 6/30/06 FOR DIST. 204	E	126472	4,255.00	9/20/2006	VK198739	204	YES
1-2520-317-0-0	3/15/2007	SD #204 YR END 6/30/06	E	12967	3,510.00	2/23/2007	VK222390	204	YES
1-2520-317-0-0	4/16/2007	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
1-2520-317-0-0	10/30/2007	SD #204 AUDIT SERVICES	E	30328	10,445.00	10/25/2007	VK275728	204	YES

ACCOUNT NUMBER	CHECK DATE	DESCRIPTION	TYPE	CHECK NO	AMOUNT	INV DATE	INV NUMBER	204 BILL	INV COPY
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	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

473,174.85

WILLIAM F. GURRIE & CO., LTD.

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 240
1010 JORIE BOULEVARD
OAK BROOK, ILLINOIS 60523-9791
TELEPHONE (630) 990-8181
FAX (630) 990-0039

MEMBERS AICPA AND
ILLINOIS CPA SOCIETY

SIXTY-FIFTH ANNIVERSARY
1934-1999

October 21, 1999

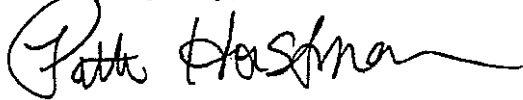
Mr. Robert Healy
Lyons Township School Treasurer
930 Barnsdale Road
P.O. Box 1246
LaGrange Park, Illinois 60526

Dear Mr. Healy:

This letter is in regards to a bill sent to the Treasurer's office on September 3, 1999, which has already been paid, for the amount of \$6,000. That bill was for work performed at School District 204 in connection with their audit for the year ended June 30, 1999. This was not indicated on the bill and I wanted to clarify that for you to avoid any confusion later.

If you have any questions regarding this matter, please do not hesitate to call.

Yours very truly,



Patti M. Horstman
WILLIAM F. GURRIE & CO., LTD.

EXHIBIT

tabbles
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DÉTACH BEFORE DEPOSITING

LYONS TOWNSHIP SCHOOL TREASURER
P.O. BOX 1246
LaGRANGE PARK, IL 60526

DESCRIPTION	DISTRICT NO.	DISBURSEMENT NO.	DATE	NET AMOUNT
AUDIT 6777 BUSINESS SERANNUAL	100	I 2520 317	9/15/1999	6000.00

REMITTANCE ADVICE
ATTACHED IS OUR CHECK IN FULL SETTLEMENT OF ITEMS SHOWN HEREON. IF NOT CORRECT, PLEASE RETURN WITH EXPLANATION.

THIS CHECK CONTAINS MICROPRINT IN SIGNATURE LINE AND A VOID PANTOGRAPH

First National Bank
of LaGrange, IL

LYONS TOWNSHIP SCHOOL TREASURER
P.O. BOX 1246
LaGRANGE PARK, IL 60526

044411

VOID AFTER 90 DAYS	DISTRICT NO.	VOUCHER NO.	CHECK NO.	DATE	NET AMOUNT
7911	100	999	44411	9/15/1999	\$6,000.00

PAY TO THE ORDER OF
 *MM. F. GURRIE & COMPANY
 1010 JORIE BLVD. - SUITE 240
 OAK BROOK IL 60521 9791

NON - NEGOTIABLE

ROBERT G. HEALY TOWNSHIP SCHOOL TREASURER TOWNSHIP 98. N. R. 12 E

⑈044411⑈ ⑆071903929⑆ ⑆100102⑆

2

WILLIAM F. GURRIE & CO., LTD.

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 240
1010 JORIE BOULEVARD
OAK BROOK, ILLINOIS 60523-9791
TELEPHONE (630) 990-3131
FAX (630) 990-0039

MEMBERS AICPA AND
ILLINOIS CPA SOCIETY

SIXTY-FIFTH ANNIVERSARY
1934-1999

September 3, 1999

7911
317

Mr. Robert Healy
Lyons Township School Treasurer
930 Barnsdale Road
LaGrange Park, Illinois 60526

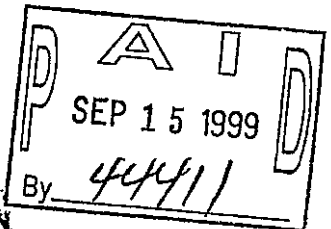
For professional services rendered in connection with:

The audit of your financial statements
for the year ended June 30, 1999

On Account \$ 6,000.00

13500.204.au

*See
letters
attached*



Lyons Township School Treasurer
 Pro Rata Billing
 Fiscal Year Ending June 30, 2008

204 Pro Rata Billing History					
Fiscal Year	Billed To	204 Paid	Receivable	Payment Detail	Invoice copy
FY96	144,051	144,051	-	CHK#65458 6/13/97 AP STUB AVAILABLE	YES
FY97	144,004	144,004	-	CHK#73708 6/26/98 AP STUB AVAILABLE	YES
FY98	155,863	155,863	-	CHK#82377 6/99 AP STUB AVAILABLE	YES
FY99	165,476	165,476	-	JE PAYMENT GL DETAIL OF PAYMENT RECEIPT	YES
FY00	173,032	98,816	74,216	CHK#207283 7/00 AP STUB AVAILABLE:	YES
FY01	178,897	40,498	138,399	CHK#214346 6/27/01 AP STUB AVAILABLE	YES
FY02	186,502	17,948	168,554	CHK#223736 6/02 HANDWRITTEN NOTES	YES
FY03	171,265	-	171,265	CHK# GL DETAIL OF PAYMENT RECEIPT	YES
FY04	179,345	-	179,345	CHK#230705 6/18/03 AP STUB AVAILABLE	YES
FY05	180,684	-	180,684		YES
FY06	200,680	-	200,680		Missing our bill
FY07	190,328	-	190,328		YES
FY08	245,177	-	245,177		YES
FY09	289,560	-	289,560		YES
FY10	215,973	-	215,973		YES
FY11	216,348	-	216,348		YES
FY12	253,930	-	253,930		YES
FY13	253,900	149,551	104,349		YES
Total:	3,545,014	916,207	2,628,807		

EXHIBIT #17
 ITA Dep
 8-27-17 KP

EXHIBIT
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FINANCE COMMITTEE MINUTES

May 28, 1999

7:00 a.m.

In Attendance: Todd Shapiro, Chair; Mark Pera; Marilyn Marchetti, Mary Clare Loftus; Dennis Kelly; Robert Healy, Robert Horstman, Mary Baptist, Orlando Coryell, and Lisa Beckwith.

Mr. Shapiro called the meeting to order at 7:00 a.m.

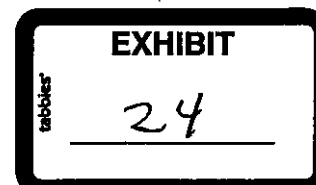
The Committee reviewed the 1997-98 audit. Mr. Horstman from William F. Gurrie met with the Committee. He explained that the District's Annual Financial Report was filed in November even though there were irreconcilable differences between the Township Treasurer's office and Lyons Township High School records. Mr. Horstman apologized for the filing of the incorrect report and stated that Nick Campanile from William F. Gurrie's office and Mary Baptist from the Business Office worked to uncover the differences. The Annual Financial Report has been amended and submitted to the State Board of Education. The audit report is correct and will be submitted to the Board of Education for acceptance at the June 21st Board of Education meeting.

Dr. Beckwith discussed the shortage of 1998 tax dollars. The total distribution of tax dollars is approximately 90%. Mr. Healy commented that the elementary districts are experiencing the same situation. He will contact the Cook County Clerk to see when the next distribution will occur.

The Committee discussed the Township Treasurer pro-rata bill. Mr. Healy indicated he would review the pro-rata bill because it appeared it included the revenue for bonds that should not have been included. A revised billing will be sent to the District.

Mr. Pera questioned the inclusion of Puffer-Hefty District 69 as a district receiving Lyons Township Treasurer services, however, the district is not included on the pro-rata billing. Mr. Healy explained that the DuPage County District pays between \$700-\$800 per month to the Treasurer's office for services. They are not required by law to use the Treasurer but have a long-standing arrangement with the Treasurer's Office. The revenue received from the District is put into revenue and distributed to Lyons Township districts. Mr. Pera expressed concern over Puffer-Hefty not paying their fair share in the pro-rata expenses. Mr. Healy stated that he would review the agreement with the Township Trustees.

Mr. Shapiro reviewed the percentages that are assigned in the pro-rata billing. He stated that Lyons Township High School is not receiving 26% of the services delivered from the Township Treasurer's office even though the District has 26% of the total revenue on deposit with the Treasurer's office. Mr. Shapiro requested that Mr. Healy review the services provided by the Treasurer's office and report back to the Committee with several solutions on how duplication of efforts could be reduced.



Dr. Beckwith reported on several options that the District has at their disposal in trying to create equity of billing within the current Township Treasurer structure. They are:

1. A referendum question could be placed on the ballot to dissolve the Treasurer's office. The elementary districts would place this question.
2. Reallocate the services provided to all districts to ensure it is equitable for the pro-rata payment.
3. Meet with the elementary districts and develop an intergovernmental agreement that would ensure districts pay for the services rendered.
4. School districts could apply for a waiver for a requirement to use the Treasurer's office, however, there is legislation pending to remove this as an option.

Mrs. Loftus indicated that another option would be to work with our legislators to change the requirement for Cook County schools to participate in the Township Treasurer system or to change the billing structure.

Mr. Shapiro directed Mr. Healy and Dr. Beckwith to work during the summer months to prepare options for the Board of Education to review that would provide more equity in the services provided the District.

The final item discussed was the capital outlay requests for 1999-2000. Mr. Young recommended these items for inclusion in the budget. The dollar amount of the items is within the total allocation provided by the Board of Education's financial assumptions. These items will be included in the total amended budget the Board of Education will review in July.

The meeting was adjourned at 8:20 a.m.

EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346

BOARD OF SCHOOL TRUSTEES
Joseph Nekola, President
Donna A. Milich, Trustee
Russell W. Hartigan, Trustee

ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

THE REGULAR MEETING OF THE BOARD OF THE TOWNSHIP SCHOOL TRUSTEES
HAS BEEN RESCHEDULED FOR TUESDAY, JULY 27, 1999 AT 11:00 A.M. AT THE
TOWNSHIP SCHOOL TREASURER'S OFFICE, 930 BARNSDALE ROAD, LAGRANGE
PARK, ILLINOIS

AGENDA

1. ROLL CALL
2. PUBLIC COMMENTS
3. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF MAY 27, 1999.
4. APPROVAL OF REPORTS FOR MARCH, APRIL AND MAY 1998
 - A. DISTRICT OPERATIONS
 - B. DISTRIBUTIVE FUND
 - C. INVESTMENT REPORT
5. SET TREASURER'S SALARY
6. APPOINT TREASURER
7. APPROVAL OF TREASURER'S CONTRACT
8. 1999-2000 STAFF SALARIES
9. APPROVAL OF THE TREASURER'S OFFICE EXPENSES
10. APPROVAL OF THE 1999-2000 DEPOSITORY LIST
11. APPROVE CONVEYANCE OF EASEMENT - DISTRICT#204
12. INVESTMENT POLICY
13. LAND PURCHASE - DISTRICT #103
14. TRUSTEES LIABILITY POLICY
15. OTHER
16. ADJOURNMENT

EXHIBIT

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MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES OF SCHOOLS
THURSDAY, JULY 27, 1999 AT 11:00 A.M.

The meeting of the Township Trustees of School was held in the office of the Township School Treasurer, 930 Barnsdale Road, La Grange Park, Illinois at 11:00 A.M.

President Joseph Nekola called the meeting to order at 11:00 A.M.

ROLL CALL: Present – Donna Milich, Russell Hartigan, and Joseph Nekola.
Absent – None.

Also present were Treasurer and Ex-Officio, Clerk, Robert G. Healy and Attorney, Michael Cainkar.

A motion was made by Russell Hartigan seconded by Donna Milich to approve the minutes of the May 27, 1999 meeting.

ROLL CALL: Ayes – Milich, Hartigan and Nekola.
Nays – None
Motion carried

A motion was made by Donna Milich seconded by Russell Hartigan to approve the reports for the months of March April and May 1999.

ROLL CALL: Ayes – Hartigan, Milich, Nekola
Nays – None
Motion carried

A motion was made by Joseph Nekola seconded by Milich to move into executive session at 11:25 a.m. for the purpose of discussing personnel.

ROLL CALL: Ayes – Hartigan, Milich, Nekola
Nays – None
Motion carried

A motion was made by Russell Hartigan seconded by Donna Milich to reconvene the regular meeting at 11:45 A.M.

ROLL CALL: Ayes – Milich, Hartigan, Nekola
Nays – None
Motion carried

A motion was made by Russell Hartigan seconded by Donna Milich to set the Treasurer's salary at \$87,038.00.

ROLL CALL: Ayes – Milich, Hartigan, Nekola
Nays – None
Motion carried

A motion was made by Donna Milich seconded Russell Hartigan to appoint Robert G. Healy as Treasurer.

ROLL CALL: Ayes – Hartigan, Milich, Nekola
Nays – None
Motion carried

A motion was made by Donna Milich seconded by Russell Hartigan to approve the Treasurer's contract. (Attached)

ROLL CALL: Ayes – Hartigan, Milich, Nekola
Nays – None
Motion carried

A motion was made by Russell Hartigan seconded by Donna Milich to approve the 1999-2000 staff salary schedule as recommended. (Attached)

ROLL CALL: Ayes – Milich, Hartigan, Nekola
Nays – None
Motion carried

A motion was made by Donna Milich seconded by Russell Hartigan to approve the Treasurer's office expenses for the quarter.

ROLL CALL: Ayes – Hartigan, Milich, Nekola
Nays – None
Motion carried

A motion was made by Donna Milich seconded by Russell Hartigan to approve the 1999-2000 Depository List. (Attached)

ROLL CALL: Ayes – Hartigan, Milich, Nekola
Nays – None
Motion carried.

A motion was made by Russell Hartigan seconded by Donna Milich that the conveyance of easement be approved pending the condition of the establishment of the easement for a public utility. The treasurer is directed to obtain further clarification if it is not a utility.

ROLL CALL: Ayes – Milich, Hartigan, Nekola
Nays – None
Motion carried

There was a discussion regarding Lyons Township High School and the problems the district has with the Pro Rata billing system. The Trustees discussed with Treasurer Healy several options to improve relations with the high school. Some of the items

Minutes – July 27, 1999

Page 3

discussed are for the Treasurer's office to assume more duties, possibly fund certain business functions, computer sharing and legislation.

A motion was made by Donna Milich seconded by Russell Hartigan to approve the investment policy (Attached).

ROLL CALL: Ayes – Hartigan, Milich, Nekola
 Nays – None
 Motion carried

A motion was made by Donna Milich seconded by Russell Hartigan to approve the land purchase for District #103.

ROLL CALL: Ayes – Hartigan, Milich, Nekola
 Nays – None
 Motion carried

The treasurer informed the trustees that the liability policy had been renewed through Janettas Agency, Inc. by Illinois National Insurance Company with the premium being for one year \$4,125.00.

A motion was made by Donna Milich seconded by Russell Hartigan to adjourn. All trustees signified acceptance by saying "aye".

The meeting adjourned at 12:10 P.M.


Clark


President

EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346

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ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

August 18, 1999

Dr. Lisa Beckwith
Business Manager
Lyons Township High School District #204
100 S. Brainard Avenue
LaGrange, IL 60525

RE: Pro-Rata Billing System

Dear Dr. Beckwith:

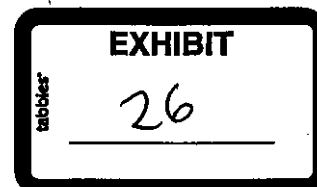
In response to our most recent discussion regarding the possibility of instituting certain measures to balance the efforts of our respective staffs, I would like to elaborate on the issue as explained to me by you and the Board of Education and some proposed possible solutions.

1. Proposal - *Deviation from Pro-Rata Billing*

Bluntly put, it is my understanding that the Board's concern is that High School District #204's proportionate share of the Township Treasurer's expenses, as mandated by School Code, is too large when compared to the services District 204 receives from the Treasurer's office.

One proposal that emanated from the Board to reduce District 204's expenses is to draft an Intergovernmental Agreement among all twelve taxing bodies in the Township, wherein the other eleven taxing bodies would agree to absorb the costs of the services District 204 claims it pays for but does not receive.

Simply put, it is highly unlikely that the Boards of those other eleven taxing bodies would ever agree to absorb those claimed costs to save District 204 money. We must keep in mind that the other taxing entities are currently utilizing all of the available services of the Township Treasurer's office.



D204-00169

Dr. Lisa Beckwith
August 18, 1999
Page 2

2. Proposal - *Funding by Township School Treasurer of Some District Functions.*

If the responsibilities for the Accounts Payable and Payroll production were to be 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.

I would expect that when the Trustees of Schools takes into consideration these necessary increases, they would logically conclude that a partial funding by the Treasurer's office to cover District 204's costs for the business functions District 204 now performs would be reasonable. Especially in light of the fact that the Treasurer's office is currently performing the same business functions for the eleven other school districts.

3. Proposal - *Treasurer's Office to Assume Additional Duties.*

You and I have discussed at previous meetings the possibility that the Treasurer's office would start performing tasks not currently done for District 204. For example, the reconciliation of District 204's books to the Treasurer's ledger. My office has already assumed a significant part of this function because I feel it is imperative that the requirement be performed in a timely fashion.

4. Proposal - *Legislative Action to Change Pro-Rata Billing System.*

The Finance Committee of the Board has suggested the possibility that the Pro-Rata billing system currently in effect throughout Cook County be changed through legislative action. This is a complicated process requiring the introduction of the proposed bill and the cooperation of both houses and the governor. You understand as well as I the likelihood of success of any bill. Keep in mind that this billing process is in use throughout the other townships in Cook County and has been for a very long time.

5. Proposal - *Use of District 204's Computer by the Treasurer's Office.*

There are a number of significant obstacles to this proposal.

The Treasurer's office would have to locate its hardware near District's 204's hardware. This would necessitate moving the Treasurer's office close to District 204. Back ups, communication problems and our "Catastrophe Plan" all require that Treasurer's office personnel be working at the location where the system is run.

Such a move would require the re-location of all communication's equipment, phone lines and high speed data lines currently in use. I cannot adequately estimate the tens if not

Dr. Lisa Beckwith
August 18, 1999
Page 3

hundreds of thousands of dollars it would cost to relocate the office and all its hardware and systems.

In addition, if the Treasurer's office were to use District 204's computer system it would require that the software used now for all the business tasks of all the other districts would have to be scrapped and their software programs converted to that of District 204. Also, approximately two hundred and fifty users from the various districts would have to undergo costly re-training and the Districts would have to purchase expensive additional software and probably hardware to make the change to your system. Invariably, the change would lead to the inevitable growing pains that would negatively affect the ongoing operations of the other districts.

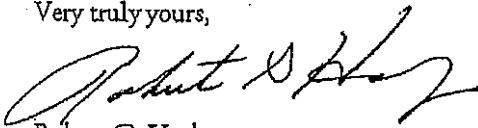
It is important to note that my computer programmer has informed me that the software the Treasurer's office is currently using cannot be run on the AS400 computer.

All of the problems would have to be faced, solved and paid for by the Treasurer's office. The other eleven districts seem to be eminently satisfied with the current operation and services they are receiving from the Treasurer's office.

Given all of these issues, it is hard to see what advantage a changeover would be to the operation of the Treasurer's office and the thirteen other districts I serve.

I look forward to meeting with you at your convenience to further discuss these proposals.

Very truly yours,



Robert G. Healy
Lyons Township School Treasurer

RGH/grm

CC: Lyons Township Trustees of Schools

FINANCE COMMITTEE MINUTES

September 29, 1999

7:00 a.m.

In Attendance: Todd Shapiro, Chair; Mark Pera; Marilyn Marchetti; Mary Clare Loftus; Dennis Kelly; Robert Healy; and Lisa Beckwith.

Chair, Todd Shapiro called the meeting to order at 7:00 a.m.

The committee reviewed information, provided by Robert Healy, concerning redistributing the Treasurer's charges. Mr. Pera questioned how the Puffer-Elementary charges would be distributed. Mr. Healy indicated that the district is charged a per month fee and not a percentage of the revenues. Mr. Healy indicated that this is the preferred method per his Board of Trustees.

The committee directed Dr. Beckwith to work with Mr. Healy to further define the costs of the Business Office that can be charged to the Treasurer's office. These charges could include salaries for the accounts payable, payroll and computer services staff. Also an amount for computer processing was discussed. In addition to salaries, costs associated with reconciliation, printing of checks, audit, legal fees and office costs could also be transferred to the Treasurer's office. These costs would be included in the Treasurer's pro rata billing. Mr. Healy indicated the Township Board of Trustees is supportive of this method.

Dr. Kelly indicated that a meeting would be held on October 7th with Willow Springs officials. The Village of Willow Springs will share their zoning plan for the District's 79th Street Property. This parcel is the largest undeveloped parcel in the Village. Dr. Kelly will call the Village and discuss the purpose of the meeting and the Board's timeline for property review. Attending the meeting will be Dr. Kelly, Mrs. Loftus, Mr. Pera, Mr. Shapiro, and Dr. Beckwith. The Board of Education will review district properties at the March meeting.

Dr. Kelly reported that the Village of McCook would hold a public hearing about the development of the quarry at 53rd and East. The hearing will be at 6:30 p.m. on September 29. Public opposition is expected.

Dr. Kelly informed the committee of a reduction of assessment requested by Helping Hand. Dr. Beckwith indicated that she would be attending a meeting of Business Officials with the purpose of discussing the number of tax objections that have been filed and the impact it has on taxing bodies.

Mr. Shapiro adjourned the meeting at 8:00 a.m.



D204-00172

Memorandum

To: Robert Healy

From: Lisa Beckwith

Date: February 29, 2000

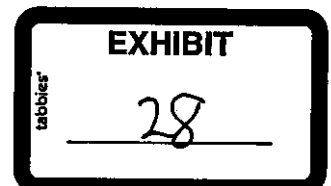
Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>99-00</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$41,205	\$3,152	\$3,045		\$48	\$47,450
Accounts Payable Bkkeeper	\$23,192	\$1,774	\$1,714	\$7,028	\$48	\$33,756
Payroll Bookkeeper	\$21,861	\$1,672	\$1,616		\$48	\$25,197
Total	\$86,258	\$6,598	\$6,375	\$7,028	\$144	\$106,403

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.



POSITION TITLE: Programmer/Analyst
DEPARTMENT: Computer Services
REPORTS TO: Director of Computer Services

SUMMARY: Responsible for development and support of computer applications including reports, job processing cycles and distribution of system over district network.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (other duties may be assigned)

- Develops and maintains reports as needed from district database.
- Implements systems applications and enhancements.
- Establishes processing cycles and controls, and monitors regularly.
- Updates and maintains all systems database.
- Responsible for production processing of finance daily, as well as budget build, fiscal year end, fiscal year set-up.
- Responsible for production processing of human resources, payroll, including scheduled payrolls, fiscal year end, fiscal year set-up, calendar year end and professional register.
- Determines needs of users; assists in designing systems to be programmed.
- Revises existing programs to reflect changes in system; writes program documentation or revises existing documentation; designs new screens.
- Answers technical questions from users; modifies job controls to accommodate non-routine or new run requests.
- Performs related work as required.

SUPERVISORY RESPONSIBILITIES: Office personnel in absence of Director of Computer Services.

QUALIFICATION REQUIREMENTS: *To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*

EDUCATION AND/OR EXPERIENCE: A minimum of two-year college degree with major course work in computer science. One year of working experience helpful.

LANGUAGE SKILLS: Ability to read, analyze and interpret general business periodicals, professional journals, technical procedures or governmental regulations. Ability to write reports and procedure manuals. Ability to effectively present information and respond to questions from groups of administrators and staff.

MATHEMATICAL SKILLS: Ability to work with mathematical concepts such as probability and statistical inference. Ability to apply concepts such as fractions, percentages, ratios, and proportions to practical situations.

POSITION TITLE
DEPARTMENT
REPORTS TO.

Senior Accounts Payable Clerk
Business Services
Purchasing/Accounting Manager

SUMMARY: Processes Accounts Payable and maintains associated vendor and invoice files for the District.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (other duties may be assigned)

- Reviews, processes and pays all authorized invoices. Ensures timely entry of data to automated system.
- Maintains vendor file including vendor numbers and responds to vendor inquiry regarding payment.
- Maintains files of paid and unpaid invoices and purchase orders.
- Assists with annual audit.
- Prepares verifies and distributes checks; files copies.
- Prepares information in response to ad hoc requests for payment histories.
- Assists with annual Student Processing/Registration.
- Performs clerical duties such as typing, photocopying and distributing mail.
- Responds to telephone inquiries, supplies information to callers, and records messages.
- Processes and disperses all District Purchase Orders.
- Phones in repairs for business machines.
- Back-up for Accounts Payable Clerk.

SUPERVISORY RESPONSIBILITIES: None

QUALIFICATION REQUIREMENTS: *To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*

EDUCATION AND/OR EXPERIENCE: High School Graduate or equivalent. Knowledge of accounting/bookkeeping procedures helpful.

LANGUAGE SKILLS: Ability to read and interpret documents such as safety rules and operating and maintenance instructions; ability to write routine reports and correspondence; and ability to speak effectively with vendors, administrators and staff.

MATHEMATICAL SKILLS: Ability to calculate figures and amounts such as discounts, interest, commissions, proportions, and percentages.

REASONING ABILITY: Ability to apply common sense understanding to carry out instructions furnished in written or oral form. Ability to deal with problems involving several concrete variables in standardized situations.

OTHER SKILLS AND ABILITIES: Personal Computer and Mainframe spreadsheet experience. Technical skills to program/repair telecommunications. Ability to perform duties with awareness of all District requirements and Board of Education policies.

POSITION TITLE: Payroll Bookkeeper
 DEPARTMENT: Business Services
 REPORTS TO: Purchasing/Accounting Manager

SUMMARY: Works independently while providing accurate and systematic payroll services.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (other duties may be assigned)

- Processes payroll data for all school district employees and maintains accurate, up-to-date files of all payroll information.
- Computes deductions, hours worked, rate, and totals for balancing.
- Prepares, verifies, and distributes checks.
- Prepares and controls the electronic transfers of payroll checks.
- Distributes payroll deductions in compliance with local, State and Federal statutes.
- Prepares required governmental reports: IMRF and TRS retirement, IRS, W-2, etc.
- Balance District Financial statement as it relates to Payroll, IMRF, FICA, and Medicare. This information is presented to the Board of Education monthly and is used to balance the District finances with the Township Treasurer.
- Prepares special statistical reports on payroll costs for use in budgeting and personnel.
- Processes mortgage verifications and final salary affidavits.
- Distributes payroll deductions to numerous annuity companies, credit union and Flex Spending Account.
- Answers telephone and directs inquiries from employees and vendors.

SUPERVISORY RESPONSIBILITIES: None

QUALIFICATION REQUIREMENTS: *To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*

EDUCATION AND/OR EXPERIENCE: High School Graduate or equivalent. Knowledge of accounting/bookkeeping experience necessary; payroll experience helpful.

LANGUAGE SKILLS: Ability to read and interpret documents; ability to write routine reports and correspondence; and ability to speak effectively with vendors, administrators and staff.

MATHEMATICAL SKILLS: Ability to calculate figures and amounts such as commissions, proportions, and percentages.

REASONING ABILITY: Ability to apply common sense understanding to carry out instructions furnished in written or oral form. Ability to deal with problems involving several concrete variables in standardized situations.

Memorandum

To: Robert Healy
 From: Harold Huang
 Date: May 30, 2001
 Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>00-01</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$43,265	\$3,310	\$2,328		\$48	\$48,903
Accounts Payable Bkkeeper	\$29,431	\$2,252	\$1,583	\$7,650	\$48	\$40,916
Payroll Bookkeeper	\$34,000	\$2,601	\$1,829	\$4,896	\$48	\$43,326
Total	\$106,696	\$8,163	\$5,740	\$12,546	\$144	\$133,289

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.

5

Memorandum

To: Robert Healy

From: Harold Huang *HH*

Date: February 4, 2002

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>01-02</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$43,000	\$3,290	\$2,124	\$2,836	\$152	\$51,402
Accounts Payable Bkkeeper	\$30,618	\$2,342	\$1,454	\$7,946	\$51	\$42,411
Payroll Bookkeeper	\$34,908	\$2,670	\$1,571	\$5,386	\$51	\$44,586
Total	\$108,526	\$8,302	\$5,149	\$16,168	\$254	\$138,399

An invoice will be sent to the Township Treasurer in February with receipt of funds expected prior to the close of the fiscal year.

444152

INVOICE 7890

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road
Suites 6 and 7
LaGRANGE, ILLINOIS 60525
(708) 352-2070
FAX: (708) 352-2086

INVOICE DATE December 12, 2000

CUSTOMER ORDER NO. 032897

SOLD TO:

SHIP TO:

Attn: Business Office
Lyons Township High School
100 S. Brainard Avenue
LaGrange, IL 60525

Same
Attn: Ilona/Room 108

SALESPERSON		TAX EXEMPT NO.	DATE SHIPPED	SHIP VIA	F.O.B.		
PL			12-7-00	UPS			
QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION			UNIT PRICE	PER	AMOUNT
10,000	11,000	Imprinted #10 Custom Window Envelopes for "L.T.H.S.- Business Office"; Prints in Black Ink on 24# White Wove with an Inside Blue Security Tint Inside a Custom Window Size and Placement			42 75	M	427 50

PAID
DEC 20 2000

TERMS: NET 15 DAYS

SUB-TOTAL		427 50
TAX	Exempt	
FREIGHT	29 79	
TOTAL		457 29

Thank You

DELIVERY PARTIAL COMPLETE

WE ARE NOT SUBJECT TO FEDERAL OR STATE RETAIL TAX

ALL DELIVERY CHARGES MUST BE PREPAID

**** FOR BUDGET PURPOSES ONLY **
INVOICE AT CURRENT
SCHOOL DISCOUNTED PRICES**

- CONDITIONS:
1. THIS ORDER NUMBER MUST APPEAR ON ALL INVOICES AND SHIPMENTS TO AVOID DELAY IN PAYMENT.
 2. BILL TO LYONS TOWNSHIP HIGH SCHOOL, 100 S. BRAINARD, LA GRANGE, IL 60525-2100
 3. SEND ALL INVOICES TO THE ATTENTION OF THE BUSINESS OFFICE; DO NOT SEND INVOICES TO DEPARTMENTAL OFFICES OR PERSONNEL.
 4. INVOICES SUBJECT TO YOUR USUAL DISCOUNT IF PRESENTED AT THE FIRST MEETING OF THE BOARD OF EDUCATION FOLLOWING RECEIPT OF INVOICE.
 5. DO NOT OVERSHIP OR SUBSTITUTE WITHOUT PRIOR PURCHASING DEPARTMENT APPROVAL.

INVOICE 8074

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road
 Suites 6 and 7
 LaGRANGE, ILLINOIS 60525
 (708) 352-2070
 FAX: (708) 352-2086

INVOICE DATE May 25, 2001

01 MAY 30 AM 7:30

CUSTOMER ORDER NO. 1261

SOLD TO:

SHIP TO:

Attn: Business Office

Same

Lyons Township High School

Attn: Stockroom

100 S. Brainard Avenue

LaGrange, IL 60525

SALESPERSON		TAX EXEMPT NO.	DATE SHIPPED	SHIP VIA	F.O.B.		
PL			5-18-01	UPS			
QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION			UNIT PRICE	PER	AMOUNT
10,000	10,500	1 Color Custom #10 "Payroll Window Envelopes"; Prints in Black Ink on 24# White Wove with a Custom Window and Placement and with an Inside Blue Security Tint			448	88	448 88
		500 Extra Envelopes Shipped at NO CHARGE					

received per Gina Shadle

PAID
MAY 31 2001

TERMS: NET 15 DAYS

SUB-TOTAL	448	88
TAX	Exempt	
FREIGHT	40	00
TOTAL	488	88

Thank You

DELIVERY

PARTIAL

COMPLETE

Additional Comments:

NOT SUBJECT TO FEDERAL/STATE RETAIL TAX.
 SEND ALL INVOICES TO THE ATTENTION OF
 THE BUSINESS OFFICE.

Instructions to Vendor:

- Do not send invoices to the departmental offices or personnel. Payment terms are net 45 days.
- The Purchase Order Number must appear on all invoices and shipments to avoid delay in payment.
- We do not pay C.O.D. charges of any kind. All shipping charges must be prepaid.
 No substitutions of any items or any alterations allowed without prior approval of Business Manager/Purchasing Manager.
 We are exempt from Illinois Sales & Use Tax and Federal Excise Tax.
- This contract is subject to and governed by the rules and regulations of the Illinois Fair Employment Practices Act, the Equal Employment Opportunity Clause, the Illinois Human Rights Act and Illinois Human Rights Commission's Rules and Regulations for public contracts.
- Materials furnished under this order which contain substances listed under Section 205, Table A, Toxic Substances Disclosure to Employees' List (56 Illinois Administrative Code, Chapter 1, Sec. 205, Tab. A, Sub-Chapter b) shall obligate the supplier thereof to furnish a Material Safety Data Sheet (MSDS) pertinent to the product(s).

White: Vendor Pink: Business Office Green and Blue: Requisitioner Yellow: Receiving

Memorandum

To: Robert Healy
From: Harold Huang
Date: March 10, 2003
Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- The attached invoices were paid by LTHS. Future invoices will be sent to the Township Treasurer for payment.
- Annual salary and benefit costs for 4 employees as per attached invoice.

Receipt of funds in payment of attached invoice is expected prior to close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2002-03

	Salary 02-03	OASDI Medicare	IMRF	TRS	Medical Insurance	Life Insurance	Total
Database Administrator (75%)	\$ 50,625	\$ 3,873	\$ 2,784		\$ 2,701	\$ 279	\$ 60,262
Accounts Payable							
Bookkeeper	\$ 31,845	\$ 2,436	\$ 1,751		\$ 9,932	\$ 55	\$ 46,020
Payroll Specialist	\$ 36,774	\$ 2,813	\$ 2,023		\$ 6,732	\$ 55	\$ 48,397
Accounts Manager (15%)	\$ 9,070			\$ 956	\$ 540	\$ 370	\$ 10,936
							\$ 165,615
Invoices paid to Ladwig Business Forms for envelopes used for payroll and accounts payable							\$ 2,939
							TOTAL
							\$ 168,554

INVOICE 8134

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road
 Suites 6 and 7
 LaGRANGE, ILLINOIS 60525
 (708) 352-2070
 FAX: (708) 352-2086

INVOICE DATE July 31, 2001

CUSTOMER ORDER NO. 20583

SOLD TO:

01 AUG -7 AM 7:48
 SHIP TO:

Attn: Business Office
 Lyons Township High School
 100 S. Brainard Avenue
 LaGrange, IL 60525

Same
 Attn: Debbie Cook/Room 108

SALESPERSON		TAX EXEMPT NO.	DATE SHIPPED	SHIP VIA	F.O.B.		
PL			7/25/01	UPS			
QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION			UNIT PRICE	PER	AMOUNT
5000	5000	Imprinted "#10 Custom Accounts Payable Window Envelopes"; Prints in Black Ink on 24# White Wove with a Standard Inside Blue Tint			60 25	M	301 25

PAID
 AUG 30 2001

*Received in stock
 per G. Shadler*

TERMS: NET 15 DAYS

Thank You

DELIVERY

PARTIAL COMPLETE

SUB-TOTAL	301 25
TAX	Exempt
FREIGHT	15 77
TOTAL	317 02

Additional Comments:

Instructions to Vendor:

- Do not send invoices to the departmental offices or personnel. Payment terms are net 45 days.
- The Purchase Order Number must appear on all invoices and shipments to avoid delay in payment.
- We do not pay C.O.D. charges of any kind. All shipping charges must be prepaid.
- No substitutions of any items or any alterations allowed without prior approval of Business Manager/Purchasing Manager.
- We are exempt from Illinois Sales & Use Tax and Federal Excise Tax.
- This contract is subject to and governed by the rules and regulations of the Illinois Fair Employment Practices Act, the Equal Employment Opportunity Clause, the Illinois Human Rights Act and Illinois Human Rights Commission's Rules and Regulations for public contracts.
- Materials furnished under this order which contain substances listed under Section 205, Table A, Toxic Substances Disclosure to Employees' List (56 Illinois Administrative Code, Chapter 1, Sec. 205, Tab. A, Sub-Chapter b) shall obligate the supplier thereof to furnish a Material Safety Data Sheet (MSDS) pertinent to the product(s).

White: Vendor Pink: Business Office Green and Blue: Requisitioner Yellow: Receiving

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road
Suites 6 and 7

LaGRANGE, ILLINOIS 60525

(708) 352-2070

FAX: (708) 352-2086

INVOICE 8354

INVOICE DATE March 21, 2002

CUSTOMER ORDER NO. 22656

02 APR -2 AM 10:39

SOLD TO:

SHIP TO:

Attn: Business Office

Lyons Township High School

100 S. Brainard Avenue

LaGrange, IL 60525

Same

Attn: Deb Cook/Storerroom

SALESPERSON		TAX EXEMPT NO.	DATE SHIPPED	SHIP VIA	FOB		
PL			3-18-02	UPS			
QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION			UNIT PRICE	PER	AMOUNT
10,000	10,000	#10 Custom "Check Window Envelopes"; Prints in Black Ink on 24# White Wove with a Standard Inside Blue Security Tint; Custom Window And Placement			43 75	M	437 50

PAID
APR 09 2002

TERMS: NET 15 DAYS

Thank You

DELIVERY

_____ PARTIAL X COMPLETE

SUB-TOTAL	437 50
TAX	Exempt
FREIGHT	32 87
TOTAL	470 37

Additional Comments:
NOT SUBJECT TO FEDERAL/STATE RETAIL TAX.
SEND ALL INVOICES TO THE ATTENTION OF THE BUSINESS OFFICE.

- Instructions to Vendor:
1. Do not send invoices to the departmental offices or personnel. Payment terms are net 45 days.
 2. The Purchase Order Number must appear on all invoices and shipments to avoid delay in payment.
 3. We do not pay C.O.D. charges of any kind. All shipping charges must be prepaid.
 4. No substitutions of any items or any alterations allowed without prior approval of Business Manager/Purchasing Manager.
We are exempt from Illinois Sales & Use Tax and Federal Excise Tax.
 5. This contract is subject to and governed by the rules and regulations of the Illinois Fair Employment Practices Act, the Equal Employment Opportunity Clause, the Illinois Human Rights Act and Illinois Human Rights Commission's Rules and Regulations for public contracts.
 7. Materials furnished under this order which contain substances listed under Section 205, Table A, Toxic Substances Disclosure to Employees' List (56 Illinois Administrative Code, Chapter 1, Sec. 205, Tab. A, Sub-Chapter b) shall obligate the supplier thereof to furnish a Material Safety Data Sheet (MSDS) pertinent to the product(s).

White: Vendor Pink: Business Office Green and Blue: Requisitioner Yellow: Receiving

Memorandum

To: Robert Harty

From: Harold Huang 

Date: March 10, 2003

Re: Transition of Office Responsibilities


Following are a list of responsibilities that District 204 proposes become the full cost of the Township Treasurer's office:

- 1. Payroll and accounts payable bank reconciliation.
- 2. Balance monthly bank between Treasurer and LEFIS.
- 3. Provide printing costs for checks and envelopes for accounts payable, payroll, interest and student activities.
- 4. The attached invoices were paid by LEFIS. Future invoices will be sent to the Township Treasurer for payment.
- 5. Annual salary and benefit costs for 4 employees as per attached invoice.

Receipt of funds in payment of the attached invoices is expected prior to close of the fiscal year.

Memorandum

To: Robert Healy

From: David Sellers 

Date: April 12, 2004

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 4 employees as per attached invoice.

Receipt of funds in payment of attached invoice is expected prior to close of the fiscal year.

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LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2003-04

Handwritten initials/signature

u.2 u.3 u.480

u.2 u.3 u.480

	Salary 03-04	OASDI Medicare	IMRF	TRS	Medical Insurance	Life Insurance	Total
Database Administrator (75%)	\$ 51,638	\$ 3,950	\$ 3,305		\$ 3,336	\$ 261	\$ 62,489
Accounts Payable	71604						
Bookkeeper	34,443.33	\$ 2,534	\$ 2,120		\$ 12,137	\$ 50	\$ 49,959
Payroll Specialist	39,775.20	\$ 2,926	\$ 2,448		\$ 18,227	\$ 50	\$ 51,896
Accounts Manager (15%)	\$ 9,387			\$ 999	\$ 667	\$ 350	\$ 11,403
							\$ 175,747

2006

Bruce 57,390.90
 Debbie 36,310.32
 Lisa 41,927.04
 Koshing 62,400.00
 MA 43,042.48

Handwritten notes: u.2 u.3 u.480

INVOICE 8603

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road
 Suites 6 and 7
 LaGRANGE, ILLINOIS 60525
 (708) 352-2070
 FAX: (708) 352-2086

INVOICE DATE January 13, 2003

CUSTOMER ORDER NO. 31912

09 JAN 16 AM 9:10

SOLD TO:

SHIP TO:

Attn: Business Office

Same

Lyons Township High School

Attn: Deb Cook/Storeroom

100 S. Brainard Avenue

LaGrange, IL 60525

SALESPERSON		TAX EXEMPT NO.	DATE SHIPPED	SHIP VIA	F.O.B.		
PL			1-8-03	UPS CWT			
QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION			UNIT PRICE	PER	AMOUNT
35,000	38,000	#10 Custom "Check Window Envelopes"; Prints in Black Ink on 24# White Wove with a Standard Inside Blue Security Tint; Custom Window and Placement			30 25	M	1149 50

PAID
 JAN 17 2003

TERMS: NET 15 DAYS

Thank You

DELIVERY

PARTIAL COMPLETE

SUB-TOTAL	1149 50
TAX	Exempt
FREIGHT	55 90
TOTAL	1205 40

Additional Comments:

**NOT SUBJECT TO FEDERAL/STATE RETAIL TAX.
 SEND ALL INVOICES TO THE ATTENTION OF
 THE BUSINESS OFFICE.**

Instructions to Vendor:

- Do not send invoices to the departmental offices or personnel. Payment terms are net 45 days.
- The Purchase Order Number must appear on all invoices and shipments to avoid delay in payment.
- We do not pay C.O.D. charges of any kind. All shipping charges must be prepaid.
- No substitutions of any items or any alterations allowed without prior approval of Business Manager/Purchasing Manager.
- We are exempt from Illinois Sales & Use Tax and Federal Excise Tax.
- This contract is subject to and governed by the rules and regulations of the Illinois Fair Employment Practices Act, the Equal Employment Opportunity Clause, the Illinois Human Rights Act and Illinois Human Rights Commission's Rules and Regulations for public contracts.
- Materials furnished under this order which contain substances listed under Section 205, Table A, Toxic Substances Disclosure to Employees' List (66 Illinois Administrative Code, Chapter 1, Sec. 205, Tab. A, Sub-Chapter b) shall obligate the supplier thereof to furnish a Material Safety Data Sheet (MSDS) pertinent to the product(s).

White: Vendor Pink: Business Office Green and Blue: Requisitioner Yellow: Receiving

17

TO: Robert Healy
FROM: David Sellers
SUBJECT: Treasurer's Office Responsibilities
DATE: June 14, 2005

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

- Payroll and Accounts Payable bank reconciliation
- Balance monthly 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 invoices is expected prior to the close of the fiscal year.

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LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2004-2005

	Salary 04-05	OASDI Medicare	IMRF	Medical Insurance	Life Insurance	Total
Database Administrator (75%)	\$ 53,703.00	\$ 4,108.28	\$ 3,587.36	\$ 4,447.50	\$ 309.00	\$ 66,155.14
Accounts Payable Bookkeeper	34,443.33	2,634.91	2,300.81	12,137.00	50.00	51,566.06
Payroll Specialist	39,775.20	3,042.80	2,656.98	8,226.50	50.00	53,751.49
Accounting Manager (15%)	8,100.00	619.65	541.08	2,070.97	47.00	11,378.70
Printing Expense - see attached						1,717.10
						<u>\$184,568.48</u>

LYONS TOWNSHIP HIGH SCHOOL

DAVID S. SELLERS
Director of Business Services

DISTRICT OFFICE
NORTH CAMPUS
100 S. Brainard Ave.
LaGrange, IL 60525
(708) 579-6462

SOUTH CAMPUS
4900 S. Willow Springs Rd.
Western Springs, IL 60558

TO: Robert Healy

FROM: David Sellers

SUBJECT: Treasurer's Office Responsibilities

DATE: June 14, 2006

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

- Payroll and Accounts Payable bank reconciliation
- Balance monthly 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 invoices is expected prior to the close of the fiscal year.

Lyons Township High School District 204
Service Costs for 2005-06

	Salary	Taxes	LIFE Bid/Paid	Medical/Dental Bid/Paid	Total	Percentage	Total
Accounting Mgr-KM	\$ 62,400.00	\$ 10,302.24	\$ 311.04	\$ 11,762.41	\$ 84,775.69	15.00%	\$ 12,716.35
Payroll-LT	\$ 41,927.04	\$ 6,922.15	\$ 86.40	\$ 8,349.31	\$ 57,284.90	100.00%	\$ 57,284.90
Accts Payable-DC	\$ 36,310.32	\$ 5,994.83	\$ 86.40	\$ 12,317.42	\$ 54,708.97	100.00%	\$ 54,708.97
Database Adm-BH-75%	\$ 43,043.18	\$ 5,329.82	\$ 129.60	\$ 2,843.08	\$ 51,345.67	75.00%	\$ 38,509.26
Database Adm-SB-25%	\$ 22,500.00	\$ 3,714.75	\$ 97.20	\$ 2,940.60	\$ 29,252.55	75.00%	\$ 21,939.41
							\$ 185,158.90

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Lyons Township High School District 204
BUSINESS OFFICE RATE HISTORY '06

	Salary	Taxes	LIFE Brd Paid	Medical/Dental Brd Paid	Total	Percentage	Total
Accounting Mgr-KM	\$ 62,400.00	\$ 10,302.24	\$ 311.04	\$ 11,762.41	\$ 84,775.69	15.00%	\$ 12,716.35
Payroll-LT	\$ 41,927.04	\$ 6,922.15	\$ 86.40	\$ 8,349.31	\$ 57,284.90	100.00%	\$ 57,284.90
Accts Payable-DC	\$ 36,310.32	\$ 5,994.83	\$ 86.40	\$ 12,317.42	\$ 54,708.97	100.00%	\$ 54,708.97
Database Adm-BH	\$ 57,390.90	\$ 9,475.24	\$ 172.80	\$ 3,790.77	\$ 70,829.71	75.00%	\$ 53,122.28
Insurance-MM	\$ 43,242.48	\$ 7,139.33	\$ 86.40	\$ 3,790.77	\$ 54,258.98	0.00%	\$ -
Michael Ditchie	\$ 45,356.82	\$ 7,488.41	\$ 86.40		\$ 52,931.63		\$ 177,832.51

22

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 7, 2007

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

District	6/30/2005	6/30/2006
101	\$11,971,408.83	\$12,297,000.03
102	\$28,196,462.00	\$25,582,652.33
103	\$22,656,170.51	\$23,218,834.09
104	\$16,015,978.94	\$17,948,816.10
105	\$15,550,783.91	\$12,581,984.14
106	\$16,084,343.97	\$15,518,083.16
107	\$10,509,369.15	\$10,070,253.37
108	\$4,765,240.24	\$3,489,369.73
109	\$24,431,446.25	\$23,599,076.08
204	\$59,967,953.39	\$52,660,293.44
2045	\$16,153,006.16	\$16,873,357.90
217	\$27,252,017.21	\$26,539,133.96
999	\$1,996,311.01	\$1,022,195.52
	\$255,550,491.57	\$241,401,049.85

To: KATHY MORAN
From: BOB HEALY

5/30/2007

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2006-2007

	Salary 06-07	OASDI 6.2%	Medicare 1.45%	IMRF 8.86%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 78,000.00	\$ 4,836.00	\$ 1,131.00	\$ 6,910.80	\$ 11,622.19	\$ 759.72	\$ 103,259.71	\$ 0.75	\$ 77,444.78
Accounts Payable Bookkeeper	\$ 37,627.20	\$ 2,332.89	\$ 545.59	\$ 3,333.77	\$ 12,672.83	\$ 39.60	\$ 56,551.88	\$ 1.00	\$ 56,551.88
Payroll Specialist	\$ 43,430.40	\$ 2,692.68	\$ 629.74	\$ 3,847.93	\$ 7,514.80	\$ 39.60	\$ 58,155.16	\$ 1.00	\$ 58,155.16
Accounting Manager (15%)	\$ 65,520.00	\$ 4,062.24	\$ 950.04	\$ 5,805.07	\$ 11,622.19	\$ 638.16	\$ 88,597.70	\$ 0.15	\$ 13,289.66
Microtoner for check printing	\$224,577.60	\$ 13,923.81	\$ 3,256.38	\$ 19,897.58	\$ 43,432.01	\$ 1,477.08	\$ 306,564.45		\$ 994.96
									\$ 206,436.44

25

Morici, Mary Ann

From: Moran, Kathy
 Sent: Tuesday, May 29, 2007 1:52 PM
 To: Morici, Mary Ann
 Subject: Insurance expense

Mary Ann,

Can you tell me the FY07 board expense for medical and life insurance for the following employees?

	MED	LIFE	LTD
Kathy Moran	\$1655.18/yr	\$172.92/yr	\$465.24/yr
Lisa Touloumis	\$11623.19/yr	\$39.60/yr	-
Debbie Cook	\$12672.83/yr	\$39.60/yr	-
Sherri Bugyis	\$11622.19/yr	\$205.93/yr	\$553.80/yr

What was Lisa's old amount?

Thanks,
 Kathy

LISA couple - \$7514.80

5/30/2007

26

PAY.345.12 - FY 07 - Employee Assignments/Contracts

Contract #	Start Date	End Date
10.8.08.2568.1431.7508	100.0000	78,908.88

PAY 315.12 - FY 07 - Employee Assignments/Contracts

SEARCH: []

INDEX: []

Log out

Personnel	Priority	Person
18,869,2529,1531,7309	188,9999	37,627.29

28

PAY.345.12 - FY 07 - Employee Assignments/Contracts

Name:

Address:

Phone:

Email:

Date of Birth:

Social Security:

Hire Date:

Contract Type:

Contract Start:

Contract End:


Contract Amount:

Contract ID	Contract Amount	Contract Start	Contract End
18.8.88.2828.1881.7998	100,000.00	4/30/07	4/30/08

29

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 7, 2007

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

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


Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2006-2007

	Salary 06-07	OASDI 6.2%	Medicare 1.45%	IMRF 8.88%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 78,000.00	\$ 4,836.00	\$ 1,131.00	\$ 6,810.80	\$ 11,822.19	\$ 769.72	\$ 103,259.71	\$ 0.75	\$ 77,444.78
Accounts Payable Bookkeeper	\$ 37,627.20	\$ 2,332.89	\$ 545.69	\$ 3,333.77	\$ 12,672.83	\$ 39.60	\$ 56,551.88	\$ 1.00	\$ 56,551.88
Payroll Specialist	\$ 43,430.40	\$ 2,692.68	\$ 629.74	\$ 3,847.93	\$ 7,614.80	\$ 39.60	\$ 58,155.16	\$ 1.00	\$ 58,155.16
Accounting Manager (15%)	\$ 65,520.00	\$ 4,062.24	\$ 950.04	\$ 5,805.07	\$ 11,622.19	\$ 638.16	\$ 88,597.70	\$ 0.15	\$ 13,289.66
Microtoner for check printing									\$ 994.96
	\$224,577.60	\$ 13,923.81	\$ 3,256.38	\$ 19,897.58	\$ 43,432.01	\$ 1,477.08	\$ 306,564.45		\$ 206,438.44

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 9, 2008

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2007-2008

	Salary 07-08	OASDI 6.2%	Medicare 1.45%	IMRF 8.86%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 81,120.00	\$ 5,029.44	\$ 1,176.24	\$ 7,187.23	\$ 11,622.19	\$ 759.72	\$ 106,894.82	\$ 0.75	\$ 80,171.12
Accounts Payable Bookkeeper	\$ 39,351.36	\$ 2,439.78	\$ 570.59	\$ 3,486.53	\$ 12,672.83	\$ 39.60	\$ 58,560.70	\$ 1.00	\$ 58,560.70
Payroll Specialist	\$ 45,351.36	\$ 2,811.78	\$ 657.59	\$ 4,018.13	\$ 7,514.80	\$ 39.60	\$ 60,393.27	\$ 1.00	\$ 60,393.27
Accounting Manager (15%)	\$ 68,796.00	\$ 4,265.35	\$ 997.54	\$ 6,095.33	\$ 11,622.19	\$ 638.16	\$ 92,414.57	\$ 0.15	\$ 13,862.19
	\$234,618.72	\$ 14,546.36	\$ 3,401.97	\$ 20,787.22	\$ 43,432.01	\$ 1,477.08	\$ 318,263.36		\$ 212,987.27



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INVOICE DATE	INVOICE NUMBER	INVOICE TERMS	DUE DATE
11/03/2006	CLL4803	NET 30 Days-Gov/Ed	12/03/2006

OUR PART NO.
326473

DESCRIPTION	QTY ORD	QTY SHIP	QTY B/O	UNIT PRICE	TOTAL
TROY MICR 9000 9050 TONER CART Manufacture Part Number: 02-81081-001	1	1	0	\$596.99	\$596.99

14 NOV 2006 AM 8:12
11/15

TECH INFORMATION: THE NORTHERN TRUST ROUTING NO.: 071000152
50 SOUTH LASALLE STREET ACCOUNT NAME: CDW GOVERNMENT INC
CHICAGO, IL 60675 ACCOUNT NO.: 81057

HAVE QUESTIONS ABOUT YOUR ACCOUNT? PLEASE EMAIL US AT: credit@cdw.com

ORDER DATE 11/03/2006	SHIP VIA UPS Ground (1-2 day)	PURCHASE ORDER NO. 71430	CUSTOMER NO. 191500	PRODUCT SUBTOTAL	\$596.99
SALESPERSON KEVIN MCMAHON 847-371-7113 kevinom@cdwg.com			SHIP TO: LYONS TOWNSHIP HIGH SCHOOL LISA TOLLOUMIS 100 S BRAINARD AVE LA GRANGE IL 60525-2100	SALES ORDER NUMBER DNQ8649	SHIPPING \$12.99
CDW GOVERNMENT, INC. AN ILLINOIS CORPORATION FEIN 38-4230110				SALES TAX	\$0.00
INVOICE AMOUNT				\$609.98	
AMOUNT DUE				\$609.98	

34



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INVOICE DATE	INVOICE NUMBER	INVOICE TERMS	DUE DATE
12/11/2006	CTP8937	NET 30 Days-Govt/Ed	01/10/2007

OUR PART NO.
076514

DESCRIPTION	QTY ORD	QTY SHIP	QTY B/O	UNIT PRICE	TOTAL
TROY MICR 8000 5SI TONER CART Manufacture Part Number: 02-17981-001	1	1	0	\$371.99	\$371.99

*K. Sulaimis
Recd.*

20 DEC 2006 AM 6:05

ACH INFORMATION: THE NORTHERN TRUST ROUTING NO.: 071000152
50 SOUTH LASALLE STREET ACCOUNT NAME: CDW GOVERNMENT INC
CHICAGO, IL 60675 ACCOUNT NO.: 91057

HAVE QUESTIONS ABOUT YOUR ACCOUNT? PLEASE EMAIL US AT: credit@cdw.com

ORDER DATE 12/07/2006	SHIP VIA UPS Ground (1-2 day)	PURCHASE ORDER NO. 71607	CUSTOMER NO. 191500	PRODUCT SUBTOTAL	\$371.99
SALESPERSON KEVIN MCMAHON 847-371-7113 kevimcm@cdw.com		SHIP TO: LYONS TOWNSHIP HIGH SCHOOL KAREN R BROWN 100 S BRANARD AVE LA GRANGE IL 60525-2100		SALES ORDER NUMBER DVN8878	SHIPPING \$12.99
CDW GOVERNMENT, INC. AN ILLINOIS CORPORATION FEIN 36-4230110				SALES TAX \$0.00	
INVOICE AMOUNT \$384.88				INVOICE AMOUNT \$384.88	
AMOUNT DUE \$384.98					

35

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 9, 2009

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2008-2009

	Salary 08-09	OASDI 6.2%	Medicare 1.45%	IMRF 8.32%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 85,176.00	\$ 5,280.91	\$ 1,235.05	\$ 7,086.64	\$ 10,225.81	\$ 829.20	\$ 109,833.62	\$ 0.75	\$ 82,375.21
Accounts Payable Bookkeeper	\$ 40,841.38	\$ 2,532.17	\$ 592.20	\$ 3,398.00	\$ 11,157.46	\$ 39.60	\$ 58,560.81	\$ 1.00	\$ 58,560.81
Payroll Specialist	\$ 47,167.92	\$ 2,924.41	\$ 683.93	\$ 3,924.37	\$ 10,225.81	\$ 39.60	\$ 64,966.05	\$ 1.00	\$ 64,966.05
Accounting Manager (15%)	\$ 71,892.00	\$ 4,457.30	\$ 1,042.43	\$ 5,981.41	\$ 10,225.81	\$ 700.56	\$ 94,299.52	\$ 0.15	\$ 14,144.93
Micro Toner	\$245,077.30	\$ 15,194.79	\$ 3,553.62	\$ 20,390.43	\$ 41,834.89	\$ 1,608.96	\$ 327,659.99		\$ 781.01
									\$ 220,828.01

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Morici, Mary Ann

From: Moran, Kathy
Sent: Tuesday, June 09, 2009 6:43 AM
To: Morici, Mary Ann
Subject: Insurance costs

*Board Paid
2008-09*

Hi Mary Ann,

I need the district costs for medical and life insurance (listed separately) for the following employees:

	MED-DENT	LIFE	LTD
F-PPD Kathy Moran	10,225.81	190.08	510.48
F-PPD Lisa Touloumis	10,225.81	39.60	
F-BCS Deb Cook	11,157.46	39.60	
S-PPD Mary Ann Morici	3212.71	39.60	
F-PPD Lottie Komperda	10,225.81	39.60	
F-PPD Sherri Bugyis	10,225.81	224.40	604.80

Thanks,
Kathy

6/9/2009

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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 14, 2010

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

- Payroll and Accounts Payable bank reconciliation
- Balance monthly totals between Treasurer and LTHS
- Provide printing costs for envelopes for payroll and accounts payable checks.
- Annual salary and benefit costs for 5 employees as per attached invoice

Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 COSTS FOR 2009-10

	Salary 09-10	OASDI 6.2%	Medicare 1.45%	IMRF 8.32%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 87,731.00	\$ 5,439.32	\$ 1,272.10	\$ 7,299.22	\$ 10,947.53	\$ 853.89	\$ 113,543.06	\$ 0.75	\$ 85,157.30
Accounts Payable Bookkeeper	\$ 42,073.00	\$ 2,608.53	\$ 610.06	\$ 3,500.47	\$ 10,947.53	\$ 39.60	\$ 59,779.19	\$ 1.00	\$ 59,779.19
Accounts Payable Bookkeeper	\$ 38,043.36	\$ 2,358.69	\$ 551.63	\$ 3,165.21	\$ 10,947.53	\$ 39.60	\$ 55,106.01	\$ 1.00	\$ 55,106.01
Payroll Specialist	\$ 43,344.00	\$ 2,687.33	\$ 628.49	\$ 3,606.22	\$ 6,568.50	\$ 39.60	\$ 56,874.14	\$ 1.00	\$ 56,874.14
Accounting Manager (20%)	\$ 74,049.00	\$ 4,591.04	\$ 1,073.71	\$ 6,160.88	\$ 10,947.53	\$ 722.43	\$ 97,544.59	\$ 0.20	\$ 19,508.92
Micro Toner	\$285,240.36	\$ 17,684.90	\$ 4,135.99	\$ 23,732.00	\$ 50,358.62	\$ 1,695.12	\$ 382,846.99		\$ 318.80
									\$ 276,744.35

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	Medical Ins	Life	LTD
Bugyis, S	\$ 10,992.43	\$ 1,192.80	\$ 99.40
Moran, K	\$ 10,992.43	\$ 1,006.77	\$ 83.90
Cook, D	\$ 12,129.29	\$ 32.40	
Stone, P	\$ 10,992.43	\$ 32.40	
Henneman, K	\$ 10,992.43	\$ 32.40	
Morici, M	\$ 3,435.12	\$ 32.40	
Komperda, W	\$ 12,344.42	\$ 32.40	

10,021.82



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INVOICE DATE	INVOICE NUMBER	INVOICE TERMS	DUE DATE
12/03/2008	MX2128	NET 30 Days-Gov/Ed	01/02/2009

OUR PART NO.	DESCRIPTION	QTY	QTY	QTY	UNIT PRICE	TOTAL
		ORD	SHIP	B/G		
076514	TROY MICR 8000 5SI TONER CART Manufacture Part Number: 02-17981-001	1	1	0	\$385.99	\$385.99

11 25 2008

ACH INFORMATION: THE NORTHERN TRUST ROUTING NO.: 071000152
 60 SOUTH LASALLE STREET ACCOUNT NAME: CDW GOVERNMENT INC
 CHICAGO, IL 60676 ACCOUNT NO.: 81057

HAVE QUESTIONS ABOUT YOUR ACCOUNT? PLEASE EMAIL US AT: credit@cdw.com

ORDER DATE 11/25/2008	SHIP VIA FEDEX Ground	PURCHASE ORDER NO. 91564	CUSTOMER NO. 191500	PRODUCT SUBTOTAL	\$385.99
SALESPERSON KEVIN MCMAHON 847-371-7113 kevinm@cdwg.com			SHIP TO: LYONS TOWNSHIP HIGH SCHOOL DEBBIE COOK 100 S BRANARD AVE LA GRANGE IL 60525-2100	SALES ORDER NUMBER MMS1197	SHIPPING \$0.00
				SALES TAX	\$0.00
				INVOICE AMOUNT	\$385.99
				AMOUNT DUE	\$385.99

CDW GOVERNMENT, INC. AN ILLINOIS CORPORATION FEIN 38-4230110



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VISIT CDWG ON THE INTERNET

INVOICE DATE	INVOICE NUMBER	INVOICE TERMS	DUE DATE
05/11/2009	PBJ1796	NET 30 Days-Gov/Ed	06/10/2009

QTY	UNIT PRICE	TOTAL
1	\$385.03	\$385.03

ORIGINAL INVOICE
 THANK YOU FOR YOUR ORDER

PAID
 MAY 19 2009
 BY: _____

A/C INFORMATION: THE NORTHERN TRUST ROUTING NO.: 071000152
 50 SOUTH LASALLE STREET ACCOUNT NAME: CDW GOVERNMENT INC
 CHICAGO, IL 60675 ACCOUNT NO.: 81057

HAVE QUESTIONS ABOUT YOUR ACCOUNT? PLEASE EMAIL US AT: credit@cdw.com

ORDER DATE 06/07/2009	SHIP VIA UPS Ground (1-2 day)	PURCHASE ORDER NO. 92528	CUSTOMER NO. 191500	PRODUCT SUBTOTAL	\$385.03
SALESPERSON KEVIN MCMAHON 847-371-7113 kevinmcm@cdwg.com			SHIP TO: LYONS TOWNSHIP HIGH SCHOOL KAREN BROWN 100 S BRAHARD AVE LA GRANGE IL 60525-2100	SALES ORDER NUMBER NTS2720	SHIPPING \$9.99
				SALES TAX	\$0.00
				INVOICE AMOUNT	\$395.02
				AMOUNT DUE	\$395.02

CDW GOVERNMENT, INC. AN ILLINOIS CORPORATION FEIN 38-4230110

PLEASE PRINT AND SIGN THIS CHECK OVER CHECKED BY CDW GOVERNMENT, INC. DATE PRINTED ON THE BACK

43

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert G. Healy, Township School Treasurer

FROM: David S. Sellers, Director of Business Services

SUBJECT: Treasurer's Office Responsibilities

DATE: June 1, 2011

Following is a list of responsibilities that District 204 proposes become the direct cost of the Lyons Township Treasurer's Office:

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

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

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2010-11

	Salary 10-11	OASDI 6.2%	Medicare 1.45%	IMRF 8.32%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator	\$ 87,731.00	\$ 5,439.32	\$ 1,272.10	\$ 7,299.22	\$ 10,992.43	\$ 1,292.20	\$ 114,026.27	\$ 0.75	\$ 85,519.70
Accounts Payable Bookkeeper	\$ 43,326.00	\$ 2,686.21	\$ 628.23	\$ 3,604.72	\$ 12,129.29	\$ 1,090.67	\$ 63,465.12	\$ 1.00	\$ 63,465.12
Accounts Payable Bookkeeper	\$ 39,191.36	\$ 2,429.86	\$ 568.27	\$ 3,260.72	\$ 10,992.43	\$ 39.60	\$ 56,482.25	\$ 1.00	\$ 56,482.25
Payroll Specialist	\$ 44,516.16	\$ 2,760.00	\$ 645.48	\$ 3,703.74	\$ 10,992.43	\$ 39.60	\$ 62,657.42	\$ 1.00	\$ 62,657.42
Accounting Manager	\$ 76,270.00	\$ 4,728.74	\$ 1,105.92	\$ 6,345.66	\$ 10,992.43	\$ 722.43	\$ 100,165.18	\$ 0.15	\$ 15,024.78
Micro Toner to print checks	\$291,034.52	\$ 18,044.14	\$ 4,220.00	\$ 24,214.07	\$ 56,099.01	\$ 3,184.50	\$ 396,796.24		\$ 385.99
									\$ 283,535.26

45

Office DEPOT

Office Depot, Inc
PO BOX 630813
CINCINNATI OH
45263-0813

FEDERAL ID:59-2663954

451819

ORIGINAL INVOICE

THANKS FOR YOUR ORDER

IF YOU HAVE ANY QUESTIONS
OR PROBLEMS. JUST CALL US

FOR CUSTOMER SERVICE ORDER: (888) 263-3423
FOR ACCOUNT: (800) 721-6592

INVOICE NUMBER	AMOUNT DUE	PAGE NUMBER
486350939001	316.80	Page 1 of 1
INVOICE DATE	TERMS	PAYMENT DUE
31-AUG-09	Net 30	02-OCT-09

BILL TO:

ATTN: ACCOUNTS PAYABLE
LYONS TWP HIGH SCH
C/O BUSINESS OFFICE
100 S BRAINARD AVE
LA GRANGE IL 60525-2100

005106-000249

SHIP TO:

LYONS TWP HIGH SCH
NORTH CAMPUS
100 S BRAINARD AVE
LA GRANGE IL 60525-2100



ACCOUNT NUMBER 28502485	PO # 100846	SHIP TO ID NORTH CAMP	ORDER NUMBER 486350939001	ORDER DATE 27-AUG-09	SHIPPED DATE 31-AUG-09		
BILLING ID 173346	ACCOUNT MANAGER RELEASE	ORDERED BY STONE, PATTY	DESKTOP	ACCT # 2520.4100.7300			
CATALOG ITEM #/ MANUF CODE	DESCRIPTION/ CUSTOMER ITEM #	U/M TAX	QTY ORD	QTY SHP	QTY B/O	UNIT PRICE	EXTENDED PRICE
905290 TRS0281300001	TONER,4014/4015/4515,MICR, 905290	EA Y	1	1	0	316.800	316.80
<p>PAID SEP 14 2009</p> <p>BY:</p> <p>8 SEP 2009 PM 2:41</p>							
SUB-TOTAL						316.80	
DELIVERY						0.00	
SALES TAX						0.00	
TOTAL						316.80	

All amounts are based on USD currency

To return supplies, please repack in original box and insert our packing list, or copy of this invoice. Please note problem so we may issue credit or replacement, whichever you prefer. Please do not ship collect. Please do not return furniture or machines until you call us first for instructions. Shortage or damage must be reported within 5 days after delivery.

005106-000249

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D204-00267

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	Medicare		IMRF 8.32%	Medical		Life & LTD	Total	Percent Applied	Total
		OASDI 6.2%	1.45%		Insurance					
Database Administrator	\$ 93,978.00	\$ 5,826.64	\$ 1,362.68	\$ 7,818.97	\$ 12,235.40	\$ 306.36	\$ 121,528.05	\$ 91,146.03	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	\$ 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	\$ 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	\$ 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	\$ 15,672.44	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		\$ 297,991.10

48

PAY 015 12 - FY 12 - Employee Assignments/Contracts

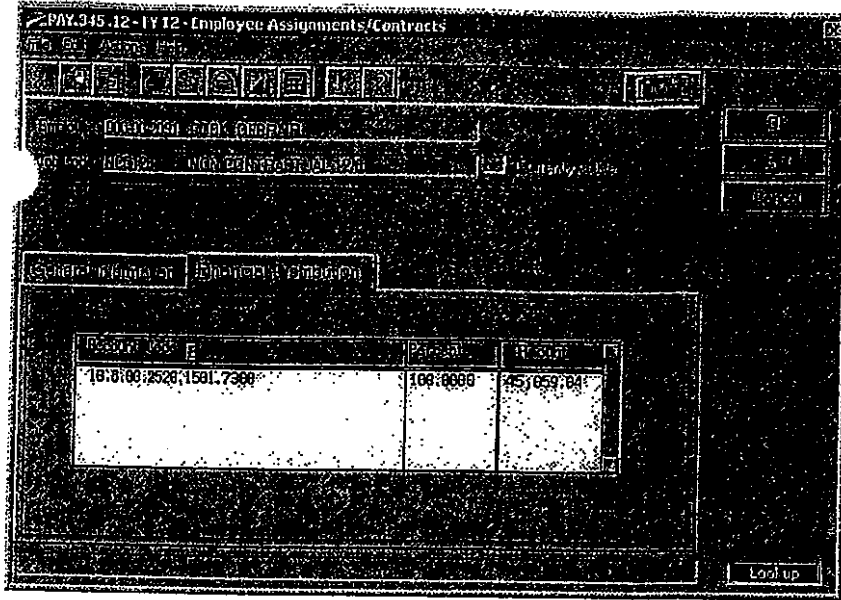
BUDGET: 0000-000-0000-0000-0000-0000
 FUND: 0000-000-0000-0000-0000-0000

OBJECT: 0000-000-0000-0000-0000-0000
 ELEMENT: 0000-000-0000-0000-0000-0000

REPORT: 0000-000-0000-0000-0000-0000

ACCOUNT CODE	PAID	YTD
101000/26601001/7500	1000000	00197000

49



50

PAY045.12 - FY 12 - Employee Assignments/Contracts

State:

Agency:

Employee ID	Agency	Amount
18:0199:2529:150:27300	100:0000	49,757.76

51

PAV.315.12 - FY 12 - Employee Assignments/Contracts

Emp: 00000000000000000000000000000000
 Emp: 00000000000000000000000000000000

General: 00000000000000000000000000000000

EMPLOYEE ID	STATUS	DATE
00000000000000000000000000000000	00000000	00000000

Log out

52

PAV.315.12-FY 12 - Employee Assignments/Contracts

Employee: [REDACTED] REPAM/SA/FRONT

Agency: [REDACTED] REPRESENTATIONAL ADMINISTRATION

General Information Benefit Information

DESIGNATION	START DATE	END DATE
1010100/25203114/7300	10/01/00	7/31/00

Log out

53

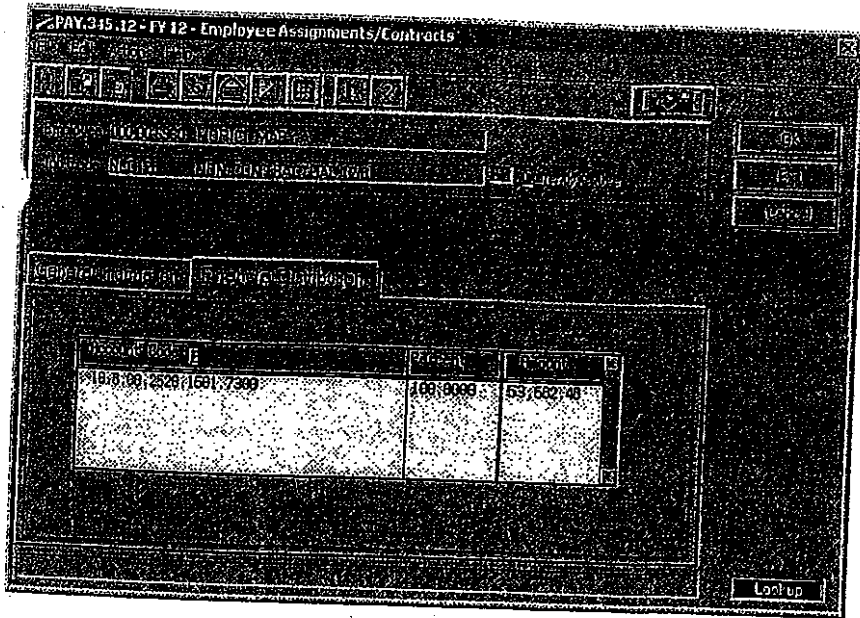
PAV 345 12 - FY 12 - Employee Assignments/Contracts

Name: [XXXXXXXXXXXXXXXXXXXX]

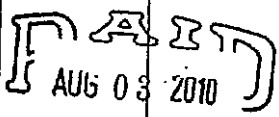
Title: [XXXXXXXXXXXXXXXXXXXX]

Contract ID	Start Date	End Date
20101001250210121000	10/01/00	09/30/09

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INVOICE DATE 07/20/10	INVOICE NUMBER THR1890	Net 30 Days			08/19/10
ORDER DATE 07/19/10	SHIP VIA UPS Ground (1- 2 day)	PURCHASE ORDER NUMBER 110479			CUSTOMER NUMBER 191500
ITEM NUMBER 076514	DESCRIPTION TROY MICR 8000 5SI TONER CART Manufacturer Part Number: 02-17981-001	QTY ORD 1	QTY SHIP 1	QTY B/O 0	UNIT PRICE 385.99
					TOTAL 385.99
28 JUL 2010 AM 6:30					
 BY:.....					

GO GREEN!

CDW is happy to announce that paperless billing is now available! If you would like to start receiving your Invoices as an emailed PDF, please email CDW at paperlessbilling@cdw.com. Please include your Customer number or an Invoice number in your email for faster processing.

REDUCE PROCESSING COSTS AND ELIMINATE THE HASSLE OF PAPER CHECKS!

Begin transmitting your payments electronically via ACH using CDW's bank and remittance information located at the top of the attached payment coupon. Email credit@cdw.com with any questions.

ACCOUNT MANAGER	SHIPPING ADDRESS:	SUBTOTAL	\$385.99
KEVIN MCMAHON 847-371-7113 kevimcm@cdwg.com	LYONS TOWNSHIP HIGH SCHOOL DEB COOK - 108 100 S BRAINARD AVE LA GRANGE IL 60525-2100	SHIPPING	\$11.18
SALES ORDER NUMBER		SALES TAX	\$0.00
VDG2997		AMOUNT DUE	\$397.17



0001:0002

Cage Code Number 1KH72
DUNS Number 02-615-7235
ISO 9001 and ISO 14001 Certified
CDW GOVERNMENT FEIN 36-4230110

HAVE QUESTIONS ABOUT YOUR ACCOUNT?
PLEASE EMAIL US AT credit@cdw.com
VISIT US ON THE INTERNET AT www.cdwg.com

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EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346

BOARD OF SCHOOL TRUSTEES
Joseph Nekola, President
Donna A. Milich, Trustee
Russell W. Hartigan, Trustee

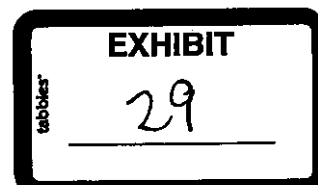
ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

NOTICE

THE RESCHEDULED REGULAR MEETING OF THE BOARD OF THE LYONS TOWNSHIP TRUSTEES OF SCHOOLS HAS BEEN RESCHEDULED FOR TUESDAY, MARCH 21, 2000 AT 11:00 A.M. AT THE TOWNSHIP SCHOOL TREASURER'S OFFICE, 930 BARNSDALE ROAD, LA GRANGE PARK, ILLINOIS.

AGENDA

1. ROLL CALL
2. PUBLIC COMMENTS
3. APPROVAL OF MINUTES FROM THE REGULAR QUARTERLY MEETING OF DECEMBER 9, 1999, AND THE OFFICIAL POST ELECTION ORGANIZATIONAL MEETING FOR THE LYONS TOWNSHIP SCHOOL TRUSTEES, DECEMBER 9, 1999.
4. APPROVAL OF REPORTS FOR SEPTEMBER, OCTOBER, AND NOVEMBER 1999
 - A. DISTRICT OPERATIONS
 - B. DISTRIBUTIVE FUND
 - C. INVESTMENT REPORTS
5. APPROVAL OF TREASURER'S OFFICE EXPENSES FOR THE QUARTER.
6. PROPERTY TRANSFERS
7.
 - A. DISTRICT #101
 - B. DISTRICT #102
 - C. DISTRICT #204
8. DISTRICT 204 BUSINESS OFFICE
9. SCHOLARSHIP FUND UPDATE
10. TRUSTEE SEMINAR
11. APPROVAL OF \$405,000.00 WORKING CASH BOND FOR DISTRICT #217
12. COOK COUNTY TREASURER
13. OTHER BUSINESS
14. ADJOURNMENT



Memorandum

To: Robert Healy

From: Lisa Beckwith

Date: February 29, 2000

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>99-00</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$41,205	\$3,152	\$3,045		\$48	\$47,450
Accounts Payable Bkkeeper	\$23,192	\$1,774	\$1,714	\$7,028	\$48	\$33,756
Payroll Bookkeeper	\$21,861	\$1,672	\$1,616		\$48	\$25,197
Total	\$86,258	\$6,598	\$6,375	\$7,028	\$144	\$106,403

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF LYONS TOWNSHIP TRUSTEES OF SCHOOLS
TUESDAY, MARCH 21, 2000

The meeting of the Lyons Township Trustees of Schools was held in the office of the Township School Treasurer, 930 Barnsdale Road, La Grange Park, Illinois, Tuesday, March 21, 2000 at 11:00 A.M.

President, Joseph Nekola called the meeting to order at 11:00 A.M.

ROLL CALL: Present - Russell Hartigan, Joseph Nekola.
Absent - Donna Milich

Also present was Treasurer and Ex-Officio, Clerk, Robert G. Healy..

A motion was made by Russell Hartigan seconded by Joseph Nekola to approve the minutes from the regular quarterly meeting of December 9, 1999 and the official post election organizational meeting for the Lyons Township School Trustees of December 9, 1999.

ROLL CALL: Ayes - Russell Hartigan, Joseph Nekola
Nays - None

A motion was made by Russell Hartigan seconded by Joseph Nekola to approve the monthly reports for September, October, and November 1999.

ROLL CALL: Ayes - Russell Hartigan, Joseph Nekola
Nays - None.

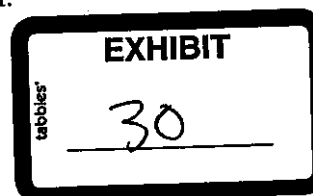
The trustees instructed Healy to get approval on any legal bill in excess of \$1,000.00 prior to the check being issued.

A motion was made by Joseph Nekola seconded by Russell Hartigan to approve the Treasurer's office quarterly expenses.

ROLL CALL: Ayes - Russell Hartigan, Joseph Nekola
Nays - None

Healy notified the board that there are upcoming property transfers in the works for three different districts. The board advised Healy to obtain authorization/resolution at a subsequent meeting.

Healy submitted to the Trustees the proposal from District 204 stating this office absorb certain payroll, accounts payable and computer processing expenditures by District 204. As these costs would be incurred by the Treasurer's office if Lyons Township High School were to totally utilize the facilities of the Treasurer's office. These costs would certainly be incurred. A point to be clarified is to make sure that workman's compensation is covered. A further recommendation by Trustee Hartigan is that the trustees be given an evaluation of the employee's performance for those aforementioned personnel employed at the high school.



A motion was made by Russell Hartigan seconded by Joseph Nekola to accept the proposal given to the Lyons Township Trustees of Schools by Cook County High School District #204.
ROLL CALL: Ayes - Joseph Nekola, Russell Hartigan
Nays - None

Treasurer Healy updated the Trustees regarding the Scholarship Fund. The Trustees reviewed correspondence from Michael E. Olsen, P. C. and articles of incorporation of the LTST Scholarship Fund Corporation. Treasurer Healy will be in further contact with Mr. Olsen regarding a time line and review of the corporation status.

Treasurer Healy advised the board of the Trustees Seminar to be held May 19 - 21, 2000 at Pheasant Run in St. Charles, Illinois. Will need to know who will be attending the seminar in the near future.


A motion was made by Russell Hartigan seconded by Joseph Nekola to approve the \$405,000.00 Working Cash bond for High School District #217.

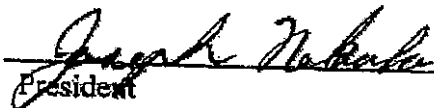
ROLL CALL: Ayes - Joseph Nekola, Russell Hartigan
Nays - None

Treasurer Healy informed the Trustees that the office of the Cook County Treasurer has continued to deviate from prior years distribution patterns. Repeated discussions by the Cook County Treasurer's association with Treasurer Pappas and her staff seem to be of no avail. Multiple unanswered questions about procedures and financial back up seem to have taken a back burner with the Cook County Treasurer.

A motion was made by Russell Hartigan seconded by Joseph Nekola to adjourn.
All trustees signified acceptance by saying "aye". Motion carried.

The meeting adjourned at 12:15 P.M.


Clerk


President

FINANCE COMMITTEE MINUTES

March 22, 2000

7:00 a.m.

Members present: Mark Pera; Bill Sprague; Mary Clare Loftus; Kim Gittens; Dennis Kelly; Lisa Beckwith.

Mark Pera called the meeting to order at 7:00 a.m.

The Committee reviewed the recommended changes in the Township Treasurer billing. The billing will include transferring the cost of 3 business office staff salaries and benefits to the Township Treasurer. The Treasurer will also offer additional services to include reconciliation of all funds and bank accounts as well as providing checks and envelopes to the district. This adjustment creates more parity between the services provided all member districts. This will be effective for the 1999-2000 school year. This change is subject to approval by the Township Treasurer Trustees.

Dr. Beckwith reported that the Township Treasurer is working with the County Clerk to ensure all revenues due to the District are received. Board of Education members have received communication on this matter from Mr. Healy.

At 7:15 a.m. the Committee moved to closed session.

At 8:00 a.m. closed session was adjourned.

The Committee then reviewed the 1999-2000 budget. The Committee reviewed a comparison chart of the adopted 1999-2000 budgets and a possible amended budget. The adopted budget, which included an increase of 4.9%, is appropriate. The Committee recommended, after reviewing the proposed differences, to leave the current budget in place.

Finally, the Committee discussed the latest property tax objection received from Burke's Beverage. The Committee reviewed the information and chose to recommend that the Board of Education hire Ed King to fight this objection.

The meeting was adjourned at 8:10 a.m.



D204-00177

MEMORANDUM

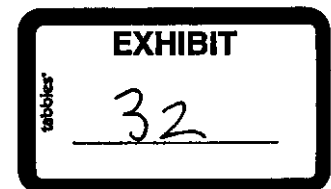
TO: Board of Education

FROM: Lisa Beckwith

DATE: June 14, 2000

SUBJECT: TOWNSHIP TREASURER EXPENDITURES

Attached is a copy of the Lyons Township High School Treasurer's bill for the 1999-2000 school year. The District's share is \$165,476, which is a 6% increase over the 1998-1999 school year. Also attached is a copy of the agreement that we made with the Treasurer, which pays the District \$106,403 for comparable services provided to other township districts but not to Lyons Township High School. Board of Education action is to approve a payment in the net amount of \$59,073.



EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346

BOARD OF SCHOOL TRUSTEES
Joseph Nekola, President
Donna A. Milich, Trustee
Russell W. Hartigan, Trustee

ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

May 24, 2000

Dr. Dennis Kelly, Superintendent
Cook County High School District #204
100 S. Brainard Avenue
LaGrange, IL 60525

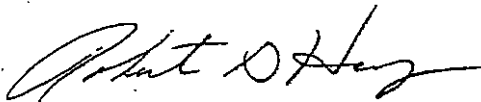
Dear Dr. Kelly:

Pursuant to Section 8-4 of the School Code, please consider this a revised invoice for services provided by the Lyons Township School Treasurer's office for the 1999 fiscal year. The District's share amounts to \$165,476.00.

Any increase in the District's fee will represent either an increase in the expenses of this office or an increase in the District's percentage of total revenues received by this office. Please note that bond proceeds are not considered as revenues in determining the percentage.

I hope your district is satisfied with the services which are being provided. If there are any suggestions on additional services which we can provide or if there are any questions please give me a call.

Sincerely,



Robert G. Healy
Lyons Township School Treasurer

RGH/grm

LYONS TOWNSHIP SCHOOL TREASURER
PRO RATA BILLING
FOR FISCAL YEAR ENDED JUNE 30, 1999

DISTRICT	REVENUES	PERCENTAGE	COST FOR DIST
101	8,240,261.38	4.6349	32,039.00
102	21,023,849.21	11.8253	81,742.00
103	15,155,331.54	8.5244	58,925.00
104	11,609,532.43	6.5300	45,138.00
105	10,372,117.93	5.8340	40,327.00
106	6,592,298.52	3.7080	25,631.00
107	7,227,922.03	4.0655	28,102.00
108	2,484,784.76	1.3976	9,661.00
109	18,213,581.00	10.2446	70,815.00
204	42,560,280.04	23.9389	165,476.00
LADSE	10,173,290.51	5.7222	39,554.00
217	20,362,503.26	11.4533	79,170.00
MEDICAL	3,771,585.40	2.1213	14,665.00
TOTAL	\$177,787,338.01	100.00	\$691,245.00

Memorandum

To: Robert Healy

From: Lisa Beckwith

Date: February 29, 2000

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

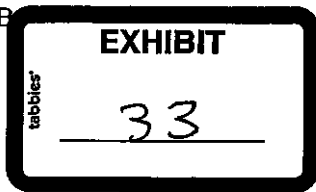
	Salary	OASDI		Insurance	Insurance	
	<u>99-00</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$41,205	\$3,152	\$3,045		\$48	\$47,450
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Payroll Bookkeeper	\$21,861	\$1,672	\$1,616		\$48	\$25,197
Total	\$86,258	\$6,598	\$6,375	\$7,028	\$144	\$106,403

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.

REGULAR MEETING OF THE BOARD OF EDUCATION
 LYONS TOWNSHIP HIGH SCHOOL, DISTRICT 204
 100 South Brainard Avenue, Room 103-104
 LaGrange, IL 60525
 Monday, June 19, 2000 - 7:30 p.m.

AGENDA

<u>TIME</u>		<u>PAGE</u>
7:30	I. <u>OPENING AND ROLL CALL</u>	
7:30	II. <u>AGENDA APPROVAL/ORDER OF BUSINESS</u> Approval of agenda as prepared or members may request consideration of modification to the agenda. Changes will be determined by a majority of the Board.....	1
7:30	III. <u>OPEN SESSION - COMMUNICATIONS</u> Oral – Visitors’ comments Individuals who would like to address the Board of Education are requested to note the topic of interest on the available blue form.	
8:00	IV. <u>SUPERINTENDENT'S DISTRICT REPORT</u> A. Final 1999-2000 Board Goals Summary B. End-of-Year Report	
8:15	V. <u>UNFINISHED BUSINESS</u> A. Action 1. Textbook/Instructional Material Change Request - 2 nd Reading (Dr. Weninger) (under separate cover) 2. District-Owned Property in Willow Springs	
8:45	VI. <u>NEW BUSINESS</u> A. Action 1. Acceptance of Gift for Fieldhouse Floor..... 2. Textbook/Instructional Material Change Request - 1 st Reading (Dr. Weninger) (under separate cover) 3. LT TechCorp Prosoft CIW Training Provider Agreement (Dr. Weninger) (under separate cover) B. Information 1. State of the Schools Status Report (Mr. Young) 2. Long-Range Technology Planning (Dr. Kelly) 3. Departmental Standards (Dr. Weninger) (under separate cover) 4. Transition Committee Recommendations (Dr. Weninger)	2
9:15	VII. <u>CONSENT AGENDA</u> A. Payment of Bills and Financial Statements (Dr. Beckwith) 1. Lyons Township High School - Approval is requested for payment of bills within various funds 2. Lyons Township High School - The financial statement for the month ending May 31, 2000 is presented for Board approval. 3. LaGrange Area Department of Special Education - Approval is requested for payment of bills within various funds 4. LaGrange Area Department of Special Education - The financial statement for the month ending May 31, 2000 is presented for B B. Personnel - (Mr. Bill)	6 7 8



1. LTHS Classified	10
a. Resignation	
2. LTHS Certified	12
a. Employment	
b. Retirement	
3. LADSE	19
a. Employment	
b. Resignation	
c. Maternity/Child Rearing Leave	
C. Minutes	
1. Regular Meeting - May 15, 2000 - Open and Closed Sessions	20
2. Special Meeting - May 22, 2000 - Open and Closed Sessions.....	29
3. Facilities Committee - June 13, 2000 (under separate cover)	
4. Curriculum Committee - June 15, 2000 (under separate cover)	
5. Budget/Finance Committee - June 16, 2000 (under separate cover)	
D. Rescind Previously Approved Bid for Combination Locks (Dr. Beckwith)	30
E. Award of Bids (Dr. Beckwith)	
1. Combination Locks	31
2. School Transportation	32
3. Athletic and PE Supplies.....	35
4. Athletic Training Supplies.....	36
5. Printing of School Newspaper.....	37
6. Yearbook Photographer Bid	41
7. Teacher/Student Desks, Chairs, Filing Cabinets, & Science Lab Stools	66
8. 2000 Security System Work (under separate cover)	
9. Swimming Pool Scoring Timing System	67
F. North Central Association Commission on Schools Annual Dues 2000-2001	68
G. Illinois Association of School Boards Annual Dues 2000-2001	69
H. Disposal of Surplus Property: Wood Joiner (Dr. Beckwith)	73
I. Resolution of Appointment to DAOES Board of Directors	74
J. Insurance Premiums (Dr. Beckwith)	76
K. Resolutions of Prevailing Rate of Wages for Lyons Township High School & La Grange Area Department of Special Education (Dr. Beckwith)	82
L. Appointment of Harold Huang as Ethics Officer	92
M. IMRF Resolution	93
N. Business Services Consultant	94
O. Donation of Equipment/Supplies	
1. 1991 Oldsmobile Cutlass	95
2. 2000 Buick Century Custom Silver.....	98
3. 1988 Buick Century.....	102
4. Computer, Monitor, and Keyboard	105
P. Township Treasurer's Invoice	107
Q. Intergovernmental Cooperative Agreement to Establish the Illinois Gas Cooperative (Dr. Beckwith)	111

9:20 VIII.

CLOSED SESSION

Recommended adjournment into Closed Session for the purposes of considering information regarding the appointment, employment or dismissal of an employee or officer or to hear testimony on a complaint lodged against an employee or officer to determine its validity; to discuss collective negotiating matters between public employers and employees or their representatives or deliberations concerning salary schedules for one or more classes of employees; for student discipline; for the purpose of considering the selling price of real estate; litigation; and for security related issues.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
 BOARD OF EDUCATION
 MINUTES OF REGULAR MEETING
 BOARD-CONFERENCE ROOM
 MONDAY, JUNE 19, 2000
 7:30 p.m.

BOARD OF EDUCATION

PRESENT **ABSENT**

Mr. Todd Shapiro, President	<u>X</u>	—
Mrs. Mary Clare Loftus, Vice President	<u>X</u>	—
Ms. Marilyn N. Marchetti, Secretary	<u>X</u>	—
Mr. Terrence J. Gaffney	<u>X</u>	—
Mr. Mark N. Pera	<u>X</u>	—
Dr. John T. Polacek	<u>X</u>	—
Dr. Arthur W. Sprague, Jr.	<u>X</u>	—

STAFF PRESENT

Dr. Dennis Kelly	Dr. Lisa Beckwith	Ms. Joyce Marine
Dr. Attila Weninger	Mr. John L. Young	Ms. Jennifer Bialobok
Dr. Larry Bond	Ms. Jeanne Widing	

VISITORS PRESENT

Mr. Mike Cittleon	Mr. Scott Trokey	Mr. Jerry Halterman
Mr. Bill Orman	Mr. Jim Tweedie	Ms. Kathleen Davies
Mr. Rick Knop	Mr. Richard J. Turk, Jr.	Mr. Mark Johnson
Mr. Al Polich	Ms. Joan Rycal	Ms. Cynthia Schilsky
Mr. Brad Nelson	Mr. Mike Morris	Mr. Scott Anderle
Mr. David Healy		

CALL TO ORDER

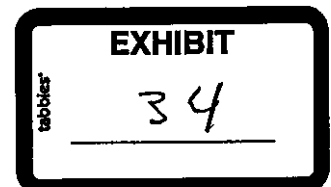
Mr. Shapiro called the meeting to order at 7:30 p.m. with the Pledge of Allegiance.

ACTION NO. 1: Agenda Approval/Order of Business

The following items will be added to the Consent Agenda: "LTHS Certified Personnel Resignation," item VII-B-2-c, and "Resolution and Application for Building Permit," item VII-R.

Dr. Polacek moved, seconded by Mr. Pera, to approve the agenda as amended, including the Closed Session.

By unanimous voice vote, the motion was adopted.



COMMUNICATIONS

Mr. James Tweedie, owner of Wyckoff Portraits Inc., addressed the Board concerning the yearbook contract. He urged the Board to reconsider the proposed motion to award the contract to a different vendor in light of the fact that Wyckoff's has been photographing LT students for the past 50 years. Mr. Tweedy asked that the Board compare Wyckoff's work to the proposed bid winner and to keep in mind Wyckoff's proximity to LT.

Dr. Sprague asked that the Yearbook Photographer Bid be pulled from the Consent Agenda and discussed as a separate issue.

SUPERINTENDENT'S DISTRICT REPORT

Dr. Kelly provided the following thoughts on the 1999-2000 school year: 1) Congratulations to Principal John L. Young on a wonderful graduation ceremony; over 700 well-behaved students received their diplomas in 51 minutes; 2) 27 top-quality employees have been hired for next year, combining new and experienced teachers; 3) the Facility Plan is progressing nicely, in part due to the support and generosity of parents and the community, and we're still showing a positive cash flow; 4) the area of curriculum is moving forward, from the completion of curriculum reviews to the exciting potential of the L.T. TechCorp Program; 5) communications have improved due to weekly staff meetings and Team LT; thanks to the administrative staff for their efforts; 6) cooperation from the staff has improved, thanks to Jeanne Widing and Paul Witt for their hard work in resolving problems, communicating honestly, and working towards the betterment of the district; and 7) thanks to the Board for the great amount of time and energy they devote to LT.

Dr. Kelly presented a final 1999-2000 Board goals summary. 1) *Continue to improve the academic performance of all students and academic programs:* the curriculum review process for Drivers' Ed, Health, Math, Phys Ed, and Social Studies remains on track, the Transition Committee report is finished, and Professional Period Assignments as content-based tutorial periods will be added to LTHSFA contract language. 2) *Improve communications throughout the District and foster a positive school climate:* numerous meetings with employees, staff, and students were held, opening up lines of communication; student activities and involvement were successful, encompassing 85% student participation; and the Peaceable Schools Initiative is now an integral part of LT. 3) *Continue to refine the teacher recruitment process screening, interviewing, employment, induction, mentoring, and professional development processes in order to build and retain a world-class staff:* a very sophisticated recruitment process has been set in place to handle the large numbers of new recruits anticipated over the next few years; 25+ certified staff have been hired for next year; and training for administrative staff has been set up for August. 4) *Maintain the process for ensuring a balanced budget, continue implementation of the school facility plan, and implement a software system for the retrieval and storage of student and financial data:* we've maintained a balanced budget while maintaining services for students; development of the 2001 budget has already begun; summer facilities projects have started (asbestos removal, concession stand, remodeling of bookstore and art rooms); and the CIMS computer system will have completed a full cycle in July. Dr. Kelly stated that with the upcoming school year, new Board goals will be needed, and that the District will look to the community for their input. Mr. Shapiro complimented the superintendent and his staff on their diligent work to meet the Board goals.

UNFINISHED BUSINESS

ACTION NO. 2: Instructional Textbook/Material Change Requests - 2nd Reading Exhibit A

Mrs. Loftus moved, seconded by Dr. Sprague, to adopt the Instructional Textbook/Material Change Requests.

On roll call:

Ayes: Mr. Pera, Mr. Gaffney, Dr. Polacek, Dr. Sprague, Ms. Marchetti, Mrs. Loftus, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

ACTION NO. 3: District-Owned Property in Willow Springs

Dr. Polacek moved, seconded by Mrs. Loftus, to initiate the process of selling the School District's 69-acre parcel of vacant land on the west side of Willow Springs Road between 79th Street and German Church Road by authorizing the administration and attorneys for the Board to bring a recommendation to the Board on terms and conditions of sale which will maximize the sale price and the long-term receipt of real estate tax revenue from the property. In preparing the recommendation, the administration is authorized to obtain, among other appropriate information, an updated appraisal, an updated survey, a commitment for title insurance in the minimum amount, and advice from a real estate planning and development expert at a cost not to exceed \$12,000.

All Board members agreed that for this particular motion to be adopted, a 5-2 vote would be essential (versus the usual 4-3 majority), since any subsequent vote to sell the property would require a 5-2 margin. After the motion was made, a lengthy discussion followed, with each Board member sharing his/her thoughts on the proposed property sale. Public sentiment of the School District's constituency to retain the property, no present compelling financial need, not being able to adequately judge the future enrollment needs of the District, and the fact that the land is irreplaceable were all reasons given by Board members opposed to the land sale. Board members favoring to dispose of the property felt that a sale was long overdue, the likelihood of ever needing a third site for student attendance was unlikely, money generated from the sale would benefit students, our present school facilities allow ample room for expansion if needed, and the sale would benefit a lot of taxpayers.

On roll call:

Ayes: Dr. Sprague, Dr. Polacek, Mrs. Loftus, Mr. Shapiro
Nays: Ms. Marchetti, Mr. Gaffney, Mr. Pera
Abstain: None
Absent: None

With 4 affirmative votes and 3 negative votes, the motion was lost.

ACTION NO. 4: Tabling of Discussion of District-Owned Property

Dr. Polacek moved, seconded by Ms. Marchetti, to table any discussion of District-owned property until February 2001.

By unanimous voice vote, the motion was adopted.

NEW BUSINESS

Textbook/Instructional Material Change Request - 1st Reading

Along with a request for a change in American Government AP and American History AP texts, Dr. Weninger reviewed the materials required for the Web Production class. Because the materials would run \$162.50 for a one-semester class, a decision would have to be made as to whether each student would be responsible for the entire cost or whether the Board would subsidize the cost. These texts will be on public display and will come to the Board as a second reading at the July meeting.

Fieldhouse Floor

A generous donation from the Allodi Family Foundation would allow the fieldhouse floor to be replaced with a safer, top-quality wood and rubberized floor. Architects from Healy, Snyder, Bender & Associates showed a rendering of the floor to the Board, which is projected to be completed by Thanksgiving at a cost of \$326,000.

ACTION NO. 5: Fieldhouse Floor Donation Agreement and Installment Note Exhibit B

Mr. Pera moved, seconded by Dr. Polacek, to accept a \$94,000 donation and a five-year, interest-free loan in an amount not to exceed \$232,000 from the Allodi Family Foundation to be used toward a new combined wood and rubberized floor in the Lyons Township High School North Campus Fieldhouse.

On roll call:

Ayes: Mr. Gaffney, Dr. Polacek, Dr. Sprague, Ms. Marchetti, Mrs. Loftus, Mr. Pera, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

Dr. Kelly publicly thanked Mr. Kevin Allodi for his generous gift and said that a dedication ceremony will be scheduled; a plaque denoting the gift donor will be ordered.

L.T. TechCorp Prosoft CIW Training Provider Agreement

Dr. Weninger explained the CIW Authorized Training Provider Agreement, which would offer another certification training opportunity as part of the L.T. TechCorp program. This training agreement would provide for certified web teachers at LT to provide industry-recognized training to students under the auspices of Prosoft.

ACTION NO. 6: CIW Training Provider Agreement Exhibit C

Mr. Pera moved, seconded by Mrs. Loftus, to approve the CIW Training Provider Agreement pending favorable review by the School District attorney.

On roll call:

Ayes: Ms. Marchetti, Mr. Gaffney, Dr. Polacek, Mrs. Loftus, Mr. Pera, Dr. Sprague, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

Yearbook Photographer Bid

Further clarification was made by Dr. Beckwith regarding the process of awarding a contract to designate a photographer to take pictures for the senior yearbook, as well as to photograph all underclassmen, faculty, administrators, board members and group pictures of clubs, activities, and athletic teams for inclusion in the yearbook. Although the District does not pay any money to the vendor, the contract recipient does benefit from the students who choose to place orders. The bid only designates the studio to provide the pictures for the yearbook; however, Dr. Beckwith emphasized that students could have their senior pictures taken at any studio of their choice. After three sealed bids were carefully reviewed for price, quality, and references, the School District, being legally required to accept the lowest responsible bid, decided to award the contract to Halterman Photography Studio. Some Board members stated that although Wyckoff Portraits Inc. is a community business that in the past has provided excellent service to LT, to go out for the re-bid process might set an unfair precedent and question the integrity of the bidding process.

ACTION NO. 7: Yearbook Photographer Bid Exhibit D

Mr. Pera moved, seconded by Dr. Sprague, to award the yearbook photographer contract to Halterman Photography Studio for the next three years: 2000-2001, 2001-2002, and 2002-2003.

On roll call:

Ayes: Mrs. Loftus, Dr. Sprague, Ms. Marchetti, Mr. Pera, Dr. Polacek, Mr. Gaffney, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

State-of-the-Schools Status Report

Principal John L. Young presented an overview of the 1999-2000 school year, saying that the state of the school is in good shape. Three new administrators in key positions did a great job: Kris Costopoulos,

Therese De Clerk, and Karen C. Brown, while Mike Maguire ably ran the Corral in his first year in charge of that facility. The Alternative Program went much smoother this year, now that the focus of the program has been established and better understood; additionally, the quality of the orchestra program keeps growing. Parent participation increased in all areas, and programs such as Peaceable Schools Initiative (PSI), Operation Snowball, and Alternative-to-Suspension continued to flourish. The Strength in Diversity Program will continue next year and focus more on students. The expanded security force has made people in the school feel more comfortable by guiding them and providing a more welcoming atmosphere. Many of our athletic teams fared well this year, including our volleyball team, coached by Joann Pyritz, that received a state commendation for quality of play and sportsmanship. Mr. Young acknowledged special appreciation and recognition to the Administrative Team, PSI Committee, Custodial and Maintenance Departments, the Assistant Principals' and Main Offices, security personnel, and to individuals Bill Pendell, Mike Hogan, Manny Reyes, and Jennifer Bialobok. In closing, Mr. Young emphasized that the most important ingredient to the school system is the students, and next year he will continue to work on increasing awareness of compassion at LT. Mr. Young then thanked Superintendent Kelly for allowing him to operate with a fairly free hand, and the Board for always putting students first, for helping make ideas become a reality, and for attending the numerous school events.

Long-Range Technology Planning

Dr. Kelly discussed the importance of developing a comprehensive district-wide technology plan to unite all aspects of technology. He offered to chair a technology committee that would aggressively proceed forward, researching schools and businesses, and subsequently utilize an expert to review the plan. Issues to be addressed include how all the pieces of technology fit together, whether to have one person in charge of technology or have several people oversee different areas, the future of the Discovery Centers, the impact of LT technology on feeder districts, and how to offer more direct services to students with less bureaucracy. Convening this summer, the committee's plan would hopefully be completed by March 2001. Board President Todd Shapiro informed Dr. Kelly that he has the support of the Board to move forward.

Departmental Standards Exhibit E

Dr. Weninger presented departmental standards for Business Education, Foreign Language, and Science. As part of the curriculum review process, the standards--developed by faculty and reviewed by External Advisory Groups--address what students should know and what they should be able to do as a result of having successfully completed respective programs of study. No formal Board action was requested or required at this time.

Transition Committee Recommendations Exhibit F

At this time, Dr. Weninger asked the Board to just review the Transition Committee recommendations and suggested action plans and to allow the Curriculum Committee to further discuss these recommendations at their summer meetings. Final recommendations will be brought to the full Board by the August 21 Board of Education meeting.

ACTION NO. 8: Approval of Consent Agenda

Mr. Pera moved, seconded by Dr. Polacek, to approve the Consent Agenda as amended.

LTHS Monthly Financials

Approval of Lyons Township High School monthly bills in the amount of \$3,198,824.20. **Exhibit G**

Approval of Lyons Township High School financial statement for the month ending May 31, 2000.
Exhibit H

LADSE Financials

Approval of LaGrange Area Department of Special Education monthly bills in the amount of \$2,204,347.00. **Exhibit I**

Approval of LaGrange Area Department of Special Education financial statement for the month ending May 31, 2000.

PERSONNEL
LTHS Classified

Resignation

John Andrews--Security--North Campus--effective June 9, 2000--Salary \$10.00 hourly.

CERTIFIED

Employment

Vikki Koenig--Language Arts and Learning Resources Divisions (English .7/Discovery Center 3)--1.0 assignment--effective August 24, 2000--Salary \$39,177.26 (BA, Step 2).

Maureen Laude--Math/Science Division (Mathematics)--1.0 assignment--effective August 24, 2000--Salary \$73,080.65 (MA, Step 15).

William Meuer--Global Studies Division (Social Studies)--.8 assignment--effective August 24, 2000--Salary \$36,163.62 (based on MA, Step 3).

Patrick Page--Fine Arts division (Art)--.8 assignment--effective August 24, 2000--Salary \$32,547.26 (based on MA, Step 1).

Marilyn Zimny--Learning Resources Division--(Discovery Center)--1.0 assignment--effective August 24, 2000--Salary \$66,676.68 (MA, Step 11).

Retirement

Paul Guyer--Math/Science Division (Mathematics)--effective June 9, 2000.

Resignation

Mary Baptist Brown--Purchasing and Accounting Manager--effective July 4, 2000.

LADSE

Employment

Mary Ann Stec - 1.0 Purchased Service Speech/Language Pathologist, subject to the Local funding program, beginning August 21, 2000, a contract of 185 days, at an annual salary of \$35,501.

Resignations

Joan C. Espirito-Santo - 1.0 Speech/Language Pathologist, effective June 9, 2000.

Amy Garcia - 1.0 CD Program Paraeducator, effective May 26, 2000.

Keshia Gipson - 1.0 School Psychologist, effective June 9, 2000.

Nealy Marshall - 1.0 D/HH Elementary Teacher, effective June 9, 2000.

Maternity/Child Rearing Leave

Lauren Smith - 1.0 School Psychologist, effective 2000-2001 school year:

Minutes:

Regular Meeting - Open and Closed Sessions - May 15, 2000
Special Meeting - Open and Closed Sessions, May 22, 2000
Facilities Committee - June 13, 2000
Curriculum Committee - June 15, 2000
Budget/Finance Committee - June 16, 2000

Rescind Previously Approved Bid for Combination Locks Exhibit J

Awarding of Bids:

1. Combination Locks	DGM Sales Inc.	\$26,100.00
2. School Transportation 1-year contract extension)	Laidlaw	Exhibit K
3. Athletic & PE Supplies	Dekan Athletic	\$3,909.00
	Don's World of Sports	\$5,486.15
	Hayden's Athletic Specialists	\$6,636.08
	Prestige Office Products	\$108.40
	Ride11/All American	\$4,963.78
	Soccer 2000 Inc.	\$229.00
	Sportdecals	\$552.50
	Sports International, Inc.	\$2,632.60

	Sport Supply Group	<u>\$827.35</u>
	Total	\$25,344.86
4. Athletic Training Supplies	Active Athlete	\$21.33
	Medco Supply Company	\$4,713.60
	Micro Bio-Medics	\$1,018.70
	School Health Corporation	<u>\$413.80</u>
	Total	\$6,167.43
5. Printing of School Newspaper	Regional Publishing Corporation	Exhibit L
6. Teacher/Student Desks, Chairs, Filing Cabinets & Science Lab Stools	Beckley Cardy/School Specialties	\$2,220.00
	Frank Cooney Company, Inc.	\$8,903.82
	HON	\$1,719.31
	Lowery McDonnell Company	<u>\$6,147.20</u>
	Total	\$18,990.33
7. Swimming Pool Timing/ Scoring System	Colorado Time Systems	\$29,300
8. 2000 Security System Work	Midco, Inc.	\$203,777

North Central Association Commission on Schools Annual Dues 2000-2001 Exhibit M

Illinois Association of School Boards Annual Dues 2000-2001 Exhibit N

Disposal of Surplus Property: Wood Joiner

Resolution of Appointment to DAOES Board of Directors Exhibit O

Insurance Premiums Exhibit P

**Resolutions of Prevailing Rate of Wages for Lyons Township High School & La Grange Area
 Department of Special Education Exhibit Q**

Appointment of Harold Huang as Ethics Officer of School District for 2000-2001 School Year

IMRF Resolution Exhibit R

Business Services Consultant Exhibit S

Donation of Equipment/Supplies

1. 1991 Oldsmobile Cutlass, by Mr. Michael Radak.

2. 2000 Buick Century Custom Silver, by Ray Buick.
3. 1988 Buick Century, by Mr. Theodore E. Pannkoke.
4. Compaq Desktop EN Series, Monitor, & Keyboard, by Country Companies Insurance Group.

Township Treasurer's Invoice Exhibit T

Intergovernmental Cooperative Agreement to Establish the Illinois Gas Cooperative Exhibit U

Resolution & Application for Building Permit Exhibit V

On roll call:

- Ayes: Mr. Pera, Mr. Gaffney, Dr. Polacek, Dr. Sprague, Ms. Marchetti, Mrs. Loftus, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

As this was Dr. Beckwith's last meeting, Dr. Kelly and each individual Board member expressed their gratitude and extended their best wishes to Dr. Beckwith.

CLOSED SESSION

At 10:04 p.m., Mr. Shapiro adjourned the meeting into Closed Session for the purposes of considering information regarding the appointment, employment, or dismissal of an employee or officer or to hear testimony on a complaint lodged against an employee or officer to determine its validity; to discuss collective negotiating matters between public employers and employees or their representatives or deliberations concerning salary schedules for one or more classes of employees; student discipline; for the purpose of considering the selling price of real estate by the School Board; litigation; and for security-related issues.

At 11:40 p.m., the meeting reconvened in Open Session.

ACTION NO. 9: Approval of Non-Contractual Classified Staff Plan Exhibit W

Dr. Polacek moved, seconded by Ms. Marchetti, to approve the Non-Contractual Classified Staff Plan and salary proposals.

On roll call:

Ayes: Dr. Polacek, Ms. Marchetti, Mr. Pera, Dr. Sprague, Mr. Gaffney, Mrs. Loftus, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

ACTION NO. 10: LTHSFA Contract Agreement

Ms. Marchetti moved, seconded by Dr. Polacek, to approve the Negotiated Agreement between the Board of Education of Lyons Township High School District 204, Cook County, and Lyons Township High School Faculty Association, 2001-2005.

On roll call:

Ayes: Mr. Gaffney, Dr. Polacek, Dr. Sprague, Ms. Marchetti, Mrs. Loftus, Mr. Pera, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

ACTION NO. 11: Approval of Administrators' Recruitment and Retirement Incentives

Dr. Polacek moved, seconded by Mr. Pera, to approve the Administrators' Recruitment and Retirement Incentives as amended.

On roll call:

Ayes: Ms. Marchetti, Mr. Gaffney, Dr. Polacek, Mrs. Loftus, Mr. Pera, Dr. Sprague, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

ACTION NO. 12: Approval of Administrators' Salary Increases

Mr. Pera moved, seconded by Dr. Polacek, to approve the proposed administrators' salary increases for the 2000-2001 school year, as amended, for the following personnel: Tom Bill, Attila Weninger, John L. Young, Larry Bond, Karen C. Brown, Kris Costopoulos, Mike Hogan, Sy Karlin, Lilane Koehn, Mike Morris, Bill Pendell, Manny Reyes, Nancy Richter, Barry Swanson, Rick Swartz, Mary Baptist-Brown, Vickie Beck, Jennifer Bialobok, Orlando Coryell, Curtis Edwards, Bob Foskett, Walt Ihnatiuk.

On roll call:

Ayes: Mrs. Loftus, Dr. Sprague, Ms. Marchetti, Mr. Pera, Dr. Polacek, Mr. Gaffney, Mr. Shapiro
Nays: None
Abstain: None
Absent: None

The motion was adopted.

ACTION NO. 13 Adjournment

Mr. Pera moved, seconded by Mr. Gaffney, to adjourn the meeting.

By unanimous voice vote, the motion was adopted, and the meeting was adjourned at 11:45 p.m.

President:

Secretary:

On roll call:

Ayes: Mrs. Loftus, Dr. Sprague, Ms. Marchetti, Mr. Pera, Dr. Polacek, Mr. Gaffney, Mr. Shapiro

Nays: None

Abstain: None

Absent: None

The motion was adopted.

ACTION NO. 13 Adjournment

Mr. Pera moved, seconded by Mr. Gaffney, to adjourn the meeting.

By unanimous voice vote, the motion was adopted, and the meeting was adjourned at 11:45 p.m.

President: *Todd M. Shapiro* Secretary: *Marilyn A. Marchetti*

MEMORANDUM

TO: Board of Education

FROM: Lisa Beckwith

DATE: June 14, 2000

SUBJECT: TOWNSHIP TREASURER EXPENDITURES

Attached is a copy of the Lyons Township High School Treasurer's bill for the 1999-2000 school year. The District's share is \$165,476, which is a 6% increase over the 1998-1999 school year. Also attached is a copy of the agreement that we made with the Treasurer, which pays the District \$106,403 for comparable services provided to other township districts but not to Lyons Township High School. Board of Education action is to approve a payment in the net amount of \$59,073.

EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346

BOARD OF SCHOOL TRUSTEES
Joseph Nekola, President
Donna A. Milich, Trustee
Russell W. Hartigan, Trustee

ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

May 24, 2000

Dr. Dennis Kelly, Superintendent
Cook County High School District #204
100 S. Brainard Avenue
LaGrange, IL 60525

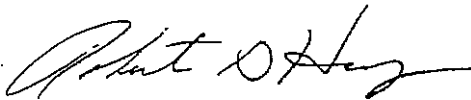
Dear Dr. Kelly:

Pursuant to Section 8-4 of the School Code, please consider this a revised invoice for services provided by the Lyons Township School Treasurer's office for the 1999 fiscal year. The District's share amounts to \$165,476.00.

Any increase in the District's fee will represent either an increase in the expenses of this office or an increase in the District's percentage of total revenues received by this office. Please note that bond proceeds are not considered as revenues in determining the percentage.

I hope your district is satisfied with the services which are being provided. If there are any suggestions on additional services which we can provide or if there are any questions please give me a call.

Sincerely,



Robert G. Healy
Lyons Township School Treasurer

RGH/grm

LYONS TOWNSHIP SCHOOL TREASURER
PRO RATA BILLING
FOR FISCAL YEAR ENDED JUNE 30, 1999

DISTRICT	REVENUES	PERCENTAGE	COST FOR DIST
101	8,240,261.38	4.6349	32,039.00
102	21,023,849.21	11.8253	81,742.00
103	15,155,331.54	8.5244	58,925.00
104	11,609,532.43	6.5300	45,138.00
105	10,372,117.93	5.8340	40,327.00
106	6,592,298.52	3.7080	25,631.00
107	7,227,922.03	4.0655	28,102.00
108	2,484,784.76	1.3976	9,661.00
109	18,213,581.00	10.2446	70,815.00
204	42,560,280.04	23.9389	165,476.00
LADSE	10,173,290.51	5.7222	39,554.00
217	20,362,503.26	11.4533	79,170.00
MEDICAL	3,771,585.40	2.1213	14,665.00
TOTAL	\$177,787,338.01	100.00	\$691,245.00

Memorandum

To: Robert Healy

From: Lisa Beckwith

Date: February 29, 2000

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>99-00</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$41,205	\$3,152	\$3,045		\$48	\$47,450
Accounts Payable Bkkeeper	\$23,192	\$1,774	\$1,714	\$7,028	\$48	\$33,756
Payroll Bookkeeper	\$21,861	\$1,672	\$1,616		\$48	\$25,197
Total	\$86,258	\$6,598	\$6,375	\$7,028	\$144	\$106,403

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.

Page 2

1 APPEARANCES:
 2 MILLER, CANFIELD, PADDOCK &
 3 STONE, P.L.C., by
 4 MR. BARRY P. KALTENBACH
 5 225 West Washington Street, Suite 2600
 6 Chicago, Illinois 60606
 7 (312) 460-4200
 8 kaltenbach@millercanfield.com
 9 for the Plaintiff;
 10
 11 HOFFMAN LEGAL, by
 12 MR. JAY R. HOFFMAN
 13 20 North Clark Street, Suite 2500
 14 Chicago, Illinois 60602
 15 (312) 899-0899
 16 jay@hoffmanlegal.com
 17 for the Defendant.
 18
 19
 20
 21
 22
 23
 24

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1 (Whereupon, Shapiro Deposition
 2 Exhibit No. 1 was
 3 marked for identification
 4 as of this date.)
 5 (Witness sworn.)
 6 MR. KALTENBACH: Let the record reflect this is
 7 the discovery deposition of Todd Shapiro taken
 8 pursuant to notice.
 9 TODD SHAPIRO,
 10 called as a witness herein, having been first duly
 11 sworn, was examined and testified as follows:
 12 EXAMINATION
 13 BY
 14 MR. KALTENBACH:
 15 Q. Mr. Shapiro, thank you for agreeing to
 16 appear today without me having to serve you with a
 17 subpoena.
 18 I know you were talking with the court
 19 reporter a little bit before we began about just
 20 some of the rules of a deposition. Just so that
 21 it's on the record, I'm going to cover that again.
 22 I'll be asking you questions. You need
 23 to give me answers to the best of your ability.
 24 From time to time, Mr. Hoffman may object to my

Page 3

1 INDEX
 2 WITNESS: PAGE
 3
 4 TODD SHAPIRO
 5 Examination by:
 6 Mr. Kaltenbach 4
 7 Mr. Hoffman 78
 8
 9 Further Examination by:
 10 Mr. Kaltenbach 82
 11 Mr. Hoffman 88
 12
 13 EXHIBITS
 14 NUMBER FOR IDENTIFICATION
 15 Shapiro No. 1 4
 16 Shapiro No. 2 71
 17 (Exhibits retained by counsel)
 18
 19
 20
 21
 22
 23
 24

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1 questions. After he has stated his objection, you
 2 should answer the question despite the objection
 3 unless he instructs you not to answer it, which
 4 would be due to a privilege.
 5 Hopefully, that won't come up. And if
 6 it does, we'll deal with it when it does come up.
 7 Do you understand that, sir?
 8 A. Yes, sir.
 9 Q. Okay. As the court reporter also said,
 10 it's important that we not talk over each other.
 11 Even if you know where I'm going with the question,
 12 I'd ask you, just let me get it out so that he can
 13 record it, and I'll also not cut you off on your
 14 answers. Is that okay?
 15 A. Yes.
 16 Q. Okay. And, finally, things like "uh-huh"
 17 or "uhn-uhn" or shaking of the head or nodding, he
 18 can't really put that on the transcript accurately.
 19 So if I -- you know, if I hear you do
 20 something like that or nodding your head or
 21 gesturing with your hands, I may ask you to repeat
 22 your answer differently just so it's clear on the
 23 record. Please don't be offended if I do that.
 24 If you need to take a break at any point

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1 today to take a call or use the washroom or
2 anything like that, let me know. We'll take a
3 short break. That's not a problem.
4 All I'll ask is that you finish -- you
5 answer my question before you actually take the
6 break. When we do that, you're not supposed to
7 consult with your lawyer about that. Is that okay,
8 sir?
9 A. Okay.
10 Q. Is Mr. Hoffman your lawyer today?
11 A. Yes.
12 Q. Where did -- I'd like to cover your
13 educational background.
14 What degrees do you have after high
15 school?
16 A. A bachelor of -- bachelor of science in
17 finance from the University of Illinois in
18 Champaign and I have a master's in business
19 administration from DePaul University in Chicago.
20 Q. And when did you receive your bachelor's of
21 science in finance?
22 A. 1979.
23 Q. Okay. And when did you receive your MBA?
24 A. 1981.

Page 7

1 Q. So you went straight from Champaign to
2 DePaul?
3 A. I was working when I went to -- I was
4 working and went at night.
5 Q. Okay. What -- do you have any licenses or
6 professional certifications?
7 A. No.
8 Q. Okay. Were you at one point a CPA?
9 A. No.
10 Q. I know it can be a little bit tedious. And
11 I can assure you I've read a couple very nice
12 articles in the Chicago Tribune about your
13 background. So I probably know some of your work
14 history.
15 But that being said, I'd like to just
16 cover the professional jobs that you held after
17 college.
18 A. Hm-hmm.
19 Q. So can we start with -- I'm assuming that
20 would be the job you held while you were attending
21 DePaul?
22 A. I was an internal auditor for
23 Continental Bank of Chicago. Continental Bank of
24 Illinois.

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1 Q. Did you know Andy Fastow while he was
2 there?
3 A. No, I did not.
4 Q. He was the Enron guy, right?
5 A. Did not know him.
6 Q. Okay. When I saw that, that popped to
7 my -- how long -- how long were you an internal
8 auditor at Continental?
9 A. I started in 1979. I left at the end of
10 1980.
11 Q. Okay. So that's while you were still at
12 DePaul, correct?
13 A. Yes.
14 Q. Okay. And then where did you -- where did
15 you go after that?
16 A. Zenith Electronics.
17 Q. And what did you do at Zenith?
18 A. I was a financial analyst.
19 Q. And what time period roughly was --
20 A. 1981 through August of 1982.
21 Q. Okay. And then what did you do -- by that
22 point, you had received your MBA?
23 A. Yes.
24 Q. Okay. So what did you do after Zenith?

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1 A. I went to Quaker Oats.
2 Q. Okay. This is following the Chicago
3 Tribune perfectly so far.
4 What did you do at Quaker Oats, sir?
5 A. I was a -- different roles. Started as a
6 financial analyst and eventually became the
7 director of finance in different divisions.
8 Q. Was there a particular division that you
9 were director of finance for or was it for the
10 company as a whole?
11 A. I was at different divisions at different
12 times.
13 Q. Okay. What was your time period at Quaker
14 Oats?
15 A. I was at Quaker from 1982 to 1992.
16 Q. What did you do as director of finance?
17 A. The department -- we were in financial
18 planning analysis. So we were responsible for
19 working with the divisions to develop budgets,
20 evaluating -- evaluating products. Evaluating
21 capital expenditures, predominantly.
22 Q. And you left there in '92. Can I take a
23 guess?
24 Did you go to Helene Curtis at that

Page 10

1 point?
2 A. Yes, sir.
3 Q. Okay. Why did you leave Quaker Oats to go
4 to Helene Curtis?
5 A. Job opportunity. I wanted to go to a
6 smaller company where I -- I saw a bit more
7 opportunity in a bit smaller company.
8 Q. Okay. And what did you do at Helene
9 Curtis?
10 A. I was the director of finance for Helene
11 Curtis.
12 Q. So same job, doing it for a smaller company
13 than Quaker Oats?
14 A. A little bit smaller company and also
15 different. At one point in that time at Helene
16 Curtis, I was actually director of finance for the
17 operations group instead of a product-driven
18 division.
19 Q. In your mind, was that kind of a lateral
20 move from Quaker to Helene Curtis?
21 A. For the most part.
22 Q. And what was your -- you began at Curtis in
23 '92, I'm guessing, right?
24 A. Yes.

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1 Q. And how long were you there?
2 A. I was there until they were acquired by
3 Unilever.
4 Q. Okay.
5 A. I believe in 1995. '96, '95, sometime
6 around there somewhere.
7 Q. That's fine.
8 A. And left Unilever in October of 1998.
9 Q. And were you director of finance at
10 Unilever?
11 A. Yes.
12 Q. Was that -- were there multiple directors
13 of finance?
14 A. Yes.
15 Q. Okay. That's what I thought.
16 And then were you basically doing the
17 same job; it's just for Unilever instead of Helene
18 Curtis?
19 A. Yes.
20 Q. And what did you do after leaving Unilever
21 in late 1998?
22 A. I went to the Illinois CPA Society as the
23 group director of finance which was later
24 repositioned as the chief financial officer.

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1 Q. So you started there in '98. How long were
2 you the CFO, regardless of what the title was?
3 A. Technically, actually, I left for six weeks
4 in 2008.
5 Q. Okay.
6 A. That's probably not in anything you read.
7 Q. That's not.
8 A. And went off into a venture for six weeks.
9 Literally six weeks. Came back after six weeks and
10 served as CFO for 14 years till -- I served as CFO
11 until December -- January -- January 31st of 2013.
12 Q. Okay. What was the -- what was the venture
13 for six weeks?
14 A. It was some former Helene Curtis/Unilever
15 people who had acquired a brand -- consumer brand,
16 hair care brand, and they tried to relaunch it.
17 Q. Was it not successful?
18 A. Obviously.
19 Q. Okay. That's why -- that's why you went
20 back?
21 A. We lost our funding after four days -- four
22 days after I left.
23 Q. Okay. Fair enough.
24 So you went back then to the Illinois

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1 CPA Society. You just resumed your old job, in
2 essence?
3 A. Yes.
4 Q. Okay. And you did that until January of
5 2013?
6 A. Yes.
7 Q. And then what -- what was next in
8 January 2013?
9 A. In January 2013, our CEO resigned to take
10 another position. Our succession plan -- the
11 emergency succession plan we had called for me to
12 be the interim CEO. So I took over that role on
13 February 1st of 2013.
14 Q. Okay. And the interim title's been
15 removed?
16 A. Yes.
17 Q. So you're the CEO now?
18 A. Yes.
19 Q. Is it president and CEO?
20 A. Yes.
21 Q. Okay. And when did the interim title get
22 removed?
23 A. Approximately June 1st of -- I don't
24 remember the exact date, but approximately June 1st

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1 of 2013.
2 It was -- it went through the regular
3 interview process of which they eventually selected
4 me.
5 Q. You were one of multiple candidates being
6 considered?
7 A. Yes.
8 Q. Okay. Now, at some point, I know that you
9 have held more than one elected office, correct?
10 A. Correct.
11 Q. You were -- I think it was on a park
12 district for a while?
13 A. Library district.
14 Q. Library district. Okay. I'm not going to
15 ask you about the library district.
16 At some point, however, you were a
17 member of the Board of Education of -- I'm sorry.
18 I'm looking at my phone just because it's -- I'm
19 using it as my timekeeper. Don't think I'm paying
20 attention to texts or anything.
21 At some point, you joined the Board of
22 Education for Lyons Township High School
23 District 204, correct?
24 A. Correct.

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1 Q. Okay. I -- because that's a mouthful to
2 get out, I may refer to that as "District 204,"
3 because that's what I'm used to. Is that okay?
4 A. Yes.
5 Q. If you want to refer to it as "Lyons," for
6 instance, I'll know what you're talking about. If
7 you mean something other than District 204, just
8 let me know.
9 A. I would say "LT," if I use -- I would not
10 call it "Lyons."
11 Q. Okay.
12 A. If I call it, I would say "LT."
13 Q. Let's say "LT" and "204" both are referring
14 to the same high school district.
15 The plaintiff in this case, my client,
16 is also, I think, actually a worse mouthful.
17 Township Trustees of Schools, Township 38 North,
18 Range 12 East. Can we just refer to that as
19 "Township Trustees"?
20 A. Yes.
21 Q. Okay. Great.
22 Okay. So when and how did you join the
23 Board of Education for LT?
24 A. I ran for school board in November of 1995.

Page 16

1 Q. Okay. And I'm assuming that was a
2 successful election?
3 A. Yes.
4 Q. Were you running to fill an existing term?
5 Was it a new -- a new term? I'm not sure how...
6 A. It was a new term.
7 Q. Okay. How many trustees -- I'm sorry.
8 What -- what did you call yourself? What was your
9 title once you were elected?
10 A. Member of the Board of Education.
11 Q. Member. Okay. How many members of the
12 Board of Education were there?
13 A. Seven.
14 Q. Did that -- was that -- excusing maybe an
15 absence for one reason or another, has it been
16 seven ever since you've joined, to the best of your
17 knowledge?
18 A. Yes.
19 Q. So you were one of seven when you joined in
20 about 1995?
21 A. Yep.
22 Q. And how long did you serve as a board
23 member?
24 A. I served until 2007, until April of 2007

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1 when I ran and lost.
2 Q. Okay. Also covered by the Tribune.
3 A. Yes. And then as I told Jay yesterday, I
4 was foolishly convinced to run again in 2009 and
5 ran and won.
6 Q. Okay. How long were the terms for?
7 A. Terms are for -- the terms are typically
8 for four years.
9 There was a period where there was some
10 short -- there was a shortened -- and I don't
11 remember what it was where it was shortened for six
12 months because they shifted the elections from
13 November to April.
14 Q. Okay. So when you -- so you lost an
15 election in -- you lost a re-election in 2000, but
16 then two years later, another term opened up?
17 A. Yes.
18 Q. Okay. So it wasn't -- was it --
19 MR. HOFFMAN: 2007?
20 MR. KALTENBACH: I'm sorry. 2009, when he was
21 reelected.
22 MR. HOFFMAN: Okay. But you said -- you said
23 2000 in terms of the --
24 MR. KALTENBACH: Oh, I'm sorry. Let me just

Page 18

1 back up and start over.
2 BY MR. KALTENBACH:
3 Q. So you lost a reelection in 2007?
4 A. Correct.
5 Q. And then you won an election in 2009?
6 A. Correct.
7 Q. Was that for a full term in 2009?
8 A. Yes.
9 Q. Okay. And then how long were you a
10 board -- were you a member of the board the second
11 time?
12 A. I ran again, I believe -- I believe twice
13 or three times -- I can't remember -- and was on
14 the board, resigned from the board in the end of
15 August, beginning of September of 2015.
16 Q. Okay.
17 A. I believe that was the right year.
18 Q. And why did you choose to resign at that
19 point in 2015?
20 A. I had taken over CEO for the Illinois CPA
21 Society, president of the Illinois CPA Society. My
22 job requirements changed such that I was traveling
23 a fair amount more for my job and that was
24 hindering my ability to participate in meetings at

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1 the Illinois -- on the LT school board.
2 Q. Since you left in August or September of
3 2015, have you had any formal involvement with the
4 Board of Education for LT?
5 A. No.
6 Q. Okay. Do you regularly attend meetings
7 still?
8 A. No.
9 Q. Mr. Shapiro, what did you do to prepare for
10 this deposition today?
11 A. Read the deposition at least of
12 Dr. Lisa Beckwith and met with Jay yesterday.
13 Q. Okay. I'm not going to ask you about your
14 communications with Jay because those are almost
15 certainly privileged.
16 Do you recall reviewing any documents
17 other than Dr. Beckwith's deposition transcript?
18 A. There was a -- I don't remember what you
19 call it -- a summary of the evidence that I read.
20 I don't know.
21 MR. HOFFMAN: Interrogatory answers.
22 BY MR. KALTENBACH:
23 Q. Interrogatory answers?
24 A. That was it.

Page 20

1 Q. Were they ours or yours; do you happen to
2 know?
3 MR. HOFFMAN: Ours.
4 MR. KALTENBACH: Were they the 213(f) answers,
5 I'm guessing?
6 MR. HOFFMAN: Yeah. There's no substance to
7 yours.
8 MR. KALTENBACH: Well, trying to get meaningful
9 answers out of yours is -- is difficult.
10 Okay. So that's fine. I've got those
11 marked. I'll show you those -- actually, let's
12 just do it now. We'll mark it as Shapiro
13 Exhibit 1. You've already premarked it. That's
14 right. So we're going to give you that. Here's a
15 copy for you, Jay.
16 BY MR. KALTENBACH:
17 Q. Mr. Shapiro, I'm handing you what we've
18 marked as Shapiro Exhibit 1, which is Lyons'
19 revised Rule 213(f) disclosures and response to
20 Interrogatory No. 3. This was served on us in
21 August of 2016 by Mr. Hoffman.
22 Is this the document that you reviewed?
23 MR. HOFFMAN: No. By the way, this is -- we're
24 talking about the -- I'll just go ahead and answer

Page 21

1 it.
2 Now, this is --
3 MR. KALTENBACH: That's fine.
4 MR. HOFFMAN: This is the witness disclosure.
5 MR. KALTENBACH: Right.
6 MR. HOFFMAN: And he's talking about the --
7 MR. KALTENBACH: The non-213.
8 MR. HOFFMAN: -- the revised answers to -- I
9 want to say Interrogatories 4, 6, 8 and 11 --
10 MR. KALTENBACH: Okay.
11 MR. HOFFMAN: -- which are more comprehensive.
12 BY MR. KALTENBACH:
13 Q. Okay. We'll set that aside for now. We're
14 going to come back to that.
15 Did you -- other than Mr. Hoffman, did
16 you speak with anyone to prepare for your
17 deposition?
18 A. My wife.
19 Q. Okay. I'll ignore that. She doesn't have
20 any sort of normal job with LT, does she?
21 A. No.
22 Q. Did you speak with Dr. Beckwith, by chance?
23 A. No.
24 Q. Did you speak with -- I don't want to

Page 22

1 mispronounce his last name -- Dr. Kilray (sic)?
2 A. No.
3 Q. Okay.
4 A. Actually, let me -- I have spoken with
5 Dr. Kilray to wish him a happy holidays.
6 Q. Okay.
7 A. I think he knew I was going to be deposed.
8 We did not discuss this.
9 Q. The less said, the easier the deposition
10 goes.
11 Okay. Have you ever been a party to a
12 lawsuit before?
13 A. Yes.
14 Q. Okay. And what -- how many lawsuits?
15 A. I don't know the number. Not many.
16 Q. Okay.
17 A. One -- one was an auto accident that I was
18 involved in and I was actually at fault. And
19 there -- I believe we had one at the -- there may
20 have been one at the school from where they sued
21 all the board members for something. I was never
22 deposed, nothing. It went away.
23 Q. Okay. So have you ever been deposed
24 before?

Page 23

1 A. I believe I -- I believe I was deposed -- I
2 can't remember.
3 Q. Sure.
4 A. Of course, I barely remember what I had for
5 lunch today. I believe I was deposed for the auto
6 accident one.
7 Q. Okay. Ballpark, how long ago was that?
8 More than five years ago?
9 A. Oh, yes.
10 Q. Okay.
11 A. Yeah.
12 Q. Fair enough.
13 And you don't remember --
14 A. I believe it was actually when
15 Helene Curtis. It was Helene Curtis.
16 Q. Okay. Fair enough. So quite a while ago.
17 And you don't remember what the Board of
18 Education lawsuit was about?
19 A. No. No.
20 Q. Okay. Have you ever testified at trial
21 before?
22 A. No.
23 MR. HOFFMAN: Todd, make sure that you pause
24 before answering his questions because you're

Page 24

1 talking just at the end of his questions. It's
2 hard for this gentleman to write both of that down.
3 BY MR. KALTENBACH:
4 Q. Mr. Shapiro, your name comes up -- and just
5 in case you want to see it, but I'll give you back
6 Exhibit No. 1.
7 Your name comes up as an individual who
8 has been disclosed as a possible trial witness by
9 LT. And if you turn to Page 2 of Exhibit 1, you'll
10 see your name bolded and underlined under
11 Subparagraph C. Do you see that, sir?
12 A. Yes.
13 Q. Okay. Great.
14 There's a list here of about -- I don't
15 know -- maybe ten or so topics that have been
16 identified as possibly being the subject of your
17 testimony. I'm not going to ask you about all of
18 them, but I'm going to ask you about some of them.
19 The first one is going to be kind of
20 the -- from the beginning of the sentence "Lyons
21 expects Mr. Shapiro" through the first semicolon.
22 And I'm not going to read the whole thing in, but,
23 in essence, that first topic is that you would
24 testify about your responsibilities as a member of

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1 the Board of Education.
2 What were your responsibilities as a
3 member of the Board of Education?
4 A. I saw my responsibility a member of the
5 Board of Education to be a fiduciary for the
6 district; to set policies for the district, to set
7 strategic guidance for the district.
8 Q. Were you a member of any committees while
9 you were on the board?
10 A. Yes.
11 Q. And what committees were you a member of?
12 A. The entire time I was a member?
13 Q. Well, were --
14 A. I -- go ahead.
15 Q. Well, I don't want to cut you off if you
16 were about to say something.
17 A. I served as a member of the finance
18 committee. I served as a member of the curriculum
19 committee -- these are at different times.
20 Q. Sure.
21 A. I served as a member of the curriculum
22 committee. I served as a member of the facilities
23 committee, the technology committee, the
24 negotiating team, and there may have been others.

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1 Q. Sure. What was the negotiating team?
2 A. Whenever we -- whenever the school would
3 have a contract come up with a body of employees, a
4 represented body of employees, we had to negotiate.
5 Q. So negotiating with unions?
6 A. With associations, unions, whatever you
7 want to call them.
8 Q. Okay. Fair enough.
9 Okay. Let's focus in on the finance
10 committee. At what -- what do you recall with more
11 specificity when you were a member of the finance
12 committee?
13 A. I was a member of the finance committee for
14 most of my time on the school board the entire 18
15 years.
16 Q. So both the first block and then the second
17 block?
18 A. Yes.
19 Q. Okay. Fair enough.
20 Were you a member of the finance
21 committee in 1999 and 2000?
22 A. I chaired the committee in those two years.
23 Q. How many members were on the committee
24 other than you?

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1 A. Two.
2 Q. Is it the same two people for that -- the
3 '99/2000 period of time?
4 A. Yes.
5 Q. Okay. And who were those people?
6 A. I would tell you after looking at the
7 documents yesterday it was Mark Pera and --
8 actually, I can't even remember who we saw
9 yesterday. Mark Pera. And it may have been
10 Mary -- I don't remember.
11 Q. But whoever would have been reflected, for
12 instance, in the minutes, those are accurate as to
13 who the people were?
14 A. Yes.
15 Q. You didn't see anything in there that made
16 you question that the finance committee was
17 comprised of those individuals?
18 A. I did not see anything that -- what I saw
19 in the minutes were the individuals that I believe
20 were on the committee.
21 Q. Okay. Great.
22 What was your responsibility as a member
23 of the finance committee?
24 A. I saw my responsibilities -- as a member of

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1 the finance committee or as chair of the finance
2 committee?
3 Q. Well, were you always the chair of it or
4 were you at times a member?
5 A. During the period you referred to?
6 Q. '99 to 2000.
7 A. I was the chair all the time.
8 Q. What was -- what were your responsibilities
9 as the chair of the finance committee during the
10 '99 to 2000 period?
11 A. As chair of the finance committee, it would
12 have been to establish the -- work with the
13 business director to establish the agenda for the
14 meetings and really then to lead the discussion at
15 the meetings.
16 Q. What sorts of things did the finance
17 committee concern itself with?
18 A. We would review and -- would review and
19 preliminarily approve the budget for recommendation
20 to the Board of Education. We would look at
21 significant expenditures, capital expenditures, and
22 any other financial -- significant financial issues
23 that arose.
24 Q. Did the finance committee negotiate

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1 contracts on behalf of LT?
2 A. No.
3 Q. Did the finance committee approve contracts
4 on behalf of LT?
5 A. No.
6 Q. Okay. Did the finance committee make
7 recommendations as to the approval of contracts to
8 the Board of Education?
9 A. We would make recommendation as to the
10 approval of any -- of agreements and -- I would not
11 say the word "contract" because, typically, the
12 contract may not have been what we saw. We may --
13 it would be a proposal.
14 Q. Okay.
15 A. Proposals and recommendations.
16 Q. So as part of the finance committee's job,
17 is it fair to say it would evaluate and analyze
18 proposed contracts and then make recommendations to
19 the board as to whether to enter into that contract
20 or not?
21 A. It would be fair to say we would review and
22 approve and recommend proposed solutions.
23 Q. Okay.
24 A. And I use the word very differently because

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1 a contract is a document, that that would imply
2 that we actually reviewed the document in detail
3 and that is not always the case.
4 Q. Okay. Was it ever the case; would you ever
5 review a contract in detail?
6 A. Not that I recall.
7 Q. Are there any other responsibilities as a
8 member of the Board of Education or finance chair
9 that we haven't talked about that come to mind
10 today?
11 A. Outside of ceremonial, no --
12 Q. Okay.
13 A. -- that I can think of.
14 Q. Fair enough.
15 The next topic that you've been
16 identified as possibly testifying on is the
17 historical relationship between LT and the
18 Township Trustees. So I will have to ask you the
19 broad question of what is your knowledge of the
20 historical relationship?
21 A. The -- my knowledge of the historical
22 relationship was the Township Trustee was
23 established a long time ago -- only in Cook County
24 did they have this office -- as a way to provide,

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1 effectively, a shared service for districts.
2 Q. What --
3 A. Predominant -- shared service for
4 districts. Predominantly in the area of
5 investments.
6 Q. Was your -- that's kind of a background, I
7 guess, of the Township Trustees' system. But,
8 specifically, what is your knowledge of the
9 relationship between Lyons Township District 204
10 and the Township Trustees?
11 A. The historical relationship was, for other
12 districts within the trustees' realm of
13 responsibility, they provided significant services.
14 The relationship between LT and the trustees was
15 one of specifically investment pooling and that's
16 it.
17 Q. Okay. What is -- what is that statement
18 based on? Is that something you heard? Is that
19 something you heard yourself?
20 A. Something I observed.
21 Q. So what services do you believe that the
22 Township Trustees provided for other districts that
23 they did not provide for LT?
24 A. Accounts payable, payroll. Those are the

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1 two most significant ones.
2 Q. Okay. Do you know why they didn't provide
3 those for LT?
4 A. We provided those for ourselves. LT
5 provided them for --
6 Q. For itself?
7 A. For itself.
8 Q. And those essentially were provided through
9 the director of business services and his or her
10 staff?
11 A. Yes.
12 Q. How did it come to be that LT provided
13 those services for itself?
14 A. I don't know.
15 Q. Okay. When you became a trustee for the
16 first time in -- let's go ballpark '95, was that
17 already the case?
18 A. Yes.
19 Q. Okay. And did that stay the case up until
20 the time you left to (sic) the board?
21 A. Yes.
22 Q. Okay. Did you ever discuss with anyone
23 from the trustees -- and I guess let me back up a
24 minute to make sure we're on the same -- using the

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1 same vernacular.
2 So it's my understanding there are --
3 there are elected township trustees and they then
4 hire a township treasurer, and the treasurer then
5 has a staff. Is that your basic understanding of
6 the office setup?
7 A. Yes.
8 Q. Okay. So when I say "township trustees,"
9 I'm generally referring to either the elected
10 trustees or the treasurer or the staff. And if we
11 need to be more particular, we will do that, okay?
12 A. (Nodding.)
13 Q. Did you ever -- you're nodding your head.
14 Is that a "yes"?
15 A. Yes.
16 Q. Okay. Thank you very much.
17 Did you ever discuss this issue of the
18 provision of services with anyone from the
19 Township Trustees?
20 A. Yes. We -- at one point in time as
21 documented in the minutes of the finance committee
22 meeting, we discussed it at various committee
23 meetings. And then at one point in time, we did
24 have Mr. Healy in to talk with him about it.

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1 Q. That meeting Mr. Healy attended that you
2 recall, is it one meeting?
3 A. I don't -- I recall one meeting. I do not
4 recall if there were multiple meetings.
5 Q. Does -- is this a specific meeting that
6 stands out in your mind?
7 A. Yes.
8 Q. Okay. When was that meeting, as near as
9 you can get (sic)?
10 A. I'm going to guess it was in the 1999 time
11 frame mainly because I saw minutes that say that.
12 Q. Okay. These are the minutes you reviewed
13 yesterday?
14 A. Yes.
15 Q. So '99, 2000, somewhere in that area?
16 A. Yes.
17 Q. Okay. What was the purpose of that
18 meeting?
19 A. The purpose of the meeting was to discuss
20 the fact that we, in fact, provided our own
21 services in the areas of accounts payable and
22 payroll, predominantly, and computer services, and
23 that we were paying a pro rata share, the same --
24 based on the same formula as all other districts

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1 who were not providing their own services, and that
2 was an issue for us.
3 Q. Okay. What -- what was the issue? Was it
4 you didn't want to pay for those services?
5 A. The issue was that --
6 MR. HOFFMAN: Object -- excuse me. Object to
7 the form of the question.
8 You can answer.
9 BY MR. KALTENBACH:
10 Q. You can answer.
11 A. Can you repeat the question?
12 Q. Sure. Preserving the objection, what was
13 the issue?
14 Was it that LT didn't want to pay for
15 those services or was it something else?
16 A. We were -- we were paying for the services.
17 We accepted the fact that there were costs to
18 providing these services.
19 The fact that we were paying for the
20 services and then -- ourselves and then paying the
21 pro rata amount to the township treasurer's office
22 and receiving no services in return was an issue
23 for us.
24 Q. Okay. And did you discuss that issue with

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1 Mr. Healy?
2 A. Yes, we did.
3 Q. What more particularly was the discussion
4 with Mr. Healy?
5 A. As to how we could not continue to be
6 effectively -- we would tell you that we were
7 paying far more than our fair share in total
8 because we, in fact, were paying for services
9 ourselves and then paying the district, and what
10 were -- what, if any, opportunities did we have to
11 remediate that.
12 Q. Were any decisions reached or agreements
13 reached as a result of this meeting with Mr. Healy?
14 A. No.
15 Q. What was --
16 MR. HOFFMAN: Do you mean immediately at or --
17 do you mean at the meeting? After the meeting?
18 BY MR. KALTENBACH:
19 Q. Were any -- were any agreements or --
20 A. At that meeting?
21 Q. Well, let's start with this:
22 At that meeting, what was -- were any --
23 MR. HOFFMAN: Well, excuse me. I want the
24 witness to clarify whether he was answering at the

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1 meeting or some later time, because I think the
2 question was ambiguous.
3 THE WITNESS: I was referring to there were
4 no -- there were no immediate agreements reached at
5 that meeting.
6 BY MR. KALTENBACH:
7 Q. Okay.
8 A. There was direction to look into possible
9 solutions at that meeting, but no agreement at that
10 meeting was reached.
11 Q. Okay. Direction from whom to whom?
12 A. From the finance committee to Dr. Beckwith
13 and Mr. Healy.
14 Q. Okay. And Dr. Beckwith at that time was
15 the LT director of business services, correct?
16 A. Yes.
17 Q. What sorts of solutions, if any, were
18 discussed at that meeting?
19 A. We talked about either, A, having them take
20 over the services -- add the staff to take over all
21 the services. We talked about a way that we could
22 provide them on our own.
23 But if -- at that meeting specifically,
24 we asked them to look into solutions. We did not

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1 look at or prepare solutions. We really gave it to
2 Dr. Beckwith and Mr. Healy to go back and come up
3 with ideas and suggestions.
4 Q. Okay. And did at some point Dr. Beckwith
5 or Mr. Healy come back with suggestions or
6 solutions?
7 A. Yes, they did.
8 Q. Okay. And what -- what were those?
9 A. I don't recall all the solutions.
10 The one we went with -- I should say I
11 don't recall except for reading the documents that
12 I've read. The one that we came up with was,
13 effectively, instead of having them, the
14 Township Trustees, take over all the
15 responsibilities that we had and add all the
16 additional staff; that they would outsource the
17 work to us and we would perform those services,
18 receive payment for those services that we were
19 doing instead of them doing them.
20 Q. Okay. Was there any further discussion of
21 the idea that the -- that the Township Trustees
22 would simply provide those services through their
23 own staff?
24 MR. HOFFMAN: At what time?

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1 BY MR. KALTENBACH:
2 Q. Well, '99, 2000 period.
3 A. I don't recall.
4 Q. We're talking about still the '99, 2000
5 period, correct?
6 A. Yes.
7 Q. Okay. When you say that LT would be -- be
8 paid, when -- you just testified they would be paid
9 for providing the services that LT was providing to
10 itself. Who would be paying them?
11 A. The Township Trustees.
12 Q. Okay. Do you understand that the
13 Township Trustees' sole source of revenue is the
14 pro rata share it gets from the member districts?
15 A. I will tell you that we believe the primary
16 source of revenue is what they get from the
17 districts.
18 Q. Okay. Do you believe they have another
19 source of revenue?
20 A. We will probably get into it later, but
21 there was always a question of we never got a good
22 accounting for the interest income.
23 Q. Okay.
24 A. So we don't know if that fully went from

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1 the -- fully all went to the district or some of
2 that was kept by the Township Trustees for income.
3 Q. At least according to the statute, the sole
4 source of revenue is the pro rata payments of the
5 member districts; is that your understanding?
6 A. Yes.
7 Q. Okay. Fair enough.
8 So if the Township Trustees is paying
9 LT, does that necessarily mean that member
10 districts are each contributing to pay LT?
11 A. The township trustee -- each member
12 district are each contributing to pay the
13 district -- the cost of providing services to all
14 the member districts.
15 Whether or not the township trustee
16 performs those via staff they have on hand or they
17 outsource those -- no different by the way than
18 other sources -- other places where they outsource
19 services to their auditor, to their investment
20 advisors.
21 So that the member districts would pay
22 all of the expenses whether or not -- in my
23 opinion, whether or not they were performed
24 in-house by in-house staff or they're outsourced to

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1 other -- other people.
2 Q. Okay. I'm sure we're going to circle back
3 to a few of these issues, but I want to just
4 continue going through this list.
5 Another topic on which you are disclosed
6 as having knowledge is Lyons' communications with
7 Township Trustees.
8 What possible testimony might you have
9 regarding Lyons' communications with
10 Township Trustees, sir?
11 A. If you are talking about the elected
12 trustees, I have never spoken to one in my life.
13 Q. Okay.
14 MR. HOFFMAN: Well, just a second. I think
15 we've got a nomenclature issue because you earlier
16 in this deposition described the Township Trustees
17 as including both -- as including the trustees, the
18 treasurer and anyone who works for the office and
19 now the question you just asked suggests that
20 you're just asking about the trustees themselves.
21 If you see in his interrogatory answers,
22 the word -- the words "Township Trustees" is
23 designated to refer to the plaintiff, which is the
24 same definition that you gave earlier.

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1 So let's be clear -- and we used that
2 nomenclature because you used that nomenclature in
3 this case. So I want to be clear, if we could, on
4 the record here as to whether we're talking about
5 the actual board of trustees of the TTO or the
6 treasurer or the employees or all of them.
7 MR. KALTENBACH: I think that we've covered
8 that. I would ask that you not make a speaking
9 objection such as that. I think the witness and I
10 were proceeding on the same page to get that
11 answer, so --
12 MR. HOFFMAN: I thought it was confusing and I
13 pointed it out because you kind of -- as you're
14 asking the question -- and we can't pick this up in
15 the transcript, but you kind of laughed, like what
16 possible discussion would you have with the
17 trustee.
18 MR. KALTENBACH: I was laughing because it's an
19 incredibly broad subject and it's a difficult
20 question to ask a witness with a straight face.
21 MR. HOFFMAN: Well, why don't you ask him
22 what --
23 MR. KALTENBACH: I'll ask the question I want to
24 ask, Jay.

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1 MR. HOFFMAN: Why don't you ask him what
2 communications he had with anybody at the trustees
3 and just be done with it.
4 MR. KALTENBACH: Let's you and I not argue.
5 MR. HOFFMAN: I don't appreciate your
6 commentary. Just get the questions out. Let's go.
7 MR. KALTENBACH: I don't appreciate your
8 speaking objections.
9 BY MR. KALTENBACH:
10 Q. Mr. Shapiro, what knowledge do you have of
11 Lyons' communications with the Township Trustees?
12 A. What knowledge do I have of Lyons'
13 communications with the trustees?
14 Q. Yes.
15 A. Personally, I have never had any
16 communications with the elected trustees. I've
17 only spoken with Miss -- I've only had
18 communications with Mr. Healy verbally and only
19 then in meetings at LT.
20 I don't believe I've even ever seen him
21 casually anywhere. I think he lived in the same
22 area. And I would only know of communications with
23 the trustees, in general, the Office of the
24 Township Trustees, through communications that went

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1 back and forth from LT to the trustees.
2 Q. Okay. So just to clarify, so you've never
3 communicated yourself with any of the elected
4 trustees, correct?
5 A. Not knowingly.
6 Q. At least not beyond a "hi" or something?
7 A. I don't believe I ever met one of them
8 ever.
9 Q. Fair enough.
10 And based on your answer, I assume
11 you've also know -- to your knowledge, you've never
12 communicated with any of the treasurer's office
13 staff; is that correct?
14 A. Correct.
15 Q. Okay. So your communications with anyone
16 representing the Township Trustees Body Politic
17 would be through Mr. Healy?
18 A. Correct.
19 Q. Okay. And those would have been limited to
20 meetings that occurred at the Lyons Township High
21 School, correct?
22 A. Correct.
23 Q. Now, we've been talking about a specific
24 meeting that you recalled in roughly '99 or 2000

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1 where there were these solutions being discussed,
2 correct?
3 A. Correct.
4 Q. Do you believe there were other meetings
5 that you've had with Mr. Healy at the high school?
6 A. Yes, there were some other meetings.
7 Q. Okay. Do any of those stand out in your
8 mind?
9 A. No.
10 Q. Do you recall any specific -- any
11 particular comments or statements that Mr. Healy
12 made at those meetings?
13 A. No.
14 Q. So let's move on to the next topic
15 before -- I guess I'd say before we get to the ones
16 that we're probably going to spend a little bit
17 more time on.
18 Another topic under your name is Lyons'
19 conduct of its own business functions through its
20 own personnel. You've talked a little bit about
21 that already in terms of providing computer
22 accounts payable and payroll services.
23 Do you know anything about that topic
24 that we haven't already discussed?

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1 A. No.
2 Q. Fair enough.
3 So let's go on to maybe some of the more
4 important issues, I think. Another topic that you
5 are disclosed on is the Township Trustees'
6 agreement to pay the annual audit expenses of Lyons
7 beginning with the costs for the 1993 year. What
8 is your knowledge of that topic, sir?
9 A. Nothing more than what you just said. That
10 when I came on the board in 1995, the township
11 treasurer's office paid our audit. We believe they
12 paid for all the district's audit, and I know that
13 no more than that's what I was told and that's it.
14 Q. What -- so you were told that the
15 treasurer's office paid for the annual audits of
16 all the member districts; is that correct?
17 A. Yes.
18 Q. Okay. Who told you that, sir?
19 A. I heard that from our director -- our
20 business director; not from -- internally.
21 Q. And that would have been roughly at the
22 time that you came onto the board in '95?
23 A. It would have been shortly after that.
24 Q. Why is that something that you would have

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1 been told?
2 MR. HOFFMAN: Objection, calls for speculation
3 as to why someone told him something.
4 But you can answer, if you understand
5 the question.
6 THE WITNESS: In understanding what our sources
7 of revenue and our sources of expenses were, it's
8 pretty important that the members of the finance
9 committee understand how we're being -- how we're
10 funding and paying our bills.
11 BY MR. KALTENBACH:
12 Q. Did you discuss the issue of the payment of
13 LT's annual audit expenses with Mr. Healy on any
14 occasion?
15 A. Not that I recall.
16 Q. And when I say "discussed," I want to make
17 clear communicate. So whether it's oral or written
18 or -- answer is the same; you don't recall any?
19 A. Not that I recall.
20 Q. Have you ever -- have we exhausted your
21 knowledge of the agreement regarding the payment of
22 audit expenses?
23 A. Yes.
24 Q. Is that something that you or the finance

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1 committee reviewed each year?
2 A. I will answer the question as best as what
3 I think you're asking. Did we review the fact that
4 we had an audit each year? We approved the audit
5 every year.
6 Q. Okay.
7 A. Did we review -- and that was it.
8 Did we look at the -- did we discuss the
9 funding of that audit every year? And the answer
10 is no.
11 Q. Okay. Fair enough.
12 Another topic that is a little bit, I
13 guess, I would say bigger in terms of this lawsuit
14 is Township Trustees' agreement to pay the costs of
15 Lyons' business functions beginning with the costs
16 for the 1999 year. We've touched on that a little
17 bit.
18 Fair to say that you have -- you have
19 some knowledge of that agreement, sir?
20 A. Yes.
21 Q. Okay.
22 A. I thought "no" actually would sound good.
23 Q. That would -- we'd go a lot faster.
24 What was the agreement?

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1 A. My understanding of the agreement from back
2 then from my recollection and, in fact, looking at
3 the minutes was that the township -- the
4 Township Trustees would pay for certain functions
5 that we were performing.
6 They would out- -- effectively
7 outsource -- I understood it as they would
8 outsource those functions to us versus bringing
9 those in-house. And they would pay for certain
10 functions specifically that -- what we were doing
11 in accounts payable, payroll and computer services.
12 Q. When was that agreement reached?
13 A. 1999.
14 Q. Okay. Who reached that agreement on behalf
15 of LT?
16 A. The finance committee reviewed the
17 recommendation and would have presented that
18 recommendation to the Board of Education, and the
19 Board of Education would have voted to approve that
20 recommendation.
21 Q. Okay. What is the recommendation to which
22 you're referring?
23 A. That the Township Trustees would pay for
24 certain agreed-upon services, period.

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1 Q. Okay. Was -- who negotiated that on behalf
2 of LT?
3 A. That would have been Dr. Beckwith.
4 Q. Okay. Do you have knowledge who negotiated
5 that on behalf of the Township Trustees?
6 A. I would presume and only presume that it
7 was Mr. Healy because he was the person that
8 Dr. Beckwith typically worked with.
9 Q. Is this agreement the end result of the
10 meeting that you recall in '99 or 2000 wherein
11 Mr. Healy and Dr. Beckwith were directed to look at
12 solutions?
13 A. Yes.
14 Q. Specifically, what was -- what did --
15 phone's blowing up.
16 What did -- how much did
17 Township Trustees agree to pay to LT?
18 A. The specific amount? I don't recall --
19 Q. Okay.
20 A. -- outside of looking at the minutes.
21 Q. Well, what I'm trying to figure out is, as
22 best I can -- as best as you know, what were the
23 terms of the agreement?
24 A. The terms of the agreement, as I

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1 understand -- as we perceived them were they were
2 going to pay for certain personnel and certain
3 costs specifically related to payroll, accounts
4 payable and computer services.
5 Q. This -- this -- what is your source of this
6 understanding? Where is your knowledge coming
7 from?
8 A. Some from recollection of the discussion.
9 More specifically, looking at the minutes --
10 yesterday looking at the specific minutes.
11 Q. Okay. Do you recall Dr. Beckwith preparing
12 a memorandum in which she set forth some positions
13 and some salaries and things like that?
14 A. Had I not seen the minutes yesterday and
15 the documents yesterday, I would say -- I would
16 have told you that I recall something was presented
17 to us because that is the way the process worked.
18 Specifically, would I have remembered
19 without seeing the details of that and the detailed
20 costs of that without seeing the documents? The
21 answer is no.
22 MR. HOFFMAN: Just so the witness knows, you're
23 here today to testify as to the state of your
24 current knowledge. And if you looked at something

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1 recently that refreshed your recollection as to
2 what occurred, then you're free to testify as to
3 that.
4 So you don't have to try to put yourself
5 in a time machine back to the year 2000. You can
6 actually say what it is that you know based on
7 things you've read and perceived, okay?
8 THE WITNESS: Okay.
9 BY MR. KALTENBACH:
10 Q. Yeah.
11 A. Yeah.
12 Q. I would direct you, sir, what we're after
13 is your personal knowledge. So, yeah, if you read
14 something and that refreshes your memory, that's
15 great. If you read something and it doesn't
16 refresh your memory, but you're just taking it as
17 true, I'd like you to let me know that because I do
18 think that that's important.
19 A. Okay.
20 Q. So if it refreshes your memory, that's one
21 of the reasons that you're reviewing documents and
22 that's fine.
23 How long was this agreement going to be
24 in effect?

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1 A. Our understanding at the school board was
2 that it was ad infinitum.
3 Q. Okay.
4 A. Ongoing.
5 Q. So it would continue until --
6 A. The cows come home.
7 Q. The cows come home.
8 It didn't have a set end date?
9 A. Correct.
10 Q. It wasn't for one year or five years or ten
11 years?
12 A. Correct.
13 Q. Could either party terminate it at any
14 point?
15 A. As with any agreement, the belief would be
16 any party could terminate the agreement.
17 In fact, our perception was in 2013,
18 while there was an allegation that there was no
19 agreement, they terminated the supposed
20 nonagreement.
21 MR. HOFFMAN: "They" being?
22 THE WITNESS: The Township Trustees terminated.
23 And we -- yes, they terminated the supposed non- --
24 they terminated the agreement that they claim never

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1 existed.

2 BY MR. KALTENBACH:

3 Q. Were you ever -- did you ever gain an
4 understanding as to whether or not the
5 Township Trustees -- and by that, I will say the
6 elected trustees -- voted to accept that agreement
7 or enter into that agreement?

8 A. We presumed it had happened, because
9 doctor -- because Mr. Healy had told us that it had
10 been approved by his trustees and that it was in
11 effect.

12 I had never seen the minutes of the
13 meeting where it was approved until yesterday, but
14 we presumed, because Mr. Healy told us it was
15 approved, that it was approved.

16 Q. Do you -- when did Mr. Healy tell you this?
17 Was it -- presumably a meeting at the high school,
18 correct?

19 A. I don't recall if he told us directly or he
20 told us through Dr. Beckwith.

21 Q. Okay. So that may have -- your knowledge
22 of that may have been something Mr. Healy said to
23 you or it may have been something Dr. Beckwith said
24 she had been told that by Mr. Healy, correct?

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1 A. Correct.

2 Q. Okay. Did you ever communicate with
3 Mr. Healy in writing on the issue of this agreement
4 at all, you personally?

5 A. No.

6 Q. Okay. When I say "you personally," I'm
7 not -- in your capacity as a member of the
8 finance -- as a chair of the finance committee.

9 A. Understand, and no.

10 Q. Did you have an understanding as to whether
11 the Township Trustees approved the agreement every
12 year?

13 A. We presumed that they took form- -- are you
14 asking me if we had an understanding they took
15 formal action every year to approve the agreement?

16 Q. Yes.

17 A. We had no knowledge of the workings or what
18 they did -- what they voted on every year.

19 Now, I will say that -- and no different
20 than LT, that as one of our responsibilities -- and
21 I don't know if the Township Trustees had a budget.
22 I assume, because they were a government body, they
23 did have a budget. They should have a budget. If
24 they did have a budget, they would have approved

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1 the budget which would have included this expense.

2 We approved our budget every year which
3 included all of our projected expenses. We also
4 approved our actual expenses every year and we
5 approved our audit every year.

6 So I'm presuming that they also had an
7 audit done, and they approved the audit and they
8 approved their annual expenses. And, hopefully,
9 they approved their budget, if they had one. So,
10 by default, they would have approved this.

11 Whether or not -- so at a minimum, they
12 would have done that. Whether or not they took a
13 formal vote to approve this agreement every year, I
14 would have no idea.

15 Q. Did the LT Board of Education take a formal
16 vote to approve the agreement every year?

17 A. No.

18 Q. Okay. Why is that?

19 A. We presumed it was -- it was an agreement
20 that was in place until we were told -- until one
21 of the parties informed the other party that there
22 was no longer an agreement in place.

23 Q. The memorandum that you recall getting from
24 Dr. Beckwith, there was a similar memorandum -- not

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1 necessarily from her, but a similar memorandum
2 every year, correct?

3 A. There -- there was a memo --

4 MR. HOFFMAN: Are you talking about the memos
5 that went from the business manager to LT to Healy;
6 is that what you're talking about?

7 MR. KALTENBACH: I'm asking if he got a
8 memorandum --

9 THE WITNESS: I don't recall seeing the specific
10 details --

11 MR. HOFFMAN: Well --

12 THE WITNESS: -- of the specific costs that were
13 being pushed back and forth.

14 BY MR. KALTENBACH:

15 Q. Okay.

16 A. We did not -- as the finance committee and
17 as the Board of Education, we did not get into the
18 details of looking at individual expenses that were
19 being paid by -- every individual expense that was
20 being paid by the district.

21 Q. Okay. So are you aware that over the
22 course of time, the amount that LT was being paid
23 increased year by year?

24 A. Only through conversations yesterday. I

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1 don't recall seeing specific documents that said
2 what the specific costs were and I don't recall
3 looking at what the specific costs were every year.
4 Q. And -- and you don't recall voting on
5 whether that cost was being accepted or not each
6 year?
7 A. I don't believe we did.
8 Q. Do you recall -- was this agreement ever
9 documented in writing?
10 A. I can't say whether it was or wasn't. I
11 can say that the board approved it at a meeting in
12 2000. I don't recall seeing a formal agreement in
13 writing.
14 Q. Okay. In other words, a document signed by
15 the Township Trustees and by Lyons Township
16 District 204?
17 A. Don't recall seeing that.
18 Q. Okay. Do you recall the discussion of
19 whether an intergovernmental agreement might be
20 necessary?
21 A. I don't recall discussing whether an
22 intergovernmental agreement was necessary. My
23 perspective on that was it was not.
24 And I will say that, no different than

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1 if the Township Trustees went and hired five people
2 to take over these services, they would not have
3 had to get an intergovernmental agreement.
4 If they hired a different auditor who
5 cost more, they didn't have to hire -- they didn't
6 have to go out and get an intergovernmental
7 agreement for all their expenses. So did not
8 perceive it was necessary and don't recall if we
9 discussed whether or not one was needed.
10 If that had come up, I would have
11 been -- strongly supported that it was not
12 necessary because it's nothing more than an
13 increased expense that the districts -- that the
14 Township Trustees incurred.
15 Q. You mean the increased expense, you mean
16 the cost of drafting and getting the --
17 A. No, the cost of actually providing the
18 services.
19 Q. The services that we're talking about that
20 LT provided, did LT provide those services only to
21 itself or did it provide it to any of the other
22 member districts?
23 A. The only district we were providing any
24 services to would have been to the -- some services

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1 to the -- God. What is it? Special ed.
2 Q. LADSE?
3 A. LADSE.
4 Q. L-A-D-S-E. I think LaGrange Area
5 Special --
6 A. Yes.
7 Q. Okay. Have we exhausted your knowledge
8 regarding the agreement between the trustees and LT
9 to pay the cost of LT's business functions?
10 A. Yes.
11 Q. Another topic --
12 MR. HOFFMAN: We've been going for an hour.
13 MR. KALTENBACH: You want to take a break?
14 MR. HOFFMAN: Yeah, why don't we take a break.
15 MR. KALTENBACH: We can take a five-minute
16 break. That's fine.
17 (Recess taken.)
18 BY MR. KALTENBACH:
19 Q. Okay. Another topic, Mr. Shapiro, that you
20 are identified as having knowledge of is
21 Township Trustees' invoicing and Lyons' payment of
22 a pro rata share of Township Trustees' expenses.
23 What is your knowledge of that topic,
24 sir?

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1 MR. HOFFMAN: Hold on one second. Oh, yeah,
2 yeah, yeah. The pro rata share.
3 Yeah, go ahead.
4 THE WITNESS: That, by statute, we pay based
5 upon, I believe -- I never, ever looked at the
6 detailed -- saw the detailed calculation.
7 That based upon amount of funds, which
8 we were the largest school district by far, that we
9 paid a pro rata share of the cost to operate the
10 township treasurer's office.
11 BY MR. KALTENBACH:
12 Q. Okay. As part of the finance committee,
13 were you -- strike that.
14 How did it work, to the best of your
15 recollection? Did you get an invoice from the
16 Trustees each year?
17 A. Yes.
18 Q. Okay. And did the finance committee review
19 and approve that invoice?
20 A. We would have -- we never reviewed
21 individual invoices for anything. So we would have
22 reviewed that -- we would have reviewed -- it would
23 have been approved through our normal approval of
24 all expenditures process.

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1 Q. Okay. At some point, did the -- so the
2 finance committee doesn't approve any -- any
3 individual invoices? I'm sorry. Maybe I misheard
4 that.
5 A. We never individually approve an individual
6 invoice. In fact, the finance committee did not
7 approve invoices. The board approved expenditures.
8 Q. So what was the procedure for when an
9 invoice came in from the Township Trustees for the
10 pro rata share?
11 A. It would be approved by -- I actually don't
12 know the internal machinations of the district.
13 That wasn't my job as a school board member.
14 I presume it was reviewed and approved
15 and then it was presented along with all other
16 expenditures for payment. It was presented along
17 with all the expenditures to the Board of Education
18 for approval.
19 Q. Okay. Was it presented first to the
20 finance committee before then going to the full
21 board?
22 A. No.
23 Q. Okay. To your knowledge, did Lyons pay the
24 full amount invoiced to it each year by the

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1 Township Trustees?
2 A. To my knowledge, it would pay the full
3 amount invoiced every year up until, I believe,
4 2013.
5 Q. Okay. And why it did that procedure change
6 in 2013?
7 A. There was some question about the costs
8 that were associated to us. And, in fact, we began
9 looking at the -- we asked -- requested -- demanded
10 a breakdown of what was in the invoice and
11 questioned whether or not -- had a lot of
12 discussion about that.
13 And I believe we -- we did not include
14 the costs associated with legal expenses once the
15 lawsuit came forward. The cost of -- I don't
16 believe we paid for the cost to sue ourselves.
17 Q. Okay. Off the top of your head, is that
18 the only cost you can recall rejecting?
19 A. I believe that is -- in fact, the board
20 discussed at length whether we should have other
21 reductions.
22 And I, as a member of the board, said
23 once the agreement was severed -- and there was
24 some discussion of this -- I said this is what we

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1 have to do by law.
2 Q. Okay. What -- you said this is what we
3 have to do by law. What was the "this"?
4 A. Pay our pro rata share.
5 Q. Okay. Even if you felt it was not a fair
6 amount in terms of the services you were getting?
7 A. We didn't believe it was a fair amount in
8 terms of the services we were getting. We did not
9 believe the quality of the work was -- we thought
10 it was substandard quality of work, but that was
11 irrelevant. That was the law was the law at that
12 point.
13 Q. Okay. Fair enough.
14 Do you recall if each year -- strike
15 that.
16 To your knowledge, did the
17 Township Trustees invoice yearly for their pro rata
18 share?
19 A. To my knowledge, they did, yes.
20 Q. Okay. But you never -- did you even
21 personally see the invoices from the
22 Township Trustees coming in?
23 A. No.
24 Q. Okay. Are you aware of whether or not LT

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1 offset against that invoice the amount that it was
2 paying to perform its own business services?
3 A. It was my understanding that, yes, we did.
4 We offset it. We paid the remaining amount.
5 Q. Okay. Where -- what is your understanding
6 gleaned from?
7 A. Through discussions with the business
8 director.
9 Q. Whether it was Dr. Beckwith or her
10 successor at the appropriate time?
11 A. Successors, yes.
12 Q. Successors. I'm sorry. That's correct.
13 Do you recall any particular discussions
14 with any of the business directors on that topic?
15 A. They occurred over time. I believe, at one
16 point, I recall we had some discussions because we
17 actually exceeded -- our expenses exceeded what the
18 incoming bill was; but other than that, no.
19 Q. Okay. Do you recall what happened in the
20 case where the LT's -- what it was spending to
21 perform the services was greater than what the
22 incoming bill was?
23 A. We did not pursue cost recovery.
24 Q. Okay. From the Township Trustees?

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1 A. Correct.
2 Q. Did you hold it as a carry-over credit for
3 future years; do you recall?
4 A. No.
5 Q. No, you don't recall?
6 A. Don't believe we did.
7 Q. Okay. Fair enough. Thank you.
8 Have we exhausted your knowledge,
9 Mr. Shapiro, regarding the subject of the
10 Township Trustees invoicing and LT's payment of a
11 pro rata share?
12 A. Without reviewing the detailed documents,
13 yes.
14 Q. Are there any particular documents that you
15 think I could show you now that would jog your
16 memory as to -- as to that topic?
17 A. No.
18 Q. Okay. Another topic, sir, that you have
19 been disclosed as having knowledge of is
20 Township Trustees' lack of disclosure,
21 documentation and cooperation concerning the
22 interest earnings of Lyons and other member
23 districts. Do you have knowledge of that topic,
24 sir?

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1 A. Some, yes.
2 Q. Okay. What -- what knowledge do you have
3 of that topic?
4 A. My knowledge of that is through the
5 business director. We received very, very
6 limited -- virtually no documentation as to the
7 calculation of interest income that we were to
8 receive. It was just a number with no
9 documentation behind the number.
10 It was very hard to plan, it was very
11 hard to project based upon that -- based upon the
12 information we received. So it was always
13 considered somewhat of a black hole as to what we
14 were getting.
15 Q. Did you ever discuss that topic with
16 Mr. Healy?
17 A. I never discussed the topic with Mr. Healy.
18 Our business director discussed that with
19 Mr. Healy.
20 Q. Is there a specific business director you
21 have in mind?
22 A. I know Dr. -- I know David Sellers did.
23 Q. Did you discuss this issue with Mr. Sellers
24 himself?

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1 A. The finance committee discussed this with
2 Mr. Sellers and I was on the finance committee,
3 yes.
4 Q. What were the discussions with Mr. Sellers?
5 A. There was a sense of frustration amongst
6 all parties that we had no documentation to
7 determine whether or not we were receiving our fair
8 share.
9 Mr. Sellers felt very strongly that he
10 had -- based upon what he was looking at. In fact,
11 we were not receiving the correct amount. We
12 should have received more interest income, but was
13 unable to document or prove that in any way, shape
14 or form.
15 Q. Did the finance committee or the board give
16 any instructions to Mr. Sellers to follow up on
17 that concern of his?
18 A. We would have asked him to pursue
19 discussing it with Mr. Healy, but that's it.
20 Q. Do you recall any end result of that?
21 A. If I recall -- my recollection is the end
22 result was we got the same level of documentation
23 subsequent to any conversations he had with
24 Mr. Healy, which was none.

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1 Q. Okay. Did LT ever -- without regard to
2 this specific lawsuit, did LT ever hire anyone to
3 do an analysis of the interest income allocations?
4 A. Not that I recall.
5 Q. Okay. I know that you're the president of
6 the -- can't remember the exact title, but the
7 Illinois Society of CPAs, so I'm just going to ask
8 you this:
9 Do you -- have you ever formulated a
10 professional opinion as to whether or not LT was
11 under-allocated or over-allocated interest income
12 from the treasurer's office?
13 A. Have I a professional opinion? I'm not
14 sure what a professional opinion would be.
15 My background is one of finance by
16 trade, by academic and by trade. Did I ever form a
17 professional opinion? That would have only been if
18 I had the data to support a professional opinion.
19 Every -- any decision is made by based
20 upon data. Having no data, then I could not have
21 formed a professional opinion.
22 Q. What I'm saying by professional opinion, I
23 guess, is not asking you did you have a gut feeling
24 on something, because that's impossible for me to

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1 really explore.
2 Did you ever do any -- I guess what I'm
3 asking is, did you ever do any analysis to try to
4 reach a definitive conclusion in your mind as to
5 whether 204 was under- or over-allocated interest
6 income?
7 A. That would not -- I did not. And that
8 would not have been my position as a board member.
9 That would have been the position of the -- of the
10 staff.
11 Q. Okay. To your knowledge, did any of the
12 staff do such an analysis?
13 A. I believe Dr. Sellers, I believe --
14 Mr. Sellers -- he's not -- Mr. Sellers, I believe,
15 tried to put that together and that was his basis
16 for the belief that we actually had not received
17 the correct amount.
18 And we had under- -- we had not -- we
19 had received less than we should have received
20 based upon interest income. I don't recall looking
21 at that analysis that he put together, but I do
22 believe he put together his own internal analysis
23 as to why he felt that way.
24 Q. Okay. Was that in connection with this

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1 lawsuit or was that before this lawsuit?
2 A. I believe it was before this lawsuit.
3 MR. KALTENBACH: Okay. You know, Jay, I'm
4 sorry. I got to run to my office to get a
5 document.
6 MR. HOFFMAN: Please.
7 MR. KALTENBACH: I hate to do it. I only have
8 20 minutes, but I should have done it before.
9 (Recess taken.)
10 (Whereupon, Shapiro Deposition
11 Exhibit No. 2 was
12 marked for identification
13 as of this date.)
14 BY MR. KALTENBACH:
15 Q. Mr. Shapiro, we've handed you what's been
16 marked as Shapiro Exhibit No. 2. Is this the
17 document that you reviewed yesterday with
18 Mr. Hoffman at his office?
19 MR. HOFFMAN: Just for the record, this is a
20 version of the interrogatory answers, Lyons'
21 Revised Responses to Interrogatories 4, 6, 8 and 11
22 of Township Trustees' Second Interrogatories, which
23 actually is incomplete because it doesn't include
24 any of the documents that were provided, attached

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1 to and made part of these interrogatory answers.
2 So I just want to note that for the
3 record in terms of the Shapiro Exhibit 2.
4 BY MR. KALTENBACH:
5 Q. Okay. Mr. Shapiro, let's start with this:
6 Did you review -- is this one of the
7 documents you reviewed yesterday?
8 A. I believe -- well, I reviewed it prior to
9 yesterday. Jay sent it to me via e-mail. I
10 believe this is it, yes.
11 Q. Okay. Were there -- this is -- I think
12 it's 18 pages long and I know that because I just
13 printed it.
14 Were there other documents either as
15 part of the same PDF or as other exhibits in that
16 e-mail; that is to say, were there documents
17 attached to this that you reviewed also?
18 A. There was this document. Whether there
19 were additional pages in this document, I don't
20 recall.
21 Q. Okay. Well --
22 A. There were no additional attachments beyond
23 the document. Jay sent me two documents. I
24 reviewed each document. This is one of them.

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1 Q. Okay. What was the other one?
2 A. The deposition of Dr. Beckwith.
3 Q. Dr. Beckwith. Okay. Fair enough.
4 Did reviewing Dr. Beckwith's deposition
5 refresh your recollection as to any of the events
6 to which you've testified today?
7 A. Yes.
8 Q. Okay. What -- is there anything specific
9 that stood out in her deposition that refreshed
10 your recollection?
11 A. Did -- nothing specific stood out. It was,
12 overall, it stood out.
13 Q. Okay. Fair enough.
14 Did you disagree with any of her
15 testimony?
16 A. No.
17 Q. Did you find it to be incomplete in any
18 manner?
19 A. No.
20 Q. Okay. Did you read the answers to the
21 interrogatories that are as part of Exhibit No. 2?
22 A. Yes.
23 Q. Okay. Do you -- were you, to your
24 knowledge, consulted when Lyons -- in order to --

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1 did you provide information to Lyons' attorney for
2 him to draft these answers?
3 A. No.
4 Q. When --
5 MR. HOFFMAN: Well, I object to the form of the
6 question because I don't think Mr. Shapiro has any
7 way of knowing what I used to draft these answers.
8 You can ask him --
9 MR. KALTENBACH: I understand -- I understand
10 that, but --
11 MR. HOFFMAN: You can ask him if he spoke with
12 me.
13 MR. KALTENBACH: To his knowledge, he didn't
14 provide you the information. That's all I was
15 asking.
16 MR. HOFFMAN: Yeah, but you didn't ask him when
17 he first spoke to me and that's fine. I don't have
18 any problem with that.
19 BY MR. KALTENBACH:
20 Q. I'll do that just to go ahead and do it.
21 When did you first speak with
22 Mr. Hoffman?
23 A. First time I ever spoke with Mr. Hoffman
24 was on the phone to set up this.

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1 Q. Okay.
2 A. But the first time I spoke with him about
3 any detail was yesterday. I had never before
4 provided any information.
5 Q. Had you spoken with anyone from the Dykema
6 law firm who was -- preceded Mr. Hoffman in this
7 case?
8 A. No. No.
9 Q. Okay. Are there any of the answers that
10 you read in Exhibit 2 that you disagreed with?
11 A. No.
12 Q. Okay. Was there -- are there any answers
13 that you felt, you know, were incomplete and that
14 they were missing something material?
15 A. No.
16 Q. Okay. Did any of the information contained
17 in Exhibit 2 refresh your recollection as to your
18 testimony today?
19 A. Yes.
20 Q. Okay. Is there anything specific that you
21 recall standing out as refreshing your
22 recollection?
23 A. No. Just an overall in general.
24 Q. Now that we've had the opportunity to spend

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1 some time talking about this topic of this lawsuit
2 and the topics that it raises, are there any other
3 communications that you recall having with any of
4 the elected trustees?
5 I'm sorry. Are there any communications
6 you recall having with any of the elected trustees?
7 A. The elected trustees of the township
8 treasurer's office?
9 Q. Yes.
10 MR. HOFFMAN: Objection, asked and answered.
11 BY MR. KALTENBACH:
12 Q. I want to make sure you answer it the same
13 after -- sometimes people's memories change as --
14 MR. HOFFMAN: And you didn't show him anything
15 else saying --
16 MR. KALTENBACH: I understand that.
17 MR. HOFFMAN: -- last time.
18 What do you want him to do?
19 MR. KALTENBACH: I want to make sure that as we
20 have discussed this for the last hour and a half,
21 his answer hasn't changed.
22 MR. HOFFMAN: Okay. Fair enough. No problem.
23 No objection.
24 THE WITNESS: As I stated before, I, to my

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1 knowledge, have never met nor talked with or
2 communicated in any way, shape or form with an
3 elected trustee from the township treasurer's
4 office.
5 BY MR. KALTENBACH:
6 Q. And that same answer would be as to
7 respecting Mr. Healy's staff, correct?
8 A. That is correct.
9 Q. Okay. Do you recall any communications
10 with Mr. Healy that we have not discussed today as
11 part of your testimony that you have now maybe
12 jogged into memory?
13 A. The only thing that I would say is, you
14 know, you had asked questions was he at other
15 meetings. He -- and I said he may have been at
16 other meetings. I'm sure Mr. Healy was at other
17 meetings in the past; but otherwise, no.
18 Q. Okay. And did he -- do you recall him
19 making any statements at those meetings that bear
20 on the issue -- the issues that we've discussed
21 today?
22 A. Beyond what we've talked about, no.
23 MR. KALTENBACH: Okay. Fair enough.
24 I have no further questions of the

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1 witness.
2 MR. HOFFMAN: We'll take five minutes. Let me
3 think about whether I have anything and then we'll
4 be done shortly after that, okay?
5 MR. KALTENBACH: Okay.
6 (Recess taken.)
7 EXAMINATION
8 BY
9 MR. HOFFMAN:
10 Q. Mr. Shapiro, if I have a record of us
11 having an interview about the matters in this case
12 on August 16th of 2016, does that help you to
13 recall us speaking before the time of your
14 deposition?
15 A. It does. I clearly don't remember what's
16 on my calendar and all the meetings I have on a
17 regular basis, which is why I have a calendar.
18 So that does -- you know, it does help
19 ring -- recall that we did talk.
20 Q. Okay. I'd like to ask you a couple
21 questions about the agreement between the TTO and
22 LT to pay the cost of LT's business functions, and
23 I'd like to refer you to a couple documents that
24 are in Healy Exhibit 1. In particular --

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1 MR. KALTENBACH: Can I go grab that real quick
2 unless you have an extra?
3 MR. HOFFMAN: I don't -- yeah, why don't you. I
4 don't know that you'll need to.
5 MR. KALTENBACH: I've got it on my desk.
6 MR. HOFFMAN: I don't know that you'll need to.
7 I'm not going to go into any extreme detail.
8 MR. KALTENBACH: Then I'll just look at yours
9 once it's --
10 MR. HOFFMAN: You're welcome to. If you do want
11 to do get yours --
12 MR. KALTENBACH: No, I --
13 MR. HOFFMAN: -- by all means, I have no
14 problem.
15 MR. KALTENBACH: No. Go ahead. Just go ahead.
16 BY MR. HOFFMAN:
17 Q. Sir, I'm showing you a memorandum from
18 Lisa Beckwith to Robert Healy dated February 29th,
19 2000. Have you seen that document before, sir?
20 A. Yes.
21 Q. And can you tell me what that document is?
22 A. This is the document -- this is the
23 memorandum that -- from -- from Mr. Healy -- Mr. --
24 Dr. Beckwith to Mr. Healy detailing the expenses

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1 that they would pay for.
2 Q. All right. And --
3 A. That that -- the treasurer's office. The
4 Township Trustees would pay LT for.
5 Q. Okay. And also in Healy Exhibit 1 is a set
6 of minutes for an LT board meeting on June 19th,
7 2000. Do you see -- there's an agenda and then a
8 set of minutes, and attached to it is Exhibit T for
9 the board package for that meeting which includes a
10 group of documents, the first document of which --
11 looks like -- I think they're all grouped
12 together -- the first document of which is a
13 June 14th, 2000 memo from Lisa Beckwith to the
14 Board of Education that also includes this
15 February 29th, 2000 memo within its attachments.
16 Do you see that document, sir?
17 A. Yes.
18 Q. Okay. And based on these materials, can
19 you tell me what happened at the June 19th, 2000 LT
20 Board of Education meeting with respect to the
21 agreement between parties on the payment of
22 business expenses?
23 MR. KALTENBACH: Well, hold on. I'm going to
24 object to the extent -- if you're asking him to

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1 refresh his recollection -- I'd like to clear -- is
2 he testifying based on his recollection or is he
3 just reading the document? Is he just reciting the
4 document into the record?
5 MR. HOFFMAN: Well, let me ask a different
6 question to overcome your objection, sir.
7 BY MR. HOFFMAN:
8 Q. What do you recall occurring, if anything,
9 at the June 19th, 2000 LT board meeting with
10 respect to the agreement on the payment of business
11 expenses that was discussed?
12 A. We would have approved the consent agenda
13 in which was the agreement that the township
14 treasurers -- Township Trustees were going to pay
15 the agreed-upon cost to LT.
16 And we would have approved the consent
17 agenda in total, not specifically each item in the
18 consent agenda.
19 MR. HOFFMAN: Okay. I have no more questions.
20 MR. KALTENBACH: Can you just -- why don't you
21 just leave the memo on the top right there. I just
22 have one or two follow-up.
23 MR. HOFFMAN: Sure.
24

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1 FURTHER EXAMINATION
2 BY
3 MR. KALTENBACH:
4 Q. Mr. Shapiro, you testified about the
5 February -- leap day -- February 29th, 2000 memo.
6 It finally dawned on me in that case that's what
7 that is.
8 You did not prepare that memorandum,
9 correct, sir?
10 A. No.
11 Q. Do you recall if you received a copy of
12 that memorandum in the course of business as a
13 board member at LT?
14 That is to say, did you see that
15 memorandum prior to this lawsuit?
16 A. Prior to this lawsuit?
17 Q. (Nodding.)
18 A. That memorandum may have been presented to
19 the finance committee at some point in time. I
20 don't recall.
21 Q. Okay. Do you recall discussing that
22 particular memorandum with either Dr. -- with
23 Dr. Beckwith?
24 A. With Dr. -- I don't recall if I had a

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1 finance -- I believe we discussed this in a finance
2 committee because we came to an agreed-upon
3 solution.
4 Q. Okay. Do you --
5 A. I don't recall the specific finance
6 committee.
7 I would have seen this document,
8 absolutely, if it's in the consent agenda. Because
9 while we don't approve every individual item in the
10 consent agenda, there was a lot of documentation
11 behind the consent agenda. And being a very
12 diligent board member, I would look at all the
13 items within the consent agenda to make sure I had,
14 you know, issues with any items in there.
15 Q. I believe Mr. Hoffman asked you -- and I'm
16 going off my memory here -- in essence, what is
17 this memorandum and you gave him an answer.
18 What I'm trying to figure out is,
19 what -- what is the basis of you knowing what that
20 memorandum is?
21 A. What is the basis of my knowing what the
22 memorandum is?
23 Q. Right. You didn't draft it, correct?
24 A. Correct. It would have been presented to

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1 me -- it would have been --
2 Q. As part of the consent agenda?
3 A. As part of the consent -- at a minimum, as
4 part of the consent agenda. And I would have to go
5 back and see if that was ever -- we would also
6 receive that prior to the board meeting as part of
7 our preparation for the board meeting.
8 Q. Okay. I believe when Mr. Hoffman asked you
9 what it is, you said this is the Township Trustees
10 agreeing to pay for certain functions.
11 A. This is --
12 MR. HOFFMAN: Object to the form of the
13 question. Misstates the witness's prior testimony.
14 Why don't you just -- instead of asking
15 him what he said before, why don't you just ask
16 him.
17 BY MR. KALTENBACH:
18 Q. I'm trying to understand -- so let me just
19 make this as simple as I can.
20 How do you know what that is, that being
21 the February 29th memo?
22 A. How do I know what that is?
23 Q. Yeah.
24 A. By reading it.

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1 Q. Okay.
2 A. It's a document that would have -- that was
3 included in our consent agenda for the
4 June meeting -- for the June 19th meeting which
5 spelled out the -- what the respective parties were
6 going to do with respect to payment of services.
7 Q. Other than from reading the face of the
8 document itself, do you recall any discussions
9 about the document?
10 MR. HOFFMAN: Objection, asked -- about -- a
11 discussion about the document itself or --
12 MR. KALTENBACH: Yes.
13 MR. HOFFMAN: -- or the information contained in
14 the document?
15 MR. KALTENBACH: Discussions about the document.
16 THE WITNESS: Do I recall -- do I recall a
17 discussion about this specific document prior to
18 the board meeting or...
19 BY MR. KALTENBACH:
20 Q. Well --
21 A. I don't.
22 Q. -- even after the board -- let's put it --
23 do you recall any discussions about it prior to the
24 board meeting?

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1 A. That -- the specific memo itself?
2 Q. Yes.
3 A. I don't recall specific discussions as to
4 whether or not we had -- I would have to look at
5 the minutes from the finance committee's -- finance
6 committee preceding these to see if it was
7 discussed, the specific memo was discussed.
8 Q. But you recall general discussions on
9 that -- you recall discussions on that topic; is
10 that what -- that's your testimony?
11 A. That's correct.
12 Q. Okay. After the finance committee meeting,
13 do you recall any discussions about that -- that
14 specific memorandum?
15 A. After what finance committee meeting?
16 Q. The one you -- you --
17 A. I said -- I said we typically would discuss
18 at a board meeting -- at a -- prior to a board
19 meeting, we would discuss what was going to be
20 presented on behalf of that committee.
21 Subsequent to that committee meeting, I
22 would not have had discussions until the board
23 meeting. And we don't discuss items on the consent
24 agenda at the board meeting individually.

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1 Q. So is it safe to say you don't recall any
2 specific conversations regarding that memorandum as
3 you sit here today?
4 MR. HOFFMAN: Object to the form of the
5 question.
6 THE WITNESS: I would have to tell you that,
7 yeah, we discussed the specific content of this.
8 Do I recall specific discussions on this
9 memo? I don't recall any specific discussions on
10 this memo. But, obviously, the content of the memo
11 and the intent of the memo I do recall.
12 BY MR. KALTENBACH:
13 Q. Okay. And the discussions, those were
14 discussions amongst the board members and
15 Dr. Beckwith, correct?
16 MR. HOFFMAN: Object to the form of the
17 question.
18 BY MR. KALTENBACH:
19 Q. Strike that.
20 Who were the discussions amongst?
21 A. It would have been with the finance
22 committee. It would have been at a finance
23 committee meeting.
24 Q. Okay. Would Dr. Beckwith have been at that

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1 meeting?
2 A. Yes.
3 Q. Okay. Was it typical for the business
4 service -- the director of business services to go
5 to finance committee meeting minutes?
6 A. Always.
7 Q. Sorry. To go to finance committee
8 meetings?
9 A. Always.
10 MR. KALTENBACH: Okay. Thank you.
11 I have no further questions.
12 FURTHER EXAMINATION
13 BY
14 MR. HOFFMAN:
15 Q. Sir, I'd like to direct your attention to
16 Exhibit T, as in Tom, to the minutes and agenda of
17 the June 19th, 2000 LT Board of Education meeting,
18 and that memorandum is from Lisa Beckwith to the
19 Board of Education dated June 14th, 2000.
20 Can you take a moment to read that memo?
21 A. Okay. Read it.
22 Q. Okay. At the time -- on June 14th, 2000,
23 obviously, you were a member of the Board of
24 Education, correct?

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1 A. Yes.
2 Q. Okay.
3 MR. KALTENBACH: I'm going -- I'm sorry.
4 MR. HOFFMAN: I'm sorry.
5 MR. KALTENBACH: I'm going to object to this
6 line of questioning. It goes beyond the scope of
7 my questioning. But, obviously, I'm not going
8 to -- you can proceed.
9 MR. HOFFMAN: Interesting objection for a
10 discovery deposition.
11 BY MR. HOFFMAN:
12 Q. Okay. Were you a member of the Board of
13 Education at this time, sir?
14 A. Yes.
15 Q. Do you have any reason to doubt that you
16 received the June 14th, 2000 memo from
17 Lisa Beckwith that's Exhibit T to the June 19th,
18 2000 board agenda?
19 A. I have no reason to doubt that we received
20 it.
21 Q. Okay. And there are a series of
22 attachments to the June 14th, 2000 memo, correct?
23 A. Correct.
24 Q. Okay. And in the June 14th, 2000 memo, it

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1 says, Attached is a copy of the Lyons Township High
 2 School treasurer's bill for the 1999 to 2000 school
 3 year, and it goes on to talk about the numbers
 4 involved with that.
 5 Is that document attached to the
 6 June 14th, 2000 memo as far as you can see here?
 7 A. Yes.
 8 Q. And is that what is -- where is that --
 9 what document constitutes that attachment?
 10 A. The attachment was the -- the letter from
 11 the Township Trustees to Dr. Kelly, which details
 12 out the --
 13 Q. What's the date of that?
 14 A. The date of that is May 24th, 2000.
 15 Q. Okay. And the Lisa Beckwith June 14th,
 16 2000 memo also states, Also attached is a copy of
 17 the agreement that we made with the treasurer,
 18 comma, which pays the district 1,006 -- \$106,403
 19 for comparable services provided to other township
 20 districts, but not to Lyons Township High School.
 21 Do you see that?
 22 A. Yes.
 23 Q. And is the agreement referenced in the
 24 June 14th, 2000 memo one of the attachments to that

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1 memo?
 2 A. Yes.
 3 Q. And what constitutes that attachment?
 4 A. The memorandum from Lisa Beckwith,
 5 Dr. Beckwith, to Mr. Healy dated February 29th,
 6 2000.
 7 Q. Okay. And based on review of these
 8 documents, was the February 28th, 2000 memorandum
 9 from Lisa Beckwith to Robert Healy part of the
 10 package of materials given to you and other board
 11 members in advance of the June 19th, 2000 meeting?
 12 A. The February 29th memo?
 13 Q. Yes.
 14 A. Yes.
 15 MR. HOFFMAN: Okay. Thank you.
 16 I have no further questions.
 17 MR. KALTENBACH: All right.
 18 We're done.
 19 MR. HOFFMAN: Signature is reserved.
 20 FURTHER DEPONENT SAYETH NAUGHT. . .
 21
 22
 23
 24

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1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF DU PAGE)
 3 Steven T. Stefanik, being first duly sworn
 4 on oath, says that he is a Certified Shorthand
 5 Reporter, that he reported in shorthand the
 6 testimony given at the taking of said deposition,
 7 and that the foregoing is a true and correct
 8 transcript of his shorthand notes so taken as
 9 aforesaid and contains all the testimony given by
 10 TODD SHAPIRO at said deposition.
 11
 12 And further, that he is not connected by
 13 blood or marriage with any of the parties to this
 14 action, nor is he a relative or employee or
 15 attorney or counsel of any of the parties, or
 16 financially interested directly or indirectly in
 17 the matter in controversy.
 18
 19 That the preceding deposition shall be
 20 read by said deponent, and any and all corrections
 21 which the deponent desires to make shall be duly
 22 made by the deponent on the enclosed errata
 23 sheet(s), indicating page and line to be corrected,
 24

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1 and that the explanation, if any, given by the
 2 deponent for said corrections, shall be thereon
 3 noted.
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 Certified Shorthand Reporter
 No. 084-003298

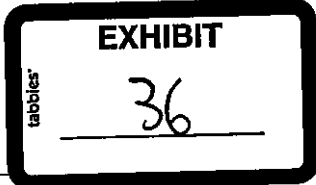
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STATE OF ILLINOIS)
) SS:
COUNTY OF C O O K)

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

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

The deposition of TIMOTHY KILREA, called for examination, taken pursuant to the provisions of the Code of Civil Procedure and the Rules of the Supreme Court of the State of Illinois pertaining to the taking of depositions for the purpose of discovery, taken before JEANINE WATKINS, CSR No. 084-001629, a Certified Shorthand Reporter of said state, on February 21, 2017, at the hour of 1:00 p.m. at 225 West Washington Street, Suite 2600, Chicago, Illinois, pursuant to notice.



Page 2

1 APPEARANCES:
 2
 3 MILLER, CANFIELD, PADDOCK and STONE, PLC
 4 BY: MR. BARRY P. KALTENBACH and
 5 MR. GERALD E. KUBASIAK
 6 225 West Washington Street, Suite 2600
 7 Chicago, Illinois 60606
 8 (312) 460-4251
 9 Kaltенbach@millercanfield.com
 10
 11 Appeared on behalf of the Plaintiff;
 12
 13 HOFFMAN LEGAL, by
 14 MR. JAY R. HOFFMAN
 15 20 North Clark Street, Suite 2500
 16 Chicago, Illinois 60602
 17 (312) 899-0899
 18 jay@hoffmanlegal.com
 19
 20 Appeared on behalf of the Defendant.
 21
 22
 23
 24

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1 Operational Services 112
 2 No. 9 Email between Timothy Kilrea and
 3 Susan Birkenmaier 6-14 127
 4 No. 10 Copy of a letter from
 5 Timothy Kilrea to
 6 Susan Birkenmaier 10-8-14 131
 7 No. 11 Letter from Timothy Kilrea to
 8 Township Trustees 10-14-14 132
 9 No. 12 9-29-14 Letter signed by
 10 three trustees 135
 11 No. 13 Letter to Susan Birkenmaier
 12 dated 10-13-15 137
 13
 14 (ALL EXHIBITS WERE RETAINED BY MR. KALTENBACH)
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 17
 18
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 23 No. 8 Policy Manual Pages, three sections,
 24 First Page titled

Page 5

1 (The witness was duly sworn.)
 2 TIMOTHY KILREA
 3 having been first duly sworn, was examined and
 4 testified as follows:
 5 EXAMINATION
 6 BY MR. KALTENBACH:
 7 Q. Thank you. This is the deposition of
 8 Dr. Timothy Kilrea, and it's also by agreement of
 9 the parties. The Rule 206(a)(1) Deposition of Lyons
 10 Township High School District Number 204.
 11 Dr. Kilrea, do you usually refer to the
 12 district as LT?
 13 A. LT is fine.
 14 Q. Okay. I'll try to do that just to avoid
 15 confusion.
 16 A. Or 204.
 17 Q. If at some point I slip and call it 204,
 18 let me know if you're ever not sure to whom I'm
 19 referring.
 20 My client's name is a bit of a mouthful.
 21 It is Township Trustees of Schools Township 38 North
 22 Range 12 East. If I just refer to that as either
 23 the Township Trustees or the TTO, will you
 24 understand to whom I'm referring?

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1 A. Yes.
2 Q. At some point I may ask you about
3 communications with specific individuals within the
4 office, and if I do that I'll make sure to specify
5 that, okay?
6 A. Okay.
7 Q. Because we have a correct reporter, and I
8 know you're already doing it, we need to make sure
9 that we state our answers so things like nodding the
10 head or uh-huh or uh-uh don't really come out on a
11 transcript. So, I'd ask you to bear that in mind.
12 If at some point I give an answer like uh-huh or
13 something and I say, do you mean yes, don't be
14 offended. I'm just trying to be cognizant of the
15 transcript, okay?
16 A. Yes.
17 Q. If you need a break at some point just let
18 us know. I'm happy to give you a break to use the
19 washroom or to do a phone call or whatever you want
20 to do. I just ask that you answer whatever question
21 is pending. The exception is if you have a question
22 about privilege, you're allowed to talk to your
23 attorney before you answer that question. Do you
24 get that?

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1 A. Yes.
2 Q. Thank you very much.
3 Before we get into -- and, sir, you
4 understand that you're testifying today both
5 individually, that is as Dr. Kilrea, the
6 superintendent of LT, but also as the representative
7 of LT?
8 A. Yes.
9 Q. Okay. Fair enough. If, from the context
10 of my question, you're ever unsure, am I asking you
11 something on behalf of the district versus you
12 personally, just let me know if you don't
13 understand. I'm going to ask you a little bit, for
14 instance, about your educational background.
15 Obviously, that's directed at you personally, not
16 the district, okay?
17 A. Yes.
18 Q. What is your educational background, sir?
19 A. Bachelor's Degree in Social Sciences from
20 the University of Illinois. Do you need years?
21 Q. If you can, yes.
22 A. '87. Master's Degree from Governors State
23 around '91, because it was when I was still working.
24 It was evening, in the evening time. I received my

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1 Doctorate EdD from Illinois State University in
2 Educational Administration in 1998.
3 Q. Do you have any licenses by the state,
4 other than a driver's license?
5 A. I have a license, superintendent's
6 endorsement. I had a principal's endorsement when
7 it was necessary to have, but they were all
8 encompassed under an Illinois Type 75 Certificate,
9 which is changing. New laws with licensure. But at
10 the time type, a 75 Certificate.
11 Q. Is that your understanding that you needed
12 the superintendent's endorsement to be a
13 superintendent in Illinois?
14 A. Yes.
15 Q. Okay. I'm not sure.
16 A. At the time.
17 Q. Okay. You don't think you do any more?
18 A. I really can't keep track of all. There is
19 a lot of things that are in the hopper.
20 Q. Okay. Fair enough. Have you ever had any
21 of your licenses suspended or revoked?
22 A. No.
23 Q. Have you ever been the subject of any
24 disciplinary proceedings in relation to your

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1 licenses?
2 A. No.
3 Q. Are you a member of any professional
4 organizations relating to business management or
5 education?
6 A. I'm a member and a board member of the
7 Illinois Association of School Administrators. I'm
8 also on the Illinois High School District
9 organization as well.
10 Q. Are you a member -- do you hold leadership
11 offices with either of those?
12 A. I am a representative on the IHSDO, which
13 is the Illinois High School District Organization.
14 And I am a regional board member on the IASA Board.
15 Q. What is the region for that?
16 A. It's west Cook. They are representatives
17 throughout the state in the different IASA regional
18 offices, and so I am the west Cook representative.
19 Q. I'd like to cover your work history a
20 little bit. Why don't we start from the time you
21 graduated with your Bachelor's in '87. I don't need
22 exact days or anything like that, so we can ballpark
23 it. I just want to get a feel for what you did and
24 how you came to be the superintendent of LT.

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1 A. I started as a history teacher at Lincoln
2 Way High School District 210. It was in New Lenox,
3 Illinois. Actually, I was stationed in Frankfort
4 Campus, but the district office is in New Lenox. I
5 was there 16 years. During that time I had a
6 multitude of positions. I taught history. I was a
7 dean of students. Also coached. I was head of
8 discipline or the head of deans, I should say. Also
9 the activities director. I was the associate
10 principal for curriculum and instruction. And that
11 is my administrative track at Lincoln Way. I taught
12 for eight years, and in my ninth year, I believe in
13 ninth year is when I became an administrator.
14 Q. You were there for 18 years, you said?
15 A. 16.
16 Q. 16 years. So, that takes us up to about
17 2005?
18 A. 2003, '4.
19 Q. Okay.
20 A. I became the principal at Thornton
21 Fractional South High School in Lansing, Illinois.
22 I was in that position for approximately a year, and
23 was promoted to the assistant superintendent for the
24 district, which is a two high school district that

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1 serves the communities of Burnham, Calumet City,
2 Lansing and Lynwood. And then I was in that
3 assistant superintendent roll overseeing human
4 resources, curriculum, grants. We meshed a bunch of
5 assistant superintendent positions into one as a
6 cost-cutting mechanism. And then after four years I
7 became the Director of Human Resources at Lyons
8 Township District 204. I did that position -- I
9 believe I started there in '07, '08.
10 Q. Okay.
11 A. For two years. And was promoted to
12 superintendent for the '9, '10 school year, and I've
13 been in that role ever since.
14 Q. Who did you succeed as superintendent?
15 A. Dr. Dennis Kelly. I worked underneath him
16 for two years.
17 Q. As the director?
18 A. As the director of HR.
19 Q. So, you got all three of your degrees while
20 you were at Lincoln Way, correct?
21 A. Yes.
22 Q. The last one was in '98?
23 A. Yes.
24 Q. So, were you there until about '03?

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1 A. Yes.
2 Q. Are you currently studying for a fourth
3 degree, by chance?
4 A. Gosh, no.
5 Q. I retired after law school, too. I thought
6 that was enough. Okay. Mark this as Exhibit 1.
7 (Exhibit Number 1 was marked
8 for identification.)
9 BY MR. KALTENBACH:
10 Q. Dr. Kilrea, I'm going to hand you what
11 we've marked as Deposition Exhibit Number 1, which
12 is an Amended Notice of Deposition that we sent to
13 your attorney, oh, I don't know, about a week or so
14 ago, maybe.
15 Have you seen this document before, sir?
16 A. Yes.
17 Q. And in particular you've seen Exhibit A to
18 the document, which is its third page?
19 A. Yes.
20 Q. You understand that your attorney
21 communicated to us on Friday -- well, you may not
22 know the day -- that he intends to file an amended
23 set of affirmative defenses and counterclaims in
24 this lawsuit?

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1 A. I am aware of that, yes.
2 Q. At the time I drafted Exhibit A I was
3 unaware of the amendment, so I was referencing some
4 paragraphs in the -- what is the current pleading in
5 the case. So, we've reached an agreement that
6 instead of asking you about those paragraphs, I'm
7 going to ask you about some things in the proposed
8 pleading. Do you understand that, sir?
9 A. Yes.
10 Q. Okay. Great. Excepting the fact that the
11 paragraph numbers have changed and perhaps some of
12 the claims have changed or will change, are you
13 otherwise prepared to answer on all nine of these
14 topics today?
15 A. I believe so, yes.
16 Q. If, during the course of the dep, you
17 realize there is a topic and you're not prepared to
18 talk about that topic, please let me know, okay? I
19 don't want you speculating or guessing and then not
20 being clear.
21 A. That's fine.
22 Q. What did you do to prepare yourself to
23 testify today as a representative deponent?
24 A. I met with Jay, our counsel.

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1 Q. Okay.
2 A. I have read depositions that were
3 available. Reviewed some documents. That about
4 summarizes it.
5 Q. Did you do those things specifically to
6 prepare to testify today, or were you doing those
7 things just in terms of kind of keeping an eye on
8 the lawsuit?
9 A. It's definitely the latter. There has been
10 a lot of documents shared. There is a lot of
11 things. So, it's kind to keep up to speed on what's
12 happening. I think I've been somewhat up to speed
13 as to what's been happening. So, not just to
14 prepare for today.
15 Q. Is there anything you did other than meet
16 with your attorney, that you reviewed specifically
17 to prepare for today?
18 A. I don't follow that question.
19 Q. Okay. So, you've been reviewing documents
20 and looking at deposition transcripts kind of as
21 they've been generated in the lawsuit?
22 A. Yes.
23 Q. And certainly that also helped you prepare
24 for today, correct?

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1 A. Yes. I'd say, yeah.
2 Q. Is there anything you did specifically just
3 for today, any specific things you looked at?
4 A. No. Well, obviously the new filing.
5 Q. Sure.
6 A. Yes. That's what was prepared, or that's
7 what I prepared for for today.
8 Q. Did you interview or speak with any
9 District 204 agents to prepare for today?
10 A. No.
11 Q. Do you recall whose deposition transcripts
12 you reviewed?
13 A. Yes. I may miss one or two.
14 Q. That's fair.
15 A. I looked at Dr. Kelly's. Mr. Healy's.
16 Judge Hartigan's. Ms. Bradshaw. I think
17 Dr. Grimes. All the ones that I think have come
18 through --
19 Q. Okay.
20 A. -- I've looked at. Have I studied them
21 intently? No. Have I read them? They are not the
22 most exciting things to read, but I have glanced
23 them over, yes.
24 Q. In terms of documents that you reviewed,

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1 other than the new pleading, do you -- for instance,
2 did you review the deposition exhibits that went
3 with those depositions?
4 A. Not after the first time I read -- I read
5 them. And I didn't even look at the documents that
6 were referred to in the depositions. I read the
7 depositions by text.
8 Q. Okay. Do you recall what documents it was
9 or -- do you recall what documents you've reviewed
10 that have given you background knowledge for today?
11 A. I think the information from Friday. That
12 the -- the filing. The filing. I've looked at the
13 interrogatories. But again, just glanced at. I
14 don't think there is any other documentation that
15 specifically I've looked at for today.
16 Q. Did you take any notes in preparation for
17 your deposition today?
18 A. No, I did not.
19 Q. I want to ask you a little bit, sir, about
20 the organization of District 204, and rather than
21 stab in the dark, I'm going to make a couple of
22 guesses here. Kind of from a pyramidal structure
23 going down, at the top is it the Board of Education?
24 A. Yes.

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1 Q. And how many board members are there?
2 A. There are seven board members.
3 Q. To your knowledge has that been -- strike
4 that. I'm not going to ask to your knowledge.
5 Has that been the same, let's say starting
6 at least in the 1990s and continuing?
7 A. Yes.
8 Q. And then is the Board of Education, who is
9 the apex person there? Are they referred to as the
10 president?
11 A. We have three officers on the Board of
12 Education.
13 Q. Okay.
14 A. A president, a vice president, and a
15 secretary.
16 Q. And then there is -- I'm sorry -- four
17 other members that are not officers, correct?
18 A. I believe there are referred to as members
19 at large.
20 Q. What does the president do, generally
21 speaking?
22 A. The president is a pro tem member of all
23 the committees. The president drives the agenda.
24 Approves the agenda before posting for the Open

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1 Meetings Act. Is the point person during meetings,
 2 actually runs the business portion of the meetings
 3 through the agenda. Is usually spokesperson for the
 4 Board of Education. And is elected by board
 5 members. The position is elected by board members.
 6 Q. Are all of the board members elected by the
 7 public?
 8 A. They are.
 9 Q. Is the vice president and secretary, are
 10 they also elected by the other board members?
 11 A. Yes.
 12 Q. How long are the terms for the officers?
 13 A. Usually two years. There have been some
 14 continuation, but usually it's two years, and with
 15 every election cycle there is a restructuring of the
 16 board. And there have been times where the
 17 presidents remain the time.
 18 We had a president for approximately 14
 19 years, I believe, so some of the positions do remain
 20 the same, but they get revisited every two years.
 21 Q. In terms of, what's the next level down or
 22 the next position down after the Board of Education?
 23 A. The superintendent. That would be me.
 24 Q. That's you. Okay. Fair enough.

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1 A. The position.
 2 Q. I'm sorry. The position of superintendent.
 3 A. The position of superintendent.
 4 Q. It wasn't you the entire time that we're
 5 talking about here?
 6 A. Correct.
 7 Q. Are you the senior-most person charged with
 8 the day-to-day running of LT?
 9 A. I would say yes.
 10 Q. Who -- I'm not going to go all the way down
 11 to staff and such, but what's just the next level
 12 down under you?
 13 A. I have a cabinet that I work with. They
 14 are district level directors. Some districts they
 15 might be assistant superintendents. Other
 16 districts, they might have different title. At
 17 Lyons Township High School 204 they are directors,
 18 and so I have a director of curriculum and
 19 instruction, a director of human resources, a
 20 director of business services, a director of
 21 technology, and also our principal is part of that
 22 leadership team as well.
 23 Q. What's the difference between you and the
 24 principal?

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1 A. Simply -- I'll try to make it simple.
 2 Q. Okay.
 3 A. I view the principal as our immediate
 4 contact point with students. With our teachers.
 5 With the day-to-day functioning of the buildings.
 6 They are usually the first point of contact for --
 7 well, not actually not the first point. Usually
 8 before community members will contact me about
 9 school related items they'll go through the
 10 principal.
 11 The principal does not really deliver board
 12 reports. The principal is not -- does not have a
 13 committee that they oversee, whereas I view myself
 14 as overseeing all the committees, but each of the
 15 respective director reports that I have, have their
 16 own board committees.
 17 Q. Are you a member of the Board of Education?
 18 A. I am not.
 19 Q. I guess -- is the superintendent a member
 20 of the board?
 21 A. No.
 22 Q. Do you attend board meetings?
 23 A. Yes.
 24 Q. Excusing there might be an exception for

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1 one reason or another, do you attend every board
 2 meeting?
 3 A. To this point I have.
 4 Q. Fair enough. So, for the last seven or
 5 eight years you've attended every board meeting?
 6 A. Yes.
 7 Q. One of the directors you mentioned was
 8 director of business services. Is that a -- is that
 9 a person -- they are not elected, correct? They are
 10 a salaried employee?
 11 A. They are a salaried employee, correct.
 12 Q. Okay. And who hires the director of
 13 business services?
 14 A. Well, I go by the one that's been hired
 15 since I've been in the office, or in a position.
 16 That has been done through a committee which
 17 involved board members. I don't -- I don't hire
 18 individuals. Boards of Education hire and
 19 terminate. But they are usually through the
 20 recommendation of the superintendent. And so
 21 someone at that level would come with my
 22 recommendation if it were someone I was recommending
 23 to the Board of Education.
 24 Q. Does the Board of Education follow Robert's

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1 Rules of Order?
2 A. Yes.
3 Q. Are there any exceptions to that?
4 A. That's pretty broad question. During the
5 time of this dispute I -- I can't say either yes or
6 no to that.
7 Q. Okay.
8 A. I would say no. But not being there
9 before, you know, in a position prior to 2009, I
10 would assume, yes.
11 Q. Okay. Well, as the representative of 204,
12 is that your -- I don't want you to guess, but is
13 that an educated answer?
14 A. I would say that we follow Robert's Rules
15 of Order. To answer your question about have
16 there been any -- I don't recall your exact
17 question. I would speculate no. There hasn't been
18 a deviation from that.
19 Q. You mentioned, I believe, that the Board of
20 Education has committees, correct?
21 A. Yes.
22 Q. One of those is the finance committee, I
23 believe. Is that accurate?
24 A. Yes.

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1 Q. How many committees are there, ballpark?
2 A. Let me guess five. Do you want me to name
3 them for you.
4 Q. If you can, sure.
5 A. Curriculum, HR, technology, facilities,
6 finance, policy, and when necessary, a litigation
7 committee.
8 Q. I won't ask you about that one. Are you a
9 member of any of those committees?
10 A. I would say by my position, I don't know if
11 I would say I'm a member. I attend all of the
12 meetings.
13 Q. Do you attend all of the finance committee
14 meetings?
15 A. Yes.
16 Q. Do you have a vote on the finance
17 committee?
18 A. No.
19 Q. Who has votes on the committee?
20 A. Committees aren't necessarily votes.
21 Q. Okay.
22 A. Committees bring things through to the
23 regular board for the business operations of the
24 business meetings. The committee meetings are

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1 working meetings where things are flushed out. You
2 work with the committee and things that make it
3 through the committee go to the full board for
4 recommendation.
5 Q. Okay. So, is it fair to say that
6 committees cannot themselves take final action but
7 can only make recommendations to the Board of
8 Education?
9 A. I would say that's fair.
10 Q. To your knowledge, does the finance
11 committee have any authority to enter into a
12 contract?
13 A. Can you be a little more specific on that
14 in terms of enter into? Are you talking about
15 negotiating?
16 Q. Can the finance committee or an individual
17 member of the finance committee agree to a contract
18 on behalf of LT?
19 A. No.
20 Q. That can only be done by a vote of the
21 board, correct?
22 A. When you say an individual person --
23 Q. One of the committee members.
24 A. Committee members will bring -- committee

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1 will bring something through to the full board. The
2 committee will work with the formulation of
3 agreements. The committee may work to communicate
4 concerns from the board level, representing the
5 board's voice, but when it comes down to the
6 approval, the full board.
7 Q. Do all contracts have to be approved by the
8 board?
9 A. As the board's agent I have authority to
10 approve certain contracts.
11 Q. Ballpark, what kind of contracts are those?
12 A. I have approved graduation, caps and gowns.
13 Our business director at the designation of me has
14 been able to work with soft drink companies. Those
15 are brought to the board, but at the end they are
16 signed off on by the respective individual in the
17 position of which it would answer to. So, our
18 business director, director of business services,
19 does have authority to negotiate and work with our
20 district counsel on the formulation, but no
21 contracts are brought forward without the knowledge
22 of the Board of Education.
23 Q. Is there -- you gave a contract relating to
24 soft drink services, or I believe it was graduation

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1 activities. Is there a differentiating -- is there
2 a text I can look at to see what contracts, you
3 know, you or the director of business services would
4 be authorized to enter into and what contracts the
5 board would need to enter into? Like a dollar value
6 or something like that?
7 A. There wouldn't be anything like that that
8 would exist to my knowledge.
9 Q. If the board authorized you to enter into a
10 contract binding LT, would that be reflected in the
11 meeting minutes?
12 A. I'm not following your question.
13 Q. Okay. As I understand your answer, in some
14 instances the board can authorize an individual to
15 enter into a contract on behalf of the board; is
16 that correct?
17 A. There are certain things, yes.
18 Q. Certain --
19 A. As the board's agent, you do have that,
20 some autonomy to be able to go on out as the voice
21 and representation for your board, and that's not
22 unique to District 204.
23 Q. If a contract is signed, who signs it?
24 A. That would depend. For example, we have

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1 software contracts where our director of technology
2 has signed off on the contract after receiving the
3 approval and with the knowledge of the Board of
4 Education.
5 Q. That approval in that example, would that
6 be documented in the meeting minutes of the board?
7 A. The contract would.
8 Q. The board's approval of the contract would?
9 A. I'm trying to think of all -- I would
10 think, yes, the board's approval of the contract
11 through action.
12 Q. Is it fair to say that all contracts have
13 to be approved or authorized by the board?
14 A. I -- I can't say that. I -- I can't say
15 yes to that. Contracts come in many different
16 forms. They are pretty broad.
17 MR. KALTENBACH: Let's mark this as Exhibit
18 2.
19 (Exhibit Number 2 was marked.)
20 BY MR. KALTENBACH:
21 Q. Sir, I'm going to hand you Exhibit 2, which
22 is an excerpt from an LT policy manual that we
23 obtained.
24 A. Uh-huh.

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1 Q. I don't remember if your attorneys gave
2 this to us or if this is something we pulled off the
3 Internet. It's Section 4:60 entitled Operational
4 Services. And I don't want you to be misled as to
5 dates. If you turn to the second page, you'll see
6 it says, adopted January 21st of 2014.
7 So, I know this wasn't, at least this
8 particular document was not necessarily the same as
9 what would have been, you know, during the '90s and
10 the 2000s. But this document states under the
11 heading, Standards For Purchasing and Contracting,
12 quote: All purchases and contracts shall be entered
13 into accordance with state law. The board attorney
14 shall be consulted as needed requiring the legal
15 requirements for purchases or contracts. All
16 contracts shall be approved or authorized by the
17 board. Close quote.
18 Was this policy substantially the same as
19 the one that was in effect during the '90s and the
20 2000s?
21 A. I don't have that policy in front of me
22 so I --
23 Q. I can't -- we don't have the equivalent of
24 this from the '90s and 2000s. There isn't a similar

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1 version that I can't find either in what was
2 produced to us. Is this currently policy correct to
3 your understanding?
4 A. To my understanding, yes.
5 Q. So, currently all contracts shall be
6 approved or authorized by the board, correct?
7 A. Correct.
8 Q. But what you're saying is you don't know if
9 that's true in the '90s and the 2000s?
10 A. I wasn't there.
11 Q. You understand, however, you are testifying
12 as a representative?
13 A. I do. And I can't -- I can only speculate.
14 I wish I could give you a better answer.
15 Q. I don't want you to guess. An educated --
16 it's one thing to give an educated answer, but I
17 don't want you to guess, though.
18 You're aware of the contract that LT
19 alleges to be in existence in this case regarding
20 its getting a credit for the pro rata of the
21 treasurer's expenses, correct, sir?
22 MR. HOFFMAN: Object to the form of the
23 question, the mischaracterization of our position in
24 your question.

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1 BY MR. KALTENBACH:
2 Q. You can answer.
3 A. I'm aware of the agreement.
4 Q. Fair enough. 204 contends that that's a
5 contract, correct?
6 A. Yes.
7 Q. Was that contract something that the Board
8 of Education needed to enter into?
9 A. I believe they did.
10 Q. Is that something -- well, you're saying
11 you believe they did and then they did enter into
12 it, correct?
13 A. Yes.
14 Q. I'm asking you, is that the type of
15 contract, let's say in the '90s or in the 2000s,
16 that the board itself had to enter into, as opposed
17 to designating someone?
18 MR. HOFFMAN: When you say enter into, are
19 you meaning the same thing as approved or
20 authorized, or something different?
21 BY MR. KALTENBACH:
22 Q. Okay. Fair enough. Let me withdraw that
23 question.
24 Is the contract relating to the payment of

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1 pro rata expenses the type of contract that in the
2 '90s and the 2000s the Board of Education had to
3 approve or authorize?
4 MR. HOFFMAN: Okay. Hold on a second.
5 It's not a contract for the payment of pro rata
6 expenses. It's a contract for the payment of LT's
7 business, the cost of LT's business functions.
8 MR. KALTENBACH: I don't think the witness
9 is confused by what I'm asking.
10 MR. HOFFMAN: Well, I think there is a
11 fundamental problem with your question because the
12 question of the pro rata expenses of the TTO is
13 separate from the agreement on the cost of paying
14 for LT's business functions, and your question is
15 melding the two concepts, and that's why I'm having
16 a problem with it.
17 MR. KALTENBACH: Okay. So your objection
18 is what?
19 MR. HOFFMAN: Objection is the question is
20 vague, misleading, and mischaracterizes the witness'
21 testimony and LT's positions as articulated in the
22 pleadings of this case.
23 BY MR. KALTENBACH:
24 Q. Sir, is the contract the type of contract

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1 that needed to be approved or authorized by the
2 Board of Education?
3 A. Can you ask that again? Your guys' dialog
4 back and forth, I want to make sure I'm answering
5 the question that you're asking.
6 Q. The contract relating to the pro rata
7 expenses, you understand what contract I'm referring
8 to, right?
9 A. Well, the pro rata expenses are billed to
10 every district.
11 Q. Okay. But I think we all -- I'm not trying
12 to be coy here, sir. There is a contract at issue
13 in this particular lawsuit, correct?
14 A. Correct.
15 Q. Between 204 and the Township Trustees.
16 You understand that, correct?
17 A. I do.
18 Q. Is that contract a contract that needed to
19 be approved or authorized by the Board of Education
20 of LT?
21 A. If we're talking about the contract for
22 business services --
23 Q. Yes.
24 A. -- okay, not the pro rata. Because

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1 pro rata is what all districts receive, pro rata
2 billing. The agreement that we had would need to go
3 to our board, which it did.
4 Q. And you say, go to the board, you mean for
5 approval or authorization, correct?
6 A. Yes.
7 Q. Who signs -- sorry. Who executes documents
8 on behalf of the board?
9 A. You mean any sort of document, any sort
10 of -- which documents do you refer to?
11 Q. I'm not a hundred percent sure.
12 Why don't we mark this as Exhibit 3.
13 (Exhibit Number 3 was marked.)
14 BY MR. KALTENBACH:
15 Q. Sir, you've been handed Exhibit 3, which is
16 a page of the 204 policy manual. It says it was
17 adopted July 18 of 1988. It's Section 1.09.01. The
18 heading is: School Board Operations Duties of the
19 President. And it states, second sentence: The
20 president shall execute all documents on behalf of
21 the board, except as otherwise provided by law or by
22 special action of the board.
23 Do you know what documents this is
24 referring to?

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1 A. Well, I don't know if this was the -- if
2 this was the actual policy that was in place during
3 the time of the -- I believe 1990-2012, I believe.
4 I don't know if this was in place, if this was
5 actually what was sitting there.
6 Q. To my knowledge it is, because I'm not
7 aware of anything else that came into being
8 addressing this topic, at least prior to 2014. So,
9 assuming that there is not another policy that is
10 out there, because if there is it hasn't been given
11 to us, that is to say, a successor to Section
12 1.09.01, what documents is this referring to?
13 A. I would assume -- I'm going to use my
14 current lens. Financial documents, anything with
15 board expenditures. It would be possibly hiring of
16 staff, which is related to that as well.
17 Q. Would this include contracts?
18 A. Again, I want to make certain that I'm
19 giving you a right answer. That's a broad question.
20 You're saying every single contract. I don't know
21 if I would -- I would agree with that.
22 Q. What kinds of contracts would the president
23 not execute?
24 A. Well, sometimes there are situations with

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1 maybe special education students, that sometimes
2 there is a -- through due process that there might
3 be an agreement between counsel as to -- to settle
4 any dispute. I have that authority that I would
5 sign on. It's very confidential. It's not things
6 that are shared with an open board meeting. So,
7 there are certain documentation -- separation
8 agreements with employees. That's something that I
9 would have.
10 So, there are some things that are of a
11 confidential nature. So, to blanketly state I think
12 this would refer to all board documents, and that
13 would be correct.
14 Q. Is a contract with LT a board document?
15 A. As I said, I just told you some examples
16 that are contracts that may not go to our board
17 president for execution. They would go to their
18 agent, the board's agent, which is the
19 superintendent.
20 Q. The contract regarding business services,
21 we'll just call it that so you understand to what
22 we're referring. Is that fair enough?
23 A. Fair enough.
24 Q. Okay. The contract for business services,

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1 did that need to be executed by the president on
2 behalf of the board?
3 A. Many times. There are also board agents,
4 and in this case I can see how this could also be
5 the board agent as the director of business
6 services, as someone who is saying, you have our
7 authority to go and do this. So, I would say that
8 it would depend upon the agreement, and it would
9 depend upon any discussion that may have happened
10 between the board, the board president and our
11 staff.
12 Q. Well, this policy that we're looking at,
13 Section 1.09.01, says: The president shall sign
14 except as otherwise provided by law or by special
15 action of the board. So, it seems to contemplate
16 the board can take special action --
17 A. Right.
18 Q. -- to excuse the president executing a
19 document. So, is that what you're referring to when
20 you say perhaps a business manager could execute a
21 document?
22 MR. HOFFMAN: Object to the question as
23 disjointed and vague and contrary to the witness'
24 testimony.

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1 BY MR. KALTENBACH:
2 Q. You can answer, sir.
3 A. Again, you're going to have ask that
4 question again.
5 Q. Okay. When you're saying that perhaps a
6 business manager could -- or director of business
7 services could be authorized to sign a document, is
8 that because the policy says that special action of
9 the board can be taken to prevent someone other than
10 the president to execute a document?
11 MR. HOFFMAN: Object to the form of the
12 question. Misstates the witness' prior testimony.
13 THE WITNESS: I mean I've given you the
14 answer. I don't know -- I'm not following what the
15 question is. I'm really not.
16 BY MR. KALTENBACH:
17 Q. Did Lisa Beckwith have -- did the board
18 take special action to authorize Lisa Beckwith to
19 execute a document relating to the contract for
20 business services?
21 A. In reading the minutes, it became pretty
22 clear to me that there was a directive that she
23 should work with the treasurer and the treasurer's
24 office to address some of the concerns that were

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1 expressed from the LT Board of Education about
2 paying very high costs for little or no service.
3 And I read that in the minutes that she was given
4 that authority.
5 Q. Whose minutes?
6 A. That would be our finance committee meeting
7 minutes.
8 Q. Did the Board of Education authorize Lisa
9 Beckwith to enter into a contract, the business
10 services contract with the TTO?
11 A. My reading of that document is that they
12 authorized her to work with that office and come
13 back with a workable document that the board could
14 act on.
15 Q. Okay. Lisa Beckwith was not authorized to
16 contract on behalf of the board, was she?
17 A. Lisa Beckwith was authorized to formulate,
18 and she was authorized to work with the treasurer's
19 office to come and address the concerns, and I think
20 the documents that I've seen made it pretty clear
21 that there was a working relationship back and forth
22 to address what the Board of Education, the
23 directive that she was given. And the final product
24 was brought back to the Board of Education which

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1 they approved.
2 Q. And Lisa Beckwith did not have authority to
3 approve that final product herself, did she?
4 A. Alone?
5 Q. Yes.
6 A. No.
7 Q. And the finance committee did not have
8 authority to approve that final product alone, did
9 it?
10 A. Members of the finance committee did
11 approve it as board members when it came to them
12 every June.
13 Q. The finance committee itself did not
14 approve it?
15 A. The finance committee formulated the
16 agreement, again, working with our business
17 director, director of business services,
18 communicated what the issues and concerns were, and
19 the finance committee was pleased with what was
20 given to them, and it was sent to the full Board of
21 Education for their approval.
22 Q. Is there a written agreement for the
23 business services -- strike that. Let me withdraw
24 that.

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1 We've talked about a contract for the
2 business services, correct, sir?
3 A. Yes.
4 Q. Okay. Is there a signed contract
5 somewhere?
6 A. I believe there is.
7 Q. What is the signed contract?
8 A. It is a document that comes every June, and
9 it's the memo along with the support documentation
10 that shows for the charge-back of the setoff
11 agreement for business services.
12 Q. You say the memo that comes every June. To
13 whom is it coming and to whom is it going?
14 A. It goes from Lisa Beckwith or the director
15 of business services in a broader sense. In the
16 years of this dispute it came from the business
17 office. It went to the Board of Education with
18 support documentation, and the Board of Education
19 acted on that every year on that document.
20 Q. And that's the contract for business
21 services?
22 A. That's the agreement that was put into
23 place in 1999.
24 Q. Is there --

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1 A. And approved in 2000.
2 Q. I don't want to mix around parsing words.
3 I asked you if that's the contract and you said
4 that's the agreement. Is there a difference in your
5 mind between the contract and agreement? Is there a
6 distinction you're using?
7 A. You're asking me a legal question. I'm not
8 going to get into a banter with a lawyer about
9 contracts versus agreements.
10 Q. I won't get into banter about history with
11 you.
12 A. You probably could. It's been a while.
13 The contract or agreement I believe was in
14 writing. I believe the spirit of it came every
15 year. I believe the Board of Education acted in
16 open session in good faith on what was presented to
17 them by the agent of the treasurer's office, which
18 is their treasurer, and I believe that that
19 agreement -- we've shared those documents -- that
20 would be the agreement or contract.
21 Q. Okay. You said, you referenced the
22 agreement coming from Lisa Beckwith or the director
23 of business services as the case may be because this
24 was a document generated?

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1 A. There were three of them, I believe, during
2 the span. Three director of business services.
3 Q. So Lisa Beckwith, David Sellers, and Harold
4 Huang?
5 A. Huang. Yes.
6 Q. So, that's a document that the director of
7 business services creates, right?
8 A. Yes.
9 Q. And that document then gets sent to the
10 Board of Education each year, correct?
11 A. I would have to see the document, but
12 generally speaking, yes. I would want to see if
13 you're referring to something different.
14 Q. Okay. We'll look at that. Is there a
15 document that comes from the TTO then?
16 A. Yes. The pro rata bill.
17 Q. Okay. And so the pro rata bill and the
18 memorandum prepared by the director of business
19 services, that's the agreement?
20 A. The pro rata --
21 MR. HOFFMAN: Object to the form of the
22 question.
23 BY MR. KALTENBACH:
24 Q. Is that correct, sir?

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1 A. Say that again, please.
2 Q. What constitutes the agreement?
3 MR. HOFFMAN: Objection. Asked and
4 answered.
5 THE WITNESS: The agreement is the exactly
6 what I've said earlier. I mean the agreement/
7 contract of what you're saying. I've said it three
8 different ways. I don't know what else I can say
9 about the agreement that's going to change.
10 (Mr. Kubasiak left the deposition room.)
11 BY MR. KALTENBACH:
12 Q. How are bills paid by District 204? What's
13 the procedure for approving a bill?
14 A. It comes to the business office. Business
15 office with a requisition and check. In this case
16 we print our own checks. Accounts payable. And
17 then we bring it over to the township treasurer's
18 office for approval. Those expenditures are
19 approved by our Board of Education in the monthly
20 expense reports, which is what most elected boards
21 do. In the case of -- there might be some odd cases
22 that that doesn't happen.
23 Q. Sure.
24 A. But yes.

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1 Q. Okay. Was that procedure, generally
2 speaking, the same in the '90s and 2000s and now?
3 A. I would say it would be the same.
4 Q. Okay. What is the -- what, in terms of
5 school board operations, what is the consent agenda?
6 A. Well, there are certain things that we're
7 allowed as Boards of Education to have on their
8 consent agenda. We do -- we are the fiscal agent of
9 LADSE, so LADSE expenditures are approved through
10 our consent agenda, with all support contained in
11 the packets.
12 We do our own personnel report through the
13 consent agenda. We do student trips through our
14 consent agenda. If we have a donation from a
15 community member, we will approve that through the
16 consent agenda. Usually that is done to try to
17 curtail or to keep a lot of the business items that
18 are routine and come every month or every time
19 during the year, like if it's one-time of year every
20 year it comes. That's what it's used for. And it's
21 usually, it's at the end -- at our meetings it's on
22 the last part of our agenda. There have been
23 episodes where we very pulled things from the
24 consent agenda before. It's rare. And then the

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1 board votes on the consent agenda. Individual voice
2 vote. Some places call it an omnibus. It's the
3 same concept.
4 Q. They are approved kind of en masse, is that
5 correct?
6 A. Yes.
7 Q. If it's on the consent agenda?
8 A. Yes.
9 Q. The payment of the pro rata to the township
10 treasurer each year to the extent a payment is made,
11 is that approved through the consent agenda?
12 A. It has been, yes.
13 Q. Is that appropriate in your view as you've
14 described the consent agenda?
15 A. Yes.
16 Q. Because that's a bill that comes due once a
17 year for payment?
18 A. It's appropriate. It is -- it's something
19 that can be discussed. Usually it's discussed
20 beforehand. Most consent agenda items are.
21 Q. Discussed beforehand in the board meeting
22 or prior to the board meeting?
23 A. Prior. Usually committees.
24 MR. KALTENBACH: Let's mark this as Exhibit

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1 Number 4.
2 (Exhibit Number 4 was marked
3 for identification.)
4 BY MR. KALTENBACH:
5 Q. There you go, Dr. Kilrea. Sir, I've handed
6 you Exhibit Number 4, which is again part of the 204
7 policy manual. It's Section 1.11.4, which consists
8 of three pages. You'll see at the bottom it says it
9 was adopted -- bottom of the first page -- adopted
10 in '91, revised in '92, revised again in '95.
11 It's entitled School Board Operations Order
12 of Business, and it states: The order of business
13 at regular meetings of the Board of Education will
14 generally be as follows. And then there is 13 Roman
15 numerals, and you'll see the Roman numeral nine is
16 the consent agenda, correct?
17 A. Yes.
18 Q. And Roman numeral eight is new business,
19 correct?
20 A. Yes.
21 Q. Okay. Is this the order of business that
22 governed Board of Education meetings in the '90s and
23 2000s?
24 A. It's rare -- I've not seen two closed

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1 sessions on a board meeting since my time in the
2 district. And even my time as not a superintendent,
3 seeing two closed sessions --
4 MR. HOFFMAN: Just a second. Let the
5 record reflect --
6 THE WITNESS: Sorry.
7 MR. KALTENBACH: I actually have an extra
8 one. I have an extra one if you want to make notes
9 on it.
10 MR. HOFFMAN: Just so --
11 THE WITNESS: I'm sorry.
12 MR. HOFFMAN: For the purpose of the
13 record, we just need to tell Dr. Kilrea that he's
14 not allowed to write on the -- let's just go off the
15 record.
16 (There was a discussion
17 held off the record.)
18 BY MR. KALTENBACH:
19 Q. Just for the record, Dr. Kilrea, please
20 refrain -- we're kind of laughing as we're saying
21 it. Just refrain from marking the document because
22 then it becomes a question as to who marked it.
23 The record, Jay, can reflect the witness
24 put some immaterial markings on prior exhibits?

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1 MR. HOFFMAN: True.
2 BY MR. KALTENBACH:
3 Q. Fair enough. You were saying you have not
4 seen closed sessions, I believe.
5 A. Two.
6 Q. You've seen two?
7 A. No. I've not -- I'm looking at this.
8 Q. Okay. Item 2?
9 A. And Item 11.
10 Q. Yes.
11 A. So, things like that are a little rare.
12 Also, other items is not something that I have seen
13 either. That's a little broad. Students' staff
14 recognition is not always on a board agenda.
15 Sometimes it is. Sometimes it's not. It's usually
16 done in the superintendent's report.
17 Q. Okay.
18 A. Communications and public participation is
19 a standing item. We have to do that. So, perhaps
20 back in the '90s and prior the board used to have
21 two closed sessions, but I don't believe -- or I can
22 tell you that is not the case now.
23 Q. You'll see on page -- the bottom of Page 2,
24 there is kind of an elaboration on Roman numeral

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1 eight, New Business. It says: New business is any
2 matter that is deemed presented to the Board for the
3 first time. This section could include items for
4 action, information, and/or discussion. Do you see
5 that language, sir?
6 A. Yes.
7 Q. The Board is a reference to the Board of
8 Education, right?
9 A. Yes.
10 Q. So, if a matter is being presented to the
11 Board for the first time it should go on the new
12 business, not on the consent agenda; is that
13 correct?
14 MR. HOFFMAN: Object to the form of the
15 question. You can answer.
16 THE WITNESS: Not always. Because
17 sometimes there is discussions. Sometimes there is
18 a long line of communications that have taken place
19 about items that it may appear to be a new business
20 item because it's appearing on the agenda for the
21 first time, but if something has been discussed for
22 months and there have been communications from the
23 superintendent updates to the Board of Education, it
24 may not be a new item.

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1 So, I don't think that's the case for
2 everything because there are things that we talk
3 about as a board regularly. Sometimes it might be
4 an closed session item. Sometimes it might be just
5 through updates through committees that the board is
6 aware of. So, I would say that that's not always
7 the case based on the examples I've given you.
8 BY MR. KALTENBACH:
9 Q. Okay. How about a contract? If a contract
10 is being approved or authorized by the board, would
11 it ever be appropriate for that to be on a consent
12 agenda for the first time?
13 A. Yes.
14 Q. And that, would that be under the
15 circumstances you just described?
16 A. We do contracts, we do employee contracts
17 on a consent agenda. That's 76 percent of our
18 revenues annually, and those are not brought in as
19 new business. These are personnel reports that are
20 given with the salary, and that's a consent agenda
21 item, and those are some pretty major expenses.
22 Q. I want to talk a little bit about the --
23 we're not going to -- you can keep it in front of
24 you.

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1 A. I'm not going to write anymore.
2 Q. I want to let you know I'm moving on.
3 A. Again I do apologize for writing on it.
4 Q. It's not a big deal.
5 MR. HOFFMAN: Minor.
6 BY MR. KALTENBACH:
7 Q. It's honestly that not that big of a deal.
8 A. Scolded as Jay grabbed my pen from me.
9 Q. These things happened. I've had witnesses
10 doodle on documents.
11 Sir, you testified regarding I think what
12 we just said, we'll go ahead and call the contract
13 for the business services?
14 A. Yes.
15 Q. Okay. What were the terms of that
16 contract?
17 A. Of the TTO offset for our business
18 services?
19 Q. Yes. The contract that's being alleged in
20 the new pleading.
21 A. It started in 1999. Discussions -- a lot
22 of discussions took place involving the trustees,
23 involving the LT board, through their agents, the
24 treasurer and the director of business services.

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1 The terms of the agreement were that,
2 actually the beginning of the agreement was that LT
3 was paying full pro rata share and not getting the
4 same services that every other member district was
5 getting, and when the bills got very high, our board
6 said, is there something we can do because this --
7 this does not appear to be correct. And that really
8 launched the discussions.
9 Where they ended was the cost of accounts
10 payable, payable, computer services, reconciliation,
11 check printing. Those were some general parameters,
12 again, that the TTO agreed that if they were
13 performing those services for 204, that they would
14 have to charge the members higher pro rata fees.
15 Q. So, what was the agreement? What did each
16 side agree to do?
17 A. We agreed that -- or the TTO agreed to pay
18 for the business services that we were performing
19 ourselves, that they were performing, the TTO was
20 performing, for every other member district. And
21 those were the things that I just outlined to you as
22 to what those business services were.
23 Q. Was it paying the salaries of specific
24 individuals?

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1 A. The agreements outlined by position.
2 Q. So, it was by position, certain positions
3 were going to be paid?
4 A. Yeah, because there were different people
5 over time. So, if it was just with an individual
6 name, if that changes, that was by position.
7 Q. Was it is whatever the salary of that
8 position happened to be as determined by 204?
9 A. I would say yes.
10 Q. You mentioned 204 was providing services
11 that other districts were receiving from the
12 treasurer's office. Is that correct?
13 A. Yes.
14 Q. Is it 204's position that, for instance, no
15 other district had accounts payable personnel?
16 A. Our position is that we have an accounts
17 payable person, and they may have -- if other
18 districts did have that, I'm not aware of that, but
19 perhaps that person was in place as a checks and
20 balance system. We were actually performing the
21 duties in-house.
22 Q. And the same answer would go to payroll,
23 for instance, and computers?
24 A. Yes.

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1 Q. So, if other districts also had people
2 doing payroll and computer systems, why would 204
3 get payment for that but the other districts would
4 not? Can you explain that to me?
5 MR. HOFFMAN: Object to the question as
6 assuming facts that are not in evidence and asking
7 the witness to respond to a hypothetical and
8 speculate. With that, you can answer the question
9 as best you can.
10 THE WITNESS: I can't. I can't speculate.
11 I don't know what the formation was of the business
12 offices, just like I can't -- I can't speculate on
13 any of that.
14 BY MR. KALTENBACH:
15 Q. How long was this contract relating to the
16 payment of business services, what was the duration
17 of it?
18 A. My understanding, the duration was until
19 either party decided that it was no longer in place.
20 Q. You said that that's your understanding, so
21 I guess that's one of those instances where --
22 A. No. The organization's understanding is
23 that absolutely this was in place until it was
24 decided that either side, either party did not want

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1 to continue, which happened in 2013.
2 Q. Was it something that had to be approved
3 every year by both parties?
4 A. As it involves expenditures, yes.
5 Q. And you testified earlier about the Board
6 of Education's approval, you know, I -- I don't have
7 the transcript in front of me. I'm not trying to
8 trick you. I'm trying to remember what you said. I
9 think you said -- I thought you said do you some of
10 these things in June. In any event, rather than me
11 trying to remember what you said, because Jay seems
12 to be better at remembering things during the course
13 of the dep than I am. This is two documents, but
14 we're going to mark it as Exhibit Number 5.
15 (Exhibit Number 5 was marked
16 for identification.)
17 MR. HOFFMAN: You said there were two
18 documents?
19 MR. KALTENBACH: Well, it was stapled as
20 two different documents.
21 MR. HOFFMAN: I see.
22 MR. KALTENBACH: They run consecutively.
23 MR. HOFFMAN: Agenda, and then the meeting
24 minutes?

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1 MR. KALTENBACH: Yes.
2 MR. HOFFMAN: I've got it.
3 MR. KALTENBACH: So, that's what I meant
4 when I said two documents.
5 BY MR. KALTENBACH:
6 Q. This looks to be, sir, a three-page agenda
7 for a Board of Education meeting from June 19th of
8 2000, and then I don't think it's the entire packet
9 of minutes because I think some exhibits that are
10 not at issue may have been removed when they were
11 provided to us, which I don't think we take issue
12 with. But in any event, are you familiar with those
13 two documents?
14 MR. HOFFMAN: Just for the record, Barry,
15 the last page does not belong on this document.
16 MR. KALTENBACH: That came up in a previous
17 deposition.
18 MR. HOFFMAN: Right. We scoped that out.
19 You can see that it post dates --
20 MR. KALTENBACH: Yes.
21 MR. HOFFMAN: -- the okay to pay. So the
22 last page, should we just remove that? What do you
23 want to do with that? It's not part of the meeting
24 minutes.

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1 MR. KALTENBACH: Let's leave it as the
2 exhibit because I don't want to tear a page off of
3 an exhibit, but I agree that we covered this at
4 someone's previous deposition, and it is actually
5 not part of these particular meeting minutes. I'm
6 not trying to trick you there either, Dr. Kilrea, so
7 you know you know that.
8 BY MR. KALTENBACH:
9 Q. So, subject to that discussion by counsel,
10 are you familiar with the agenda and the meeting
11 minutes of this particular meeting?
12 A. At some point I did review this.
13 Q. Is this -- is it 204's position that at
14 this meeting, this is when it authorized or approved
15 the contract for business services?
16 A. Yes. This was the first meeting where it
17 came into play.
18 Q. And looking -- we're going to have both of
19 these documents at once. If we look on the first
20 page of the agenda, there is -- it's Item 7. I
21 guess this time there is no closed session. There
22 we go. There is no closed session, so Item 7 is
23 consent agenda, and then sub-item P on the second
24 page says: Township treasurer's invoice. Do you

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1 see that, sir?
2 A. Yes.
3 Q. Okay. And is it correct that the Board of
4 Education authorized payment of that invoice at this
5 meeting?
6 A. I want to look at the invoice itself to
7 make certain.
8 Q. Absolutely. And I guess -- when you find
9 the invoice let me know because I'll tell you, there
10 is an exhibit number and it's not Exhibit P. It's
11 Item P but it's not Exhibit P. So, if you turn to
12 Page 10 of the meeting minutes. They are numbered
13 up at the top left. You'll see that there is -- let
14 me know when you get to Page 10.
15 A. Where are they numbered?
16 Q. Upper left. So, when you get to Page 10,
17 you'll see that it says: Township treasurer's
18 invoice. And then it says Exhibit P, right? So if
19 you turn another --
20 A. Three pages?
21 Q. Yes. Three pages you'll see a memorandum
22 that has a T written on the upper right corner.
23 A. And this appears to be the same as the last
24 page at first flush that's in this.

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1 Q. It does, excepting for some handwriting and
2 a stamp and other things.
3 A. Yes.
4 Q. And we've agreed the last page was probably
5 inadvertently put in here because maybe we weren't
6 sure where it stopped.
7 In any event, is it 204's position that
8 by -- that on consent agenda it approved Exhibit T?
9 Or the payment of Exhibit T?
10 MR. HOFFMAN: Object to the form.
11 BY MR. KALTENBACH:
12 Q. Let me withdraw that question.
13 How about I just ask you, what did the
14 Board of Education do at this meeting with regard to
15 Exhibit T?
16 A. As part of the consent agenda it was voted
17 on. I can look through the minutes. But assuming
18 that it was approved and judging from this, they
19 were asked to approve a payment in the net amount of
20 \$59,073.
21 Q. Do the minutes show that it was approved?
22 A. I believe it does.
23 Q. Where are you looking at, sir?
24 A. Because it talks about the -- it says:

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1 Action approval consent agenda.
2 Q. Can you let me know what page you're at?
3 A. I'm sorry. It's Page 6. Action Number 8.
4 It says: The approval of consent agenda.
5 Q. Then it says Mr. Para moved, seconded by
6 doctor?
7 A. Polacek.
8 Q. P-o-l-a-c-e-k. To approve the consent
9 agenda as amended. Okay. It doesn't seem to
10 reflect that a vote was had on that. At least not
11 on the page we're looking at, which is Page 6?
12 A. Yeah. Let me find a voice votes because
13 they're there.
14 Q. Okay.
15 A. If you look to Page 10 on roll call, midway
16 down, ayes, it looks to me that one, two, three,
17 four, five, six, seven, board members --
18 Q. All seven members?
19 A. Seven-zero.
20 Q. Voted aye. So, this roll call vote, it's
21 not just for Exhibit 5 -- or sorry -- it's Exhibit
22 V, immediately above it, it's -- is it for all of
23 the items on the consent agenda?
24 A. Well, it says, as amended, so not having

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1 the amendment in front of me, like I spoke earlier,
2 sometimes some things could be taken off the consent
3 agenda. So, therefore it was amended at some point,
4 but this clearly was not an amended point of it, so
5 therefore, I read this as the board approved it,
6 seven-zero and that did involve the treasurer's
7 invoice.
8 Q. What, you said the board approved it. What
9 is the "it" --
10 A. The agreement.
11 Q. -- that was approved? The agreement
12 between LT and the TTO?
13 A. Correct.
14 Q. Regarding the payment of business services?
15 A. Yes.
16 Q. So, that agreement was approved on the
17 consent agenda? I want to make sure I understand
18 your position as the representative of 204.
19 A. Yes.
20 Q. So, the vote approving payment of the
21 invoice and the vote approving the contract are one,
22 one in the same vote?
23 A. Yes.
24 MR. HOFFMAN: Let's take a break.

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1 (Recess.)
 2 BY MR. KALTENBACH:
 3 Q. Back on the record.
 4 So, sir, before we took a break we were
 5 looking at the agenda and the board minutes of LT's
 6 Board of Education for June of 2000. Looking at
 7 exhibit -- I'm sorry. I just want to make sure.
 8 So, the Board of Education approved, the same vote
 9 was done to approve payment of the treasurer's
 10 invoice and to approve the contract; is that
 11 correct?
 12 A. Yes.
 13 Q. In the first page of Exhibit T, this is a
 14 memorandum from Lisa Beckwith to the Board, and Lisa
 15 Beckwith at this time was the director of business
 16 services, correct?
 17 A. That's correct.
 18 Q. And she says in the middle of her memo, she
 19 says: Also attached is a copy of the agreement that
 20 we made with the treasurer which pays the district
 21 \$106,403 for comparable services provided to other
 22 township districts but not to Lyons Township High
 23 School. Board of Education action is to approve a
 24 payment in the net amount of \$59,073.

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1 Why was the Board of Education action to
 2 approve a payment as opposed to approving a
 3 contract?
 4 A. They are asked to approve the expenditure
 5 because the contract of the agreement called for the
 6 offset. And so that 59 is the difference between
 7 the business services as is outlined in the
 8 agreement on -- there is no page number on it, but
 9 two pages past the memo of which you're referring.
 10 Q. When you say two pages, the second page
 11 appears to be a chart?
 12 A. It's the third.
 13 Q. It's the memorandum dated February 29th of
 14 2000 you're referring to?
 15 A. I am.
 16 Q. I'm sorry. Your testimony is the
 17 memorandum is the agreement?
 18 A. No. That's not what I said.
 19 Q. That's fine. I'm not sure what you said.
 20 A. That's not what I said.
 21 Q. What did you say? I was flipping to the
 22 page.
 23 A. This is the support materials of which this
 24 is the cover page.

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1 Q. Okay. This being --
 2 A. The rest is support materials.
 3 Q. -- the page with the --
 4 A. The page with the T which you referred.
 5 The pages that follow are the support documentation
 6 that outlines it the pro rata bill and the amount
 7 of -- if you look on the chart, the pro rata bill
 8 with District 204 is 165,476 which is referenced on
 9 the page. It's also referenced in 106,403 which is
 10 the next page outlined, which is the outsourcing of
 11 which the TTO is paying 204.
 12 MR. HOFFMAN: For the record, the client is
 13 referring to the February 29th, 2000, memo.
 14 BY MR. KALTENBACH:
 15 Q. That's where you're getting the 106,403
 16 from?
 17 A. Do you see what I'm talking about?
 18 Q. Yes, I do. Thank you.
 19 A. And the difference between the 165,476 and
 20 the 106,403 is the 59,073 payment.
 21 Q. And it's LT's position that the township
 22 trustees, my client, also approved that contract,
 23 correct?
 24 A. Yes, it is.

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1 Q. And what is that position based on?
 2 A. A couple of things. First off, once this
 3 took place, this -- this continued for the next 12
 4 years.
 5 Q. Okay.
 6 A. There was never any sort of a contact made.
 7 In fact, you know, if there was a problem with it,
 8 we were never alerted. I go back to the approval by
 9 the trustees of this agreement, which is documented.
 10 Q. Is that -- when you say it's documented, I
 11 just want to make sure I understand the universe
 12 you're talking about. Is that in the township
 13 trustees meeting of March of 2000?
 14 A. Correct.
 15 Q. Okay. Let's go ahead and mark that so
 16 we're not guessing.
 17 (Exhibit Number 6 was marked
 18 for identification.)
 19 So, Dr. Kilrea, I'm handing you what's been
 20 marked Exhibit 6. I know it is a big thick
 21 document. Could you just summarize this whole thing
 22 and give it back to me in a couple of sentences?
 23 All right. So, you said that there is a couple of
 24 bases for LT's position that my client approved the

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1 contract. One of them is kind of the yearly
2 interactions for the next dozen or so years,
3 whatever it is, correct?
4 A. Yes.
5 Q. Okay. And then is this the other one?
6 A. Well --
7 MR. HOFFMAN: I object to the pigeonholing.
8 MR. KALTENBACH: I'm not trying to
9 pigeonhole him.
10 MR. HOFFMAN: I think you are, actually.
11 MR. KALTENBACH: I'm actually not. I want
12 to make sure I understand all the bases by which
13 District 204 is contending that my client entered
14 into its contract.
15 THE WITNESS: Their agent represented to
16 our Board of Education that he was acting at the
17 support of the township trustees. It was voted on
18 at the -- I believe it's the March, 2000, meeting.
19 BY MR. KALTENBACH:
20 Q. This is the minutes of which are Number 6
21 in front of us?
22 A. Right.
23 Q. Okay.
24 A. It was discussed at a prior board meeting

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1 prior to -- with the trustees. And so when the
2 agent of the trustees appears in front of the 204
3 board and says we're open to this verbally, and then
4 we have confirmation of which this may be one of
5 them, that truly tells another board that there is
6 authorization here.
7 Q. You said, of this may be one of them.
8 You're referring this as Exhibit 6, correct?
9 A. Yes.
10 Q. And then one of them, what is the "them"?
11 A. Another way of validating that there was an
12 agreement.
13 Q. Okay. So, what is it -- I think I know
14 your answer, but I'm go to ask it anyway. What is
15 it in Exhibit 6 you're looking at to support your
16 position that my client approved the agreement?
17 A. Well, you've already gone there. So, you
18 can point out which one you think it is.
19 Q. But I don't have to do that.
20 A. Give me a moment.
21 Q. Sure.
22 A. I'll go over it. I want to make sure --
23 Q. That's fine.
24 A. If you look on the agenda.

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1 Q. Yes.
2 A. District 204 business office. Number 8.
3 Q. Right.
4 A. Demonstrates that it's there on their
5 agenda.
6 Q. Okay.
7 A. If you go to the minutes, which is the
8 Tuesday, March 21st, 2000, which I believe is the
9 first page of the minutes.
10 Q. Correct.
11 A. Bottom paragraph.
12 Q. Okay.
13 A. Mr. Healy submitted -- or Healy submitted
14 to the trustees of proposal from District 204
15 stating this office absorbed certain payroll
16 accounts payable and computer process expenditures
17 by District 204 as these costs will be incurred by
18 the treasurer's office of Lyons Township High School
19 where it totally utilizing the facilities of the
20 treasurer's office.
21 MR. KALTENBACH: I'm just going to say if
22 you're going to read it, just so she can type it,
23 just slow down a little bit.
24 MR. HOFFMAN: You don't have to read it out

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1 loud.
2 MR. KALTENBACH: He doesn't have to. If he
3 wants to he can.
4 THE WITNESS: I want to make sure you're
5 seeing it.
6 BY MR. KALTENBACH:
7 Q. Yes. I am. Thank you.
8 A. That's in the minutes, and then if you keep
9 going --
10 Q. Top of the next page?
11 A. Top of the next page. That looks like
12 Mr. Hartigan made a motion, and it was seconded by
13 the only other trustee who was there, Mr. Nekola.
14 And then the roll call vote was two ayes and zero
15 nays.
16 Q. And so this, is it 204's position that this
17 demonstrates the formal authorization or approval by
18 the township trustees to enter into the business
19 services contract?
20 A. Yeah. Yes.
21 Q. The top of that second page says: A motion
22 was made by Russel Hartigan, seconded by Joseph
23 Nekola, to accept the proposal given. What does
24 accept mean to District 204, Dr. Kilrea, in the

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1 context of this document?
2 A. Accept means to approve what the course of
3 operations is going to be as outlined. If you go to
4 that previous paragraph that I started to read
5 off --
6 Q. Sure.
7 A. -- it outlines in there what was being
8 accepted by this office.
9 Q. Okay. The previous paragraph, the last
10 sentence states -- the last two sentences. The
11 second to last states: A point to be clarified is
12 to make sure that Workmen's Compensation is covered.
13 Do you have an understanding of what that is
14 referring to?
15 A. I don't.
16 Q. In essence, as part of this agreement, LT
17 was -- I'm sorry. The TTO was paying the
18 compensation of certain 204 employees, correct?
19 MR. HOFFMAN: Objection to the form of the
20 question. You can answer.
21 THE WITNESS: Ask that again.
22 BY MR. KALTENBACH:
23 Q. In essence, part of the business services
24 contract was that LT -- I'm sorry -- is that the TTO

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1 was crediting LT with an offset for the compensation
2 of certain LT employees, correct?
3 A. Yes.
4 Q. Okay. Given that, and the discussion of
5 Workmen's Compensation, which I think is probably
6 reference to workers' insurance, does that suggest
7 to you that the township trustees had a point yet to
8 be clarified as a result of this meeting?
9 A. I don't read it that way.
10 Q. How do you read it then?
11 A. I read it that the township trustees
12 approved the agreement that had been worked on for
13 the previous few months, that they've been updated
14 on at least in one prior meeting by their treasurer,
15 so accept to me, you're asking me, accept means they
16 are approving this, and which explains the course of
17 action for the next 12 years. They accepted it.
18 And that's what we did.
19 Q. So, when was this point about workers'
20 compensation going to be clarified?
21 MR. HOFFMAN: Objection. Lack of
22 foundation. Calls for speculation.
23 THE WITNESS: I don't know.
24 BY MR. KALTENBACH:

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1 Q. If I say that I accept a proposal but I
2 want to clarify something, doesn't that make my
3 acceptance contingent upon the clarification?
4 MR. HOFFMAN: Objection to the form of the
5 question.
6 MR. KALTENBACH: Jay, please don't laugh.
7 I appreciate you have a sense of humor.
8 MR. HOFFMAN: You know, you had an
9 opportunity to ask Russel Hartigan about this.
10 MR. KALTENBACH: Jay, just state your
11 objection.
12 MR. HOFFMAN: Come on.
13 MR. KALTENBACH: State your objection and
14 that's it, with all due respect.
15 MR. HOFFMAN: No objection. You can
16 answer.
17 THE WITNESS: Can you ask that again,
18 please?
19 BY MR. KALTENBACH:
20 Q. Sure. If I accept a proposal subject to a
21 point of clarification, doesn't that point need to
22 be clarified?
23 MR. HOFFMAN: Objection to the question as
24 calling for speculation. Misstating the current

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1 document. Also misstating Judge Hartigan's
2 testimony in this case regarding this document. You
3 can answer.
4 THE WITNESS: I believe it doesn't change
5 anything. I believe it keeps the agreement, and it
6 keeps the acceptance, which is consistent with what
7 was done for the next 12 years.
8 BY MR. KALTENBACH:
9 Q. The motion -- the meeting minutes reflect
10 the motion was made by Russel Hartigan, correct?
11 A. Yes.
12 Q. Okay. And I'm assuming that -- correct me
13 if I'm wrong -- 204 believes that these meeting
14 minutes accurately depict what happened at this
15 meeting, correct? With respect to this issue?
16 MR. HOFFMAN: No objection.
17 THE WITNESS: Of course. I mean they are
18 minutes. They are minutes for a reason. You
19 weren't there. I wasn't there. Mr. Hartigan was
20 there.
21 BY MR. KALTENBACH:
22 Q. Sure.
23 A. I'm aware in his deposition that he did say
24 that that was the agreement and that was the course

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1 of business. So, I don't know why we're going back
2 and saying that this isn't the case when the person
3 who actually made the motion agreed this is what
4 happened.
5 Q. But this last sentence reflects that
6 Hartigan had a further recommendation, correct?
7 MR. HOFFMAN: Object to the
8 characterization of this document. That's Counsel's
9 characterization. You don't have to accept it.
10 BY MR. KALTENBACH:
11 Q. Preserving the objection, the last sentence
12 says that Trustee Hartigan had a further
13 recommendation, correct?
14 A. That's what it says.
15 Q. Okay. Is that -- and the recommendation is
16 that the trustees be given an evaluation of the
17 employees' performance for those employees covered
18 by the contract, correct?
19 A. Not a requirement. It says recommendation.
20 Q. I'm sorry. If I said requirement I didn't
21 mean to.
22 A. It's a recommendation that was one
23 trustee's opinion but I -- I don't see that in the
24 motion. The motion was on the agreement of the

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1 offset costs that were, basically, if they were
2 performing the business functions in-house, they
3 would have charged the members more money. And they
4 were trying to -- this a duplicative office. This
5 office was duplicating services.
6 LT's personnel were much more
7 sophisticated. They were much more in tune with
8 doing things. The treasurer's office was not very
9 easy to deal with at this time. And so they indeed,
10 I think the trustees did something responsible here.
11 They didn't want to double charge. I think this was
12 a responsible agreement, and I think it was agreed
13 upon with the trustees' knowledge and the Board of
14 Education of Lyons Township High School.
15 Q. Let's mark this as Exhibit 7. I'm not
16 going to ask questions about the first couple of
17 pages. For the first three pages -- four pages. I
18 just wanted to keep it all together so there is a
19 context.
20 (Exhibit Number 7 was marked
21 for identification.)
22 So, this is Exhibit Number 7, Dr. Kilrea,
23 which is a printout of what your attorney emailed me
24 on Friday. So, the first four pages are part of a

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1 proposed motion for leave, so we're not going to be
2 looking at those really. We're going to look at the
3 Exhibit A to this exhibit, okay?
4 If you could turn to Paragraph 54, please,
5 which is on Page 11 of the Exhibit A. Do you see
6 that, sir?
7 A. Yes.
8 Q. So, this was part of the First Affirmative
9 Defense that LT is going to it be asserting which is
10 laches, and it's talking about extraordinary
11 circumstances, but it says: These extraordinary
12 circumstances include (A) entering into agreement in
13 2000 with LT for the payment of LT's annual business
14 functions, reaffirming that agreement every year
15 from 2001 through 2012 with the approval of both
16 boards. Comma.
17 So, I want to focus on that middle section
18 that starts with "reaffirming that agreement every
19 year." What factual basis is there for the position
20 that the trustees reaffirm that agreement every year
21 from 2000 through 2012?
22 A. I'm aware of one memo that Mr. Healy wrote
23 that said that we will be going into, 2001, we will
24 do this again. And then every year thereafter, the

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1 same process that we've just went through
2 ad nauseam.
3 Q. Sure. I'm not going to make you go through
4 that again.
5 A. That was done every year, and there was
6 never any communication to 204 that there were any
7 issues here. There was never any back-charging.
8 Nothing. And so in absence of that, we're building
9 our budgets. We're paying for these services.
10 We're just paying our staff to do them, and quite
11 frankly, I'm happy we're paying our staff to do them
12 because our staff, I believe and the organization
13 believes, were much better prepared to do these
14 things than the office of which we were -- that
15 other districts had to use. It cost us more money,
16 but in the end it was a responsible thing to do.
17 Q. Okay. So you referenced a -- you saw a
18 memo -- it is your opinion, you mention seeing a
19 memo saying, we're going to do that again
20 essentially?
21 A. I did see a -- and there has been so many
22 pieces of paper flying around, I don't have dates.
23 I think also Dr. Kelly commented on that in his
24 deposition that he did receive something from

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1 Mr. Healy.
2 Q. Okay.
3 A. That this would continue.
4 Q. I seem to recall a letter from Mr. Healy to
5 that effect. Might that be what you're talking
6 about?
7 A. It might be. I'm sure there probably
8 aren't a thousand of those, so I'm guessing that
9 would be it.
10 Q. Okay. So, what is the basis for knowing
11 that the trustees reaffirmed the agreement every
12 year as opposed to Mr. Healy?
13 A. Mr. Healy is an agent of the trustees.
14 Much like your questions much earlier in the
15 deposition, he can't act on his own.
16 Q. Okay.
17 A. He has to go through his board, which he
18 represented to our board and to our administrative
19 team. And so he is the individual that is
20 communicating with his board, but if you look at
21 agendas, they have to approve expenditures. They
22 have to approve bills. I think they meet quarterly.
23 And that's what they did. So, we have to make that
24 assumption that it's going right in front of that

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1 elected body. It's not an easy office to deal with.
2 They didn't communicate a whole lot to the members
3 at all.
4 Q. I guess let me -- this is as good a time as
5 any. I want to ask you a couple of things in your
6 personal capacity. Did you ever interact with
7 Mr. Healy personally?
8 A. Beyond --
9 Q. I don't care if you said hi at a Starbucks
10 one day or something.
11 A. That's a good question. One time.
12 Q. When was that?
13 A. When I first took the office of
14 superintendent, or the position of superintendent,
15 not office. The position of superintendent,
16 Mr. Healy called me, as he does, from what I was
17 told at the time, with other people that come in to
18 positions of superintendents that he will work with.
19 He wanted to introduce himself, and he took me to
20 lunch at a -- I think it was called Marconi. I'm
21 not sure. It's an Italian restaurant in downtown
22 LaGrange.
23 Before my meeting I met with our business
24 manager and asked about this township trustee

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1 structure. To be honest with you, not a whole lot
2 of positive things were said about the office.
3 First thing Mr. Healy said to me was, after, hey,
4 welcome aboard and congratulations was: You are
5 aware of our agreement, correct?
6 Q. Okay.
7 A. And he explained it to me as I explained it
8 to you. We will send a bill. Our agreement is we
9 will send charges for the personnel we use, and that
10 we will continue to move in this direction.
11 Q. This was -- I believe you said you took
12 over as superintendent somewhere around '09 or '10?
13 A. I'm going to guess this was August. Maybe
14 it was September, but '09.
15 Q. Okay.
16 A. It was early. Give me three months. July,
17 August, or September of '09.
18 Q. Okay. Fair enough. Do you recall anything
19 else that he said to you or that you said to him at
20 this lunch meeting at Marconi's?
21 A. No. I didn't really want to stick around
22 long because I had a lot of other things that I
23 needed to be focused on at the time. I didn't stay
24 real long. Maybe it was 45 minutes. And then there

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1 was one other time he called me. And he just called
2 me when the situation of his -- situation at the
3 township treasurer's office in 2012, the member
4 districts were being called by local media about
5 what our take was on what was going on, and we
6 didn't have, again, no information given to us. And
7 he simply just said, thank you for not you rushing
8 to judgment. And I think he made calls to multiple
9 of my colleague saying the same thing. And that was
10 maybe a 30-second phone call.
11 Q. Do you have any knowledge of why he would
12 call you and thank you for not rushing to judgment?
13 A. He didn't just call me. He called multiple
14 superintendents because people wanted to comment on
15 something that I didn't have knowledge to comment
16 on. So I simply said, I'm going to let the trustees
17 do what they are doing. Because, again, we don't
18 have a day-to-day in terms of -- they don't -- the
19 trustees don't report to the member districts.
20 That's part of the problem here. They don't feel
21 that they answer to the member districts, and so
22 there is a wall and a lack of communication. And so
23 we really didn't have all this knowledge base. This
24 came to us through a report through the BGA that

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1 came out.
2 Q. So, you've identified two communications
3 with Robert Healy that stand out in your mind, so
4 we're exhausting -- are there any other that stand
5 out?
6 A. None that stand out. Maybe I was in a
7 room, in a luncheon with him and didn't know it.
8 But those are the only times that I had a verbal
9 either face-to-face or by phone.
10 Q. Do you recall ever personally having any
11 communication with any of Mr. Healy's staff?
12 A. No, I didn't. I went to a few meetings at
13 the very, very end, but he wasn't at those meetings.
14 Q. Township treasurer meetings?
15 A. I went to one or two. I didn't really
16 interact with staff. I think one or two of his
17 trustees walked over and asked who I was and asked
18 why I was there, but that's not his staff.
19 Q. That's correct. So, my next question was
20 going to be, have you ever interacted personally
21 with any of the trustees other than the couple
22 instances you just mentioned?
23 A. During the time of the dispute?
24 Q. Well, up until the time the lawsuit was

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1 filed. Let's put it that way.
2 A. I wouldn't call them personal interactions.
3 Q. What were they?
4 A. They were interactions with the TTO, the
5 current president of the TTO board, Mr. Thieson. I
6 met with him or exchanged emails with him over time.
7 I'm sure you're aware of some of those
8 communications. I've interacted with him a handful
9 of times.
10 Q. Did any of those interactions pertain to
11 the subject matter of the lawsuit, this lawsuit?
12 A. I would say all -- well, no. We actually
13 interacted beforehand, before the suit was filed.
14 Q. Do you recall anything in particular that
15 Mr. Thieson said regarding the subject matter of
16 this lawsuit?
17 A. I recall a lot of things.
18 Q. Okay. What I'm trying to figure out is
19 what Mr. Thieson said to you, and I know that's a --
20 that can be a rough question because the human
21 memory certainly is not -- is not a camera, at least
22 for most people, but what -- what do you recall
23 Mr. Thieson saying to you?
24 MR. HOFFMAN: In any of these conversations

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1 that preceded the filing of the lawsuit?
2 BY MR. KALTENBACH:
3 Q. We'll start with the ones that preceded the
4 filing of the lawsuit, yes.
5 MR. HOFFMAN: Strike what I said. I think
6 it would be helpful to set some kind of time frame
7 or parameters to the question.
8 MR. KALTENBACH: Okay.
9 MR. HOFFMAN: Unless you just want him to
10 in stream of consciousness tell you everything that
11 Mike ever said to him, in which case he can do that.
12 BY MR. KALTENBACH:
13 Q. What I would like you to do, sir, is tell
14 me what Mike Thieson said to you that relates to the
15 subject matter of the lawsuit.
16 MR. HOFFMAN: At any time?
17 MR. KALTENBACH: Yes.
18 MR. HOFFMAN: Okay.
19 BY MR. KALTENBACH:
20 Q. Do conversations stand out in your mind?
21 A. Yes. They stand out. I can't give you
22 dates. I can't give you times. I know the first
23 communication was that he wanted to meet and that we
24 should have our counsel with us because I think he

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1 was trying to say it was privileged information, and
2 that's when he brought to us saying, hey, okay,
3 you're getting someone that no one else is getting,
4 and we said, this agreement has been in place since
5 2000. And he was -- he intimated that no one ever
6 knew about the agreement.
7 He intimated to us, or he told us, and I
8 was not alone in these meetings, it was either with
9 our board president or one of other officers. Even
10 counsel was present. I'm trying to avoid the
11 counsel present piece. He told us that we owed all
12 this money. Produced no documentation to validate
13 it. I remember one meeting in particular that we
14 were trying to say, look, it was before the suit was
15 filed. And it was, show us that -- let's just look
16 at the three things that you're coming after us for.
17 You're saying that we owe this in pro rata. We owe
18 this over-distribution of interest and for audits.
19 We asked about the audits and said, okay,
20 look, we were told that the audits were paid for on
21 multiple occasions, both in writing and verbally,
22 that the other districts also had it their audits
23 paid for. He said that wasn't the case. We asked,
24 okay, can you demonstrate to us that our audit

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1 payments weren't taken out of our interest
2 allocation prior to distribution. He said, we don't
3 have to do that.
4 One of our board members said to him,
5 you're not going to file suit. And he basically
6 said, we're going to hold you hostage. That's what
7 he said.
8 Q. Okay.
9 A. He also mentioned that -- that two other
10 school districts, he was -- he's going to
11 communicate to them the free ride or I -- those
12 weren't his words. Don't quote me on that one. But
13 he used something to the effect of, what you have
14 been getting and they haven't been getting.
15 So, some of the conversations were pretty
16 civil. Others were pretty assertive and aggressive.
17 Clearly an intelligent guy, but, you know, from the
18 start our organizations were not on the same ground.
19 Q. That, that predates this lawsuit?
20 A. Predates the lawsuit. The hold you hostage
21 predates it. But then very shortly thereafter the
22 lawsuit was filed.
23 Q. Any other conversations with Mr. Thieson
24 that stand out in your mind?

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1 A. No. Because I mean I saw him personally --
2 not personally -- professionally but not in this
3 role. He's a parent in our district and I remember
4 seeing him in parent night and saying hello and that
5 kind of thing. All of our communications about
6 the -- about the issue between our offices were, he
7 had one position, the district had another position.
8 It didn't seem that -- it didn't seem that they were
9 aware of the minutes that we went through, which we
10 asked for. Before any of this stuff happened, we
11 said can we get the minutes from '99 and 2000 and we
12 never got them. And it turns out when they produced
13 documentation from the 2000 minutes it's right
14 there.
15 So, the original complaint says -- I think
16 it was, we arrived at a deal with a convicted felon
17 not with a township trustee board, and right there
18 it says plain and simple, the board was aware of
19 this.
20 Q. Just -- I think I can short circuit this
21 next line of questioning, but we talked about the
22 factual basis for the statement in Paragraph 54
23 that -- reaffirming that agreement every year. You
24 recall that line of testimony, sir?

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1 A. Uh-huh. Yes.
2 Q. The next, after the comma, is: Knowingly
3 and intentionally accepting the agreed setoff.
4 Is the basis the same for reaffirming the
5 agreement and knowingly and intentionally accepting
6 the agreed setoff?
7 MR. HOFFMAN: Well, I would object insofar
8 as you're asking this witness to somehow state each
9 and every fact that supports the position of the
10 assertion made in this. A representative deponent
11 is not required to know each and every fact or to
12 relate it to each and every allegation. So, Tim can
13 certainly tell you as best as he's able the facts
14 within the knowledge of the company, but I object to
15 the line of questioning insofar as it has the
16 problem identified.
17 Sorry for the long objection.
18 BY MR. KALTENBACH:
19 Q. You gave me District 204's basis for the
20 assertion that the TTO reaffirmed the agreement
21 every year?
22 A. Yes.
23 Q. You explained that to me. Is your
24 explanation the same if I were to ask you what's the

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1 basis for saying that the TTO knowingly and
2 accepted -- knowingly and intentionally accepted the
3 agreed setoff every year?
4 A. Yes.
5 Q. Fair enough. I'm not going to make you
6 walk through all of that again.
7 Could you please turn to Page 14. We're
8 going to look to Page 71, Dr. Kilrea.
9 This paragraph states that LT relied on the
10 TTO's promises to pay for LT's business functions to
11 its detriment. And then it goes on to describe some
12 detriments. Do you see that, sir?
13 A. Yes.
14 Q. So it says: First, this detriment was
15 based on the annual budgeting that LT conducted over
16 the last 20 years. How did -- can you elaborate at
17 all on what that detriment was with respect to LT's
18 budgeting?
19 A. Well, certainly. We build a budget based
20 on our projected expenditures and projected
21 revenues. If we know that we have this offset
22 agreement, we know that the bill that we receive,
23 the pro rata bill, we're already paying for much of
24 those services in-house. And so if the bill, let's

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1 say for simplistic purposes, is \$250,000 and we are
2 spending 200 in-house to do those things, there is a
3 net of \$50,000 that we're going to have to pay
4 versus the 250 in our expenditures. And so when we
5 build budgets, that assumption is in there. That's
6 a budget assumption, and so we rely upon this. And
7 then to hear that this is not going to happen or
8 that we're now going to come after this money for
9 things that we already paid for, that -- that's a
10 detriment.

11 Q. Is there an actual line item in LT's annual
12 budget that reflected the agreement relating to
13 business services?

14 A. You know, there are so many documents. I
15 will tell you, I would refer that to our expert when
16 they sit.

17 Q. Okay.

18 A. There are expenditures in there we do have,
19 we built in since the agreement was eliminated, we
20 have built in a 250 -- a quarter million dollars to
21 this operation. A quarter million dollars for
22 basically no services and no communication. That's
23 money away from kids, and that's frustrating to our
24 board. That's frustrating to me. Because that

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1 money is -- it should go where it belongs. It does
2 not belong to the treasurer's office. They don't
3 have fixed assets. That money belongs to the member
4 school districts and the students that are in those
5 districts.

6 Q. Okay. The next detriment, I guess, it says
7 its deferral -- I'm assuming LT's deferral -- of
8 efforts to remove itself from the archaic, corrupt
9 and unnecessary TTO system.

10 Who is -- who is the corrupt person or
11 persons that are being referred to?

12 A. The person who is in jail.

13 Q. Bob Healy?

14 A. Stole a million dollars. Excuse me. We
15 think only a million dollars.

16 Q. At least million dollars?

17 A. At least a million dollars. So, it could
18 be million. It could be 10 million or a billion.

19 We don't know. We also know there have been other
20 operations that have to close down due to
21 corruption. There are other township treasurer's
22 offices that were dissolved because of corruption.
23 I don't know names of individuals, but I can tell
24 you that has been a problem.

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1 Q. Is LT contending that anyone currently
2 affiliated with the TTO is corrupt?

3 MR. HOFFMAN: You can ask the question. I
4 would just simply point out from Paragraph 71 it
5 refers to during the relevant years.

6 THE WITNESS: That's what it says.

7 MR. HOFFMAN: You can still answer the
8 question.

9 THE WITNESS: Absolutely unequivocally no.
10 We are not saying that current.

11 BY MR. KALTENBACH:

12 Q. Okay.

13 A. This is -- it's hard to argue when someone
14 is sitting in jail that there wasn't corruption.

15 Q. I'm not arguing with you. I just want to
16 now if you're accusing someone at the office now of
17 being corrupt?

18 A. No. It was during the relevant years.

19 Q. Fair enough. The next one is: LT's
20 hiring, retention and payment of the salaries and
21 benefits of the many employees who performed LT's
22 business functions during the relevant year.

23 These are the people whose positions are
24 identified on the annual memo from the director of

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1 of business services?

2 A. Right.

3 Q. Did LT hire any of those people as a result
4 of the agreement?

5 A. No. Those people were in place for many
6 years beforehand, because of the inefficiencies of
7 the office. Because of the --

8 MR. HOFFMAN: Which office?

9 THE WITNESS: The township treasurer's
10 office. There were times where the business office
11 would need information on things and the treasurer
12 would be four or five days delayed. I don't know,
13 have you ever had a staff of 300 people and they
14 don't get paid on time because they can't get a
15 signature on a check? This is before direct
16 deposit.

17 So, I go back to the '80s. I have seen a
18 document in the '80s that talks about how LT had
19 divorced itself from the TTO at that time. We pay
20 full pro rata share without any setoffs for many,
21 many -- for decades, because we felt it was
22 important to get it right in our school system. We
23 have a big budget, a very sophisticated system. We
24 have a school business official that's employed. We

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1 have a CPA in the office. We are much more complex
 2 than the elementary districts. Much more. So, the
 3 issues that we see are, we would have business
 4 managers that had been treasurers elsewhere, which
 5 is why on the previous sentence, we talk about
 6 archaic, this may have made sense in 1819. It
 7 doesn't make a whole lot of sense these days, which
 8 is why it doesn't exist anywhere else but in
 9 suburban Cook County.

10 Q. You understand, Dr. Kilrea, that the
 11 township trustees can't simply remove themselves
 12 from existence in the school code?

13 A. No, I know that. What they could do is
 14 they could work with school districts that are maybe
 15 not happy or try to answer to some of the concerns
 16 that school districts have, which has been done in
 17 other trustees by other township treasurer's offices
 18 who have changed their entire leadership structure
 19 to make the member school districts have
 20 representation on those boards versus a separately
 21 elected board.

22 So, there are ways to make this work
 23 differently. It just hasn't happened with this
 24 particular trustee's office.

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1 Q. The next discussion of detriment is LT's
 2 decision not to use the business services of the TTO
 3 in light of the TTO's agreement with LT. The TTO's
 4 agreement with LT, that's referring to that 2000
 5 agreement, correct?

6 A. Yes.

7 Q. So, its decision not to use the business
 8 services in light of the agreement, it was not using
 9 the business services before the agreement, correct?

10 A. We were not. I just don't know the year of
 11 which that transitioned over.

12 Q. You're talking about the transition, just
 13 so we're clear, the transition from what to what?

14 A. I'm talking about when we employed a full
 15 staff in the business office. We still have to
 16 interact with that office from business functions.
 17 We have to reconcile. We have to make certain,
 18 because their books balance with ours. So, there is
 19 still, even though we don't use them for the
 20 accounts payable, accounts receivable -- I mean
 21 accounts receivable as well as our payroll. We use
 22 them for reconciliation. And so that's what I
 23 believe this is tied to. If we didn't have a
 24 township treasurer's office, we wouldn't even have

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1 to even use for reconciliation. We could do that on
 2 our own.

3 Q. The last kind of discussion of detriment
 4 continues on to the top of the next page and it
 5 says: The disruption of LT's educational mission
 6 and its teachers, students, parents and tax
 7 payers -- I'm sorry. Disruption to LT's educational
 8 mission and its teachers, students, parents, and
 9 taxpayers that will result from the reversal of 12
 10 years worth of offsets exceeding two million.

11 Did we cover the disruption already in
 12 terms of the use of money, when we talked about the
 13 annual budget?

14 A. Yeah. I would say that that's a start.
 15 But I do say that there is other things that go into
 16 play here. So, if we're talking about on a reliance
 17 issue, if this were to come to fruition, we're going
 18 to be cutting student programs.

19 Q. If this were to come to fruition, sir, and
 20 I'm assuming by that you mean undoing the agreement,
 21 correct?

22 A. Yes.

23 Q. You realize that my client is not asking
 24 for a lump sum payment of -- they are not asking the

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1 board to write a check for \$2 million?

2 A. That was not my understanding.

3 Q. Okay.

4 A. Based upon interactions.

5 Q. Okay.

6 MR. HOFFMAN: With whom?

7 THE WITNESS: I'm sorry. With Mr. Thieson.

8 BY MR. KALTENBACH:

9 Q. The trustees and the treasurer hold a sum
 10 of money that they invest for District 204? You're
 11 aware of that, correct?

12 A. Yes. It's about \$39 million.

13 Q. Fair enough. So, are you aware that what
 14 we're talking about is making a journal entry to
 15 lower that to \$37 million?

16 A. I'm going to leave that in the hands of our
 17 experts. I do understand what journal entries would
 18 mean. In fact, there have been some questionable
 19 ones over the years, I'm sure. So, that may be the
 20 case. But that still is -- then that impacts our
 21 borrowing rate.

22 We're a triple A bond rated school
 23 district. We have never had money stolen from us.
 24 We have very sophisticated business office. We've

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1 used sophisticated software long before the
2 treasurer's office has done that. That was part of
3 the impetus for leaving, because they were so far
4 behind, and so we had the financial ability to take
5 on that additional cost. And we did that.
6 Knowingly the Board of Education did that.
7 MR. KALTENBACH: We are going to come back
8 to this, but for now -- do whatever you want. We're
9 going to move on to audit. If you want to take a
10 little break now that's fine or we can keep going.
11 MR. HOFFMAN: Let's keep going.
12 MR. KALTENBACH: That's fine.
13 MR. HOFFMAN: Are you okay?
14 THE WITNESS: Yes.
15 MR. KALTENBACH: Just let me know if you
16 need a break. It was a good stopping point and we
17 tend to try to do that to each other. Actually --
18 sorry. I'm going to make you look right back at
19 that document. Paragraph 54. It's a long winded
20 Paragraph 54.
21 THE WITNESS: Didn't we just do that?
22 MR. HOFFMAN: Long-winded lawsuit.
23 MR. KALTENBACH: Long-winded, hey,
24 long-winded objections.

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1 BY MR. KALTENBACH:
2 Q. Okay. So, we were in 54. We're going to
3 look at the second -- we're going to look at the
4 prior Paragraph 54 that's on Page 12 where there is
5 a Part C. Do you see that?
6 A. I do. On Page 12?
7 Q. Yes. Okay. So, and again, I think we're
8 still talking about extraordinary circumstances.
9 That was kind of a lead-in. But in Part C it says:
10 Knowingly and voluntarily paying for the annual
11 audits of LT from at least 1992 through 2012. Do
12 you see that language, Dr. Kilrea?
13 A. Yes.
14 Q. Okay. The TTO paid out of its own funds,
15 and that is to say, not drawn on an account of the
16 school district, for LT's audit for that period of
17 time, correct?
18 MR. HOFFMAN: Objection. Lack of
19 foundation.
20 BY MR. KALTENBACH:
21 Q. Is that --
22 A. Do I answer?
23 MR. HOFFMAN: If you know the answer you
24 can answer.

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1 THE WITNESS: I can answer that, but I will
2 dispute one thing.
3 BY MR. KALTENBACH:
4 Q. Go ahead.
5 A. I don't think the township treasurer has
6 their own funds.
7 Q. Okay. Fair enough. What I mean to say
8 is --
9 A. Their funds belong to the member districts.
10 Q. -- it was paid out of the expenses of the
11 office, the audit, correct? It wasn't borne by a
12 single school district?
13 A. I don't know if I can answer that question.
14 What accounts it was coming out of? Is that what
15 your question is?
16 Q. Right now District 204 has an annual audit
17 each year, correct?
18 A. Yes.
19 Q. Okay.
20 A. All school districts do.
21 Q. And 204 pays for that annual audit,
22 correct?
23 A. Now?
24 Q. Yes.

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1 A. Yes.
2 Q. And that is drawn on an account that
3 contains District 204 funds, correct?
4 A. Yes.
5 Q. Do you understand the treasurer's office
6 has an account that it uses to pay its expenses of
7 office?
8 A. I will assume that that is the case.
9 Q. Okay. Do you understand part of -- I'm
10 just trying to make sure that we're on the same
11 page. The claim of my client is that for these
12 years in question my client paid for 204's annual
13 audit and treated that as an expense of its own
14 office rather than an expense of District 204?
15 A. With that logic, so you're saying that's in
16 the pro rata share?
17 Q. It may well be. Do you understand that
18 concept?
19 MR. HOFFMAN: Look. We know what the
20 allegations are. He knows what the allegations are.
21 MR. KALTENBACH: I'm not trying to trick
22 him.
23 MR. HOFFMAN: You just need to ask him
24 what -- I mean it's one thing for your clients to

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1 say that, and then we know what we were told, but
2 this is why there a foundation issue is the amount
3 of information and documentation we have on that
4 particular subject is subject to limitations, and
5 that's what I think the issue is.
6 BY MR. KALTENBACH:
7 Q. Let me ask you this, Dr. Kilrea. What does
8 District 204 mean when it says, knowingly and
9 voluntarily paying for the annual audits of LT?
10 A. Verbally, Mr. Healy communicated that
11 to multiple -- to either superintendent or business
12 managers. Written documentation that comes from the
13 office. Deposition testimony from Mr. Hartigan,
14 also from Mr. Healy as well as Dr. Kelly as well as
15 Mr. Sellers. Aware, though, that there was one
16 superintendent that claimed that their district did
17 not, but again, this comes down to when the office
18 is reflecting, they are doing this for all the
19 member districts, it's not -- we don't have the
20 capacity to go in and double check their work.
21 Q. Sure. But there is two issues, right? One
22 is did the -- did the township trustees pay for the
23 annual audits for other districts, and one is did
24 they pay for it for 204. And they could both be

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1 true. They could both be false. One could be true
2 and one could be false?
3 A. I would say based on our knowledge they
4 paid for both.
5 Q. Let's start with as to everyone other than
6 204, what is the basis for the position that the TTO
7 paid for everyone else's annual audits?
8 A. Like I said at the beginning, Mr. Healy
9 representing that in writing as well as verbally to
10 directors of business services as well as our
11 superintendent at the time, Dr. Kelly.
12 Q. Do you know why the treasurer's office
13 would have been paying for the annual audits of
14 other districts?
15 A. Yes. I think that because all the
16 districts were using the same auditor. And so this
17 was a way to get the same auditor used for those
18 that are in the township treasurer's office as well
19 as the TTO, to have basically a much more seamless
20 operation to be able to have access to the working
21 papers because it's the same company. It's the same
22 auditing firm. If that was the case, I could see
23 how that might be something that the township
24 treasurer's office would push for.

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1 Q. Now, let's talk about the payment of 204's
2 annual audit, because that's something that 204 has
3 direct knowledge of, correct? It's 204's audit?
4 MR. HOFFMAN: Well, I object to the form of
5 the question. I mean we -- you can answer.
6 THE WITNESS: Can you repeat your question
7 again? I appreciate it.
8 BY MR. KALTENBACH:
9 Q. Sometimes it gets confusing. I swear, sir,
10 I'm not trying to confuse you here.
11 A. I don't think you are.
12 Q. It's 204's position, is it not, that the
13 township treasurer paid for 204's annual audit for
14 let's say at least 1992 through 2012?
15 A. Yes.
16 Q. And it's its position, it's 204's
17 position --
18 A. Can I add to this?
19 Q. Absolutely.
20 A. Based upon during the years you're saying,
21 yes.
22 Q. Fair enough. And it's that -- it's 204's
23 position that those payments were knowingly and
24 voluntarily made, correct?

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1 A. For all the member districts.
2 Q. Okay. Including 204?
3 A. Including 204, yes.
4 Q. Okay. I'm not trying to differentiate. So
5 maybe that was our understanding.
6 Did the township trustees make that payment
7 pursuant to a contract it had with 204 or with all
8 of the districts?
9 A. Well, they clearly have a contract with
10 their auditor, which we all do. So, at the time we
11 all had the same auditor.
12 Q. Okay. But did the township trustees pay
13 for 204's annual audit because of a contract, or did
14 they do it knowingly and voluntarily?
15 MR. HOFFMAN: I object to the form of the
16 question. Are those somehow different? Are those
17 somehow different things?
18 MR. KALTENBACH: It's not my language. The
19 knowingly and voluntarily knew, it's not my
20 language.
21 MR. HOFFMAN: They knew and they did it on
22 their own is what it says.
23 MR. KALTENBACH: Okay.
24 MR. HOFFMAN: As opposed to -- are you

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1 suggesting that that's somehow different than -- are
2 you talking about -- look. We're not saying that
3 it's volunteering from a legal standpoint, but that
4 they knew what they were paying for and they didn't
5 do it under any kind of duress.
6 BY MR. KALTENBACH:
7 Q. The predecessor pleading alleges that there
8 was an agreement in 1993 by which the TTO agreed to
9 pay for the annual audit of 204?
10 MR. HOFFMAN: Right.
11 MR. KALTENBACH: It seems to me this is a
12 shift to say that wasn't done because of an
13 agreement; it was done voluntarily.
14 MR. HOFFMAN: No, no. You're misreading it
15 then. And I think you're reading something into
16 that statement. There was an agreement. Look. We
17 don't have a copy of anything in writing. We told
18 you that. Witnesses have told you that. They
19 obviously agreed to do it, and they did it, and they
20 approved it multiple times a year. So, that's what
21 we can tell you, and that's what it says, in fact,
22 in multiple parts of this pleading. So, this,
23 knowing and voluntarily paying is not distinct from
24 there being an agreement that they followed through

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1 with multiple times a year.
2 MR. KALTENBACH: There is a difference
3 between voluntarily paying for something, I pick up
4 the bar tab, and me having an agreement that I'm go
5 to pick up my friend's bar tab on Thursday night.
6 I'm trying to figure out if is there a difference.
7 MR. HOFFMAN: No, no, you're saying
8 voluntary means there is no consideration. That's a
9 legal issue that Mr. Kilrea is not here to discuss.
10 And it is not our position that this was without
11 consideration because we specifically say the
12 opposite in this pleading.
13 MR. KALTENBACH: Then let me ask him
14 this --
15 MR. HOFFMAN: You're misreading the
16 pleading.
17 MR. KALTENBACH: Well, I just got it on
18 Friday.
19 MR. HOFFMAN: Fair enough. Look, we're
20 just trying to clarify from you what our position
21 is.
22 MR. KALTENBACH: And I'm trying to
23 understand it so I can depose the witness.
24 MR. HOFFMAN: Right. Fine.

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1 BY MR. KALTENBACH:
2 Q. Let me ask you this, Dr. Kilrea. What was
3 the consideration given to the TTO for its agreement
4 to pay 204's annual audit?
5 A. I don't understand that question. I really
6 don't.
7 Q. Okay.
8 MR. HOFFMAN: I object that it calls for a
9 legal conclusion. That's not what he's here to
10 testify about.
11 MR. KALTENBACH: I don't think I'm asking
12 him for one.
13 MR. HOFFMAN: And we do -- actually, that
14 point is specifically addressed in this pleading.
15 So, I think it's an unreasonable question.
16 MR. KALTENBACH: Objection --
17 MR. HOFFMAN: But he answered it as best he
18 can.
19 THE WITNESS: I don't know if I can give
20 you a better answer.
21 BY MR. KALTENBACH:
22 Q. If you can try I would appreciate it.
23 MR. HOFFMAN: I think the -- objection.
24 Asked and answered. I think he answered it.

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1 THE WITNESS: I can't do any better than
2 what I've already said.
3 BY MR. KALTENBACH:
4 Q. So it's 204's position there was an
5 agreement by which the treasurer's office paid for
6 the annual audit of 204?
7 A. They took that expense on for 204 and all
8 the member districts.
9 Q. Okay.
10 A. That's what I've said.
11 Q. So, what 204 got out of it was their annual
12 audit was being paid for by the treasurer's office,
13 correct? You're nodding your head up and down.
14 A. Well, what all the districts got out of it
15 from what we were told by the treasurer is that this
16 was something that they did as an office.
17 Q. Okay.
18 A. And once we learned that it was not the
19 case, we paid for our audits.
20 Q. What was -- what were the terms of this
21 agreement?
22 A. I've not seen anything in writing on it,
23 so, therefore, I don't know the terms. You talk
24 about accounts. I have no idea if the money was

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1 taken out of the interest allocations prior to
 2 dispersing the member districts, which means the
 3 members have already paid for the audits, which
 4 would have made sense if when they were paying
 5 everyone's audits, okay, let's take off the \$80,000
 6 for all the audits of all of the districts before we
 7 disburse the interest. That may have made sense.
 8 And that may have -- that may actually have
 9 happened. We don't know that. So, that's the best
 10 I can do for you.

11 MR. HOFFMAN: Now we've been going an
 12 hour.

13 (Recess.)

14 BY MR. KALTENBACH:

15 Q. Back on the record.

16 Dr. Kilrea, okay, so we were talking about
 17 the agreement by which the annual audits of the
 18 school districts were paid. When was that agreement
 19 entered into?

20 A. I really don't know. We thought originally
 21 it was '93 to '94, but according to Dr. Kelly's --
 22 what he said, was it was in effect prior to his
 23 arrival.

24 Q. Okay. I remember that. Do you -- who

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1 negotiated the agreement on the 204 side of the
 2 ledger?

3 A. Again, you're asking me something that we
 4 don't -- I've not seen anything in writing on this.
 5 So I -- I can't answer that.

6 Q. Okay. How about on the TTO side? Do you
 7 know who negotiated it for the TTO?

8 A. I would make an assumption that it would be
 9 the treasurer and the trustees.

10 Q. Okay. What was the duration of the
 11 agreement, if you know? When I say you, I'm talking
 12 about the representation.

13 A. The duration would be annually, because
 14 it's an annual audit.

15 Q. Have you ever seen the agreement, an
 16 agreement in writing on this one?

17 MR. HOFFMAN: Objection. Asked and
 18 answered.

19 THE WITNESS: I already said that I have
 20 not seen anything in writing on it.

21 BY MR. KALTENBACH:

22 Q. A little bit later on here in Paragraph 54
 23 it says -- so it says: Representing repeatedly to
 24 LT that the TTO was paying for the audits of the

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1 other districts. We've talked about that at least a
 2 bit, correct?

3 A. Yes.

4 Q. Then it says: Selecting for LT the auditor
 5 that performed the annual audits (for LT, the TTO
 6 and the other district).

7 Is it 204's position that the TTO selected
 8 the auditor for 204's annual audit?

9 A. I think not only 204's, but their own
 10 auditor, and that to the districts for which they
 11 were paying the audits for.

12 Q. Here is a bunch of policy manuals pages
 13 stapled together. If we can mark this as Number 8.
 14 (Exhibit Number 8 was marked
 15 for identification.

16 Okay. And I'll represent to you, sir, this
 17 is kind of an assembly of different documents. It's
 18 three different sections. The first two pages are
 19 Section 4:80 entitled, Operational Services, sub-
 20 titled Accounting and Audits. On the second page it
 21 references it was adopted January 21st of 2014.

22 The next page is Section 1.23 entitled
 23 School Board Operations, subtitled Auditor. Adopted
 24 July 18 of 1988. And then we have Section 3:08

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1 entitled Fiscal Services, subtitled Internal
 2 Accounting Controls and Auditors, adopted February
 3 20th of '89, revised and adopted September 23rd of
 4 2008.

5 What I did is I took different pages from
 6 the 204 policy manual that seemed to relate to this
 7 topic and stapled them together. I just don't want
 8 you to think they all came in a manual in this
 9 order.

10 So, according to the first section, which
 11 is 4:80, under the heading, Annual Audit it says:
 12 At the close of each fiscal year the superintendent
 13 or designee shall arrange an audit of the district
 14 funds.

15 Is that the current policy, is that the
 16 current procedure that 204 follows, Dr. Kilrea?

17 A. Yes, it is.

18 Q. And the next sentence says: The audit
 19 shall be performed by an independent Certified
 20 Public Accountant designated by the board.

21 Is that the current policy that 204
 22 follows?

23 A. It does.

24 Q. Okay. So, now let's turn to the third page

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1 of the exhibit, which is Section 1.23, and this was
2 adopted in 1988. And it says that the board shall
3 retain a Certified Public Accountant to annually
4 audit the financial records of the district in
5 accordance with the school code.
6 Did the board at the time comply with
7 Section 1.23?
8 A. They complied with it. They complied with
9 it through the auditors that were being utilized at
10 the time.
11 Q. But the board retained the auditor,
12 correct?
13 A. Through its agent. Through the township
14 treasurer's office, which is -- I mean we were
15 performing business functions for the township
16 treasurer's office. At the time it would make sense
17 to have an auditing firm have access to our books
18 because we were doing work for the township
19 treasurer's office.
20 Q. Is that why the township treasurer agreed
21 to pay for 204's annual audit?
22 MR. HOFFMAN: Objection. Lack of
23 foundation. You're asking about the intent of the
24 township treasurer. If you can answer it, go ahead.

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1 THE WITNESS: I can't answer that.
2 BY MR. KALTENBACH:
3 Q. Well, is the theory that because 204
4 personnel were doing work that would otherwise be
5 done by the township treasurer, it made sense that
6 the treasurer would therefore pay for the audit?
7 MR. HOFFMAN: Whose theory?
8 MR. KALTENBACH: It seems to me that's what
9 the witness just said, is that his theory.
10 THE WITNESS: No. What I said is it would
11 have made sense to have an auditing firm have some
12 access points to documentation in 204 because we
13 were performing functions that the treasurer was
14 performing for every other district but us.
15 BY MR. KALTENBACH:
16 Q. But the treasurer's office paid for audit
17 of every other district, correct?
18 A. That's what they represented to us.
19 Q. Even those districts that weren't
20 performing functions similar to 204, correct?
21 A. If you say so. I mean if they are not
22 performing those functions for them -- I can only
23 speak to my organization. I can't speak to their
24 organizations.

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1 Q. Let's turn to Section 3:08 which is -- this
2 is the one adopted in February of '89, revised and
3 adopted in September of '02. It says: Audits. On
4 the second paragraph under the subheading of Audits
5 toward the bottom it says: At the close of each
6 fiscal year the director of business services shall
7 arrange to have the district's books and accounts
8 audited by an independent Certified Public
9 Accountant designated by the school board in
10 conformance with prescribed standards and legal
11 requirements.
12 Did the board for 204 designate the
13 auditor?
14 A. The board used the auditor at the --
15 because of the township treasurer using this
16 auditor, the board used the same auditor. Our
17 district, director of business services, did arrange
18 to have that audit. Gave access to our in-house
19 records as well as those records for the treasurer's
20 office.
21 Q. 204 was free to hire a different auditor if
22 it wanted, wasn't it?
23 A. If this agreement weren't in place or if
24 this was not happening, it probably would have.

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1 Q. So if --
2 A. And probably could have saved us the money.
3 Q. But you say this agreement, you mean the
4 agreement to pay for the annual audit?
5 A. Look. The audit here, this was a mechanism
6 also that township treasurer's office could try to
7 lead its members, if you will, by providing the
8 auditor. So, they name the auditor. That in
9 essence keeps us all together. That's what I can
10 speculate as to what they are doing, and at the time
11 that's what we did. Whether we agree or disagree
12 with it, that's what happened. Could we get our own
13 auditor? The minute we found out that the township
14 treasurer was not paying for the auditors, we got a
15 separate auditor. We made sure we didn't get an
16 auditor that they weren't using.
17 Q. Who does LT currently using?
18 A. Oh, God. We use Moyski & Mathiesen.
19 They are out of Oak Brook. Or it's Mathiesen &
20 Moyski?
21 Q. I'm going to turn back -- we're done with
22 that exhibit, sir. Exhibit 8. I'm going to look
23 back to Exhibit 7 again, which is the pleading, and
24 I'm going to ask you to look at Paragraph 42, which

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1 is on Page 9. Okay. And again, the time frame
2 we're talking about here is '99 through 2012
3 according to Paragraph 42.
4 MR. HOFFMAN: '99 or '92?
5 BY MR. KALTENBACH:
6 Q. I'm sorry. You're correct. '92 through
7 2012. It the blue highlighting hides too much.
8 It says: The TTO during this time period
9 encouraged LT to remain a member of the TTO and to
10 not seek to depart from this archaic, unprofessional
11 and unnecessary organization.
12 I guess I'll ask the same thing about
13 unprofessional as I will about corrupt. 204 is not
14 asserting anyone is currently unprofessional in the
15 TTO, are they? Or maybe they are.
16 A. No. This deals with the --
17 Q. Time period?
18 A. Time period. That's why it's listed there.
19 Q. That's fine. Through a legislative act as
20 many other school districts have done successfully
21 in order to save their taxpayers money.
22 Can you explain what is meant by that
23 allegation, sir?
24 A. Well, I think you probably know that. Our

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1 board in 1988 started talking about legislative acts
2 to separate from the township treasurer's office.
3 Multiple schools have done it. There are two ways
4 to getting out. Either can try to dissolve the
5 office, and that means it goes through elementary
6 schools, get it on the ballot. High schools can't
7 do that. But there were also those that went
8 directly to their lawmakers and said, can you help
9 us get out to keep it functioning for those
10 districts that want to remain in.
11 So, we wanted to seek legislation to get
12 out at the time. We weren't able to get through
13 politically, for whatever reason. Much like now.
14 We're trying to separate from the office right now,
15 and it seems to be running into roadblocks in
16 Springfield. And not being called out of committee.
17 But it's worked for other school districts.
18 Q. Is -- in Paragraph 42, is LT saying that
19 but for the agreement regarding the payment of the
20 annual audits, it would have sought to legislatively
21 separate from the TTO?
22 MR. HOFFMAN: Well, I'm --
23 MR. KALTENBACH: You can't give him the
24 answer?

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1 THE WITNESS: I didn't want to interrupt
2 him.
3 MR. HOFFMAN: I object to the form of the
4 question in as far as it says, but for, as to the
5 only, suggesting it's the only reason, but the
6 witness can answer as best he can.
7 THE WITNESS: I was going to say in my
8 answer that in addition to the agreement for the
9 offsets, it did make sense because the office was
10 working with a school district that was unique
11 compared to all the other school districts. As I
12 keep saying, we had a -- we're better staffed. We
13 had better credentials in the office. We've never
14 had money stolen from us. We were a much more
15 sophisticated operation than what we were mandated
16 to be a part of.
17 So, by this organization working with us
18 and paying for the things that we were performing in
19 terms of business functions, plus the offset or
20 the -- of the audits trying to be paid for for all
21 the member districts, it demonstrated that that was
22 a working relationship even though we weren't happy
23 being in the township treasurer's office, it showed
24 that they were working to try to address some of the

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1 concerns addressed by our organization.
2 BY MR. KALTENBACH:
3 Q. Does 204 maintain it would have been
4 successful through -- in obtaining a legislative
5 solution had it tried one?
6 A. I can't say yes or no to that. But I can
7 say that there probably would have been much more
8 aggressive efforts at the time, but again, you're
9 asking me during time periods of what the makeup
10 level of Springfield and who was in power, who was
11 in office. And I believe around '99, 1999, is about
12 when a couple of districts, I think one or two TTOs
13 ran into trouble at that point, and I think one or
14 two districts were able to get out legislatively.
15 And so I don't think that the Lyons TTO wanted to
16 see their highest contributor as part of this group,
17 so maybe this is why. It's a theory.
18 Q. Okay. Looking at Paragraph 43, just
19 briefly, for this same 20-year time period, the
20 allegation is LT relied on the TTO's payment of LT's
21 annual audit cost and budgeting and for allocating
22 of funds.
23 Is that the same basic explanation that we
24 already discussed with respect to the payment for

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1 the business services?
2 A. I think that's a fair assumption. I think,
3 remember, we also, if we were paying for our own
4 audits, we probably could have gone a different
5 direction and actually been able to recover more
6 money. So, the answer is it's the same premise as
7 stated earlier.
8 Q. What do you mean, could have recovered more
9 money?
10 A. What I'm saying is if you have the audit
11 that they are using, we have not have used their
12 auditor. If we were paying for our audits we would
13 have competitively bid that audit firm. Sent out a
14 RFP, and so rather than spending the money on who
15 the TTO was using, we might have been able to
16 actually save in terms of with our newly chosen
17 auditor.
18 Q. But 204 would have been paying for an
19 audit?
20 A. If we chose to go that direction, yes.
21 Q. During the period 1992 through 2012, if LT
22 did not use Baker Tilly, who would they have used?
23 MR. HOFFMAN: Objection. Calls for
24 speculation, but you can answer as best you can.

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1 THE WITNESS: There is a multitude of
2 accounting firms that are out there.
3 BY MR. KALTENBACH:
4 Q. There was a specific firm --
5 A. And Baker Tilly wasn't around in that time
6 period. Well, I don't know what the connections
7 were in the area to the accounting firm, but
8 something tells me they've been in our area for a
9 long, long time, so there is probably some
10 relationships that developed over the years, which
11 is why they were retained.
12 Q. Since you've been superintendent has -- up
13 until, I guess I'll say starting in 2013, did 204
14 use Baker Tilly?
15 A. No.
16 Q. Who did 204 use?
17 A. Once the agreement was told to us that no
18 longer was in existence, we immediately chose a new
19 auditor.
20 Q. That was when, in 2013?
21 A. '13.
22 Q. So, up until that point as long as you were
23 superintendent they used -- Baker Tilly was the name
24 of the auditor, correct?

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1 A. Right. Correct.
2 Q. Baker Tilly kind of was a successor auditor
3 to some other companies, including, I think it was
4 Virchio Krause and William Gurry?
5 MR. HOFFMAN: Yes.
6 MR. KALTENBACH: Jay can correct me.
7 MR. HOFFMAN: Actually, so you know, the
8 full name of Baker Tilly is Baker Tilly Virchio
9 Krause LLP in its Chicago office, and it has an
10 affiliation with the national organization.
11 BY MR. KALTENBACH:
12 Q. Sure. I just want to clarify when we're
13 talking about Baker Tilly, sir, I mean whether it's
14 technically the name Baker Tilly or one of its
15 predecessors that just kind of morphed the name over
16 time.
17 With that caveat, does that change any of
18 the answer you just gave me?
19 A. No, it does not. I understand.
20 Q. I don't have a lot left, actually.
21 I want to -- and I know I've kind of talked
22 with your Counsel a little bit about this, but I
23 want to ask the question so I make sure it's clear.
24 Does LT have a position on whether interest income

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1 was either under-allocated to 204, over-allocated to
2 204, or properly allocated it 204?
3 A. Our position is, how can you tell?
4 Q. 204 is not making a claim in this lawsuit
5 that it was under-allocated interest income,
6 correct?
7 A. That was originally part of a previous one
8 that you're thinking of.
9 Q. Yes.
10 A. But once your client was compelled to turn
11 documents over to us, we learned that they are so
12 incomplete, it looks as if the interest
13 disbursements like we speculated were arbitrary. It
14 looks as if there was really no method. Bank
15 statements weren't even looked at. That's why we've
16 changed that.
17 MR. HOFFMAN: And so we're clear, there is
18 no --
19 MR. KALTENBACH: There is not a claim in
20 the proposed pleading.
21 MR. HOFFMAN: -- claim in the proposed
22 pleading, which is correct, in which we are seeking
23 an award of damages against the TTO for unpaid
24 interest.

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1 THE WITNESS: No.
2 MR. KALTENBACH: Are you parsing words when
3 you say award of damages as opposed to equitable
4 relief? We're not seeking an award of damages
5 either.
6 MR. HOFFMAN: We're not -- again, our
7 position is that the records are insufficient to
8 allow for this. But, you know, obviously I don't
9 want our factual criticisms of your position to be
10 included with that. Does that make sense?
11 MR. KALTENBACH: No.
12 MR. HOFFMAN: Okay. Well, then it doesn't
13 need to. We'll just move on.
14 MR. KALTENBACH: I just want to make sure
15 that I've covered the waterfront on that one.
16 MR. HOFFMAN: You have.
17 MR. KALTENBACH: Okay. Great.
18 MR. HOFFMAN: And we'll -- as is obvious to
19 you, as we discussed, we'll have an expert
20 responding to --
21 MR. KALTENBACH: Yes. I just want to make
22 sure.
23 MR. HOFFMAN: -- responding to your
24 expert's claims.

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1 MR. KALTENBACH: If the position of LT is
2 our expert is going to handle that if at all, that's
3 fine. We'll cover it with the expert and not
4 Dr. Kilrea. Dr. Kilrea is like, please do that.
5 MR. HOFFMAN: We are not demanding, at this
6 time we are not demanding money from the TTO for a
7 claimed under-payment of interest, whether through
8 a -- whether through a declaratory judgment action
9 or breach of contract or any other theory of
10 recovery. Does that make sense?
11 MR. KALTENBACH: Yes.
12 MR. HOFFMAN: Okay.
13 BY MR. KALTENBACH:
14 Q. Okay. We're going to run through some
15 correspondence, Dr. Kilrea. I promise you it's not
16 going to take a long time. We're getting to the
17 end.
18 (Exhibit Number 9 was marked
19 for identification.)
20 I'll hand you what is Exhibit 9, which was
21 an email, I guess sent to us from 204's prior
22 counsel, Chuck LeMoine, so I'm just assuming he kind
23 of redacted that very top piece of information. And
24 this is an email chain, sir. The -- the oldest

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1 email is in the bottom of an email chain, and it
2 gets more resents as you read up. There is two
3 emails. One is, at least purports to be a pretty
4 long email from Susan Birkenmaier on June 19 of 2014
5 to a number of people -- yes. You look to be one of
6 these people. And then you responded to her CC'ing
7 another individual. Is this, in fact, an accurate
8 copy of your email exchange with Ms. Birkenmaier on
9 this date?
10 MR. HOFFMAN: Don't answer that question.
11 I want to talk to you about this document and the
12 subject matter in this and what your questioning
13 might be. We can either do it on the record or off
14 the record.
15 MR. KALTENBACH: We can jump off for a
16 minute.
17 (There was a discussion held
18 off the record.)
19 MR. KALTENBACH: So --
20 MR. HOFFMAN: I don't have any problem with
21 you confirming the accuracy and authenticity of this
22 document. Which I think you did, right? Or no?
23 MR. KALTENBACH: You did. But there is a
24 few other letters that he wrote that I'm going to

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1 ask, at least, is it an authentic document also.
2 MR. HOFFMAN: I don't have any problem with
3 that.
4 MR. KALTENBACH: Let's start with that.
5 MR. HOFFMAN: But I'm not going to have him
6 testify about these other issues for other years
7 that are not part of the case at all.
8 MR. KALTENBACH: Just cross the bridge when
9 we come to it.
10 MR. HOFFMAN: That's fine.
11 BY MR. KALTENBACH:
12 Q. So, we've got -- let me just knock -- let's
13 start with this. We'll start with the authenticity.
14 Dr. Kilrea, is Exhibit 9 a true and accurate copy of
15 an email exchange between yourself and Susan
16 Birkenmaier in June of 2014?
17 MR. HOFFMAN: Just before he answers that,
18 I want to make it clear we had a discussion off the
19 record. This document concerns issues that are
20 clearly not part of this case and that are
21 subsequent to and unrelated to the issues in this
22 case. So, I don't have any problem with you asking
23 if this is an authentic set of emails, but I'm not
24 going to allow him to be questioned, particularly

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1 because he's being presented as a representative
2 deponent, and the exhibit setting for the subject
3 matters of the deposition have absolutely nothing to
4 do with this particular issue.
5 BY MR. KALTENBACH:
6 Q. So, let's start with the first thing.
7 Let's start with the answer to my question.
8 MR. HOFFMAN: You can answer.
9 BY MR. KALTENBACH:
10 Q. Is this a true and accurate copy of an
11 email exchange between you and Dr. Birkenmaier in
12 June of 2014?
13 MR. HOFFMAN: Again, same point. You can
14 answer.
15 THE WITNESS: It appears that way, although
16 it's missing something that's referenced. I think
17 there was an attachment with a distribution of the
18 monetary amounts for each member district.
19 BY MR. KALTENBACH:
20 Q. Okay. Subject to missing an attachment,
21 does it otherwise appear to be a true and accurate
22 copy of an email exchange that you had with
23 Dr. Birkenmaier?
24 A. It does.

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1 MR. KALTENBACH: Okay. Great. And Jay, is
2 it my understanding that if I were to start asking
3 the witness questions about the substance of the
4 document, you for all of the reasons you have
5 already stated, would tell him not to answer those
6 questions?
7 MR. HOFFMAN: Correct.
8 MR. KALTENBACH: Okay. Let's just knock a
9 few others off and we'll be done with that portion.
10 And by moving on I'm not necessarily agreeing with
11 your objection.
12 MR. HOFFMAN: That's fine.
13 (Exhibit Number 10 was marked
14 for identification.)
15 BY MR. KALTENBACH:
16 Q. Dr. Kilrea, because I know we're going to
17 have the same issue, I want to assure you I'm not
18 trying to jump ahead. Is this a true and accurate
19 copy of a letter that you sent to Dr. Birkenmaier on
20 or about October 8 of 2014?
21 MR. HOFFMAN: Again, this letter deals with
22 issues that clearly are not part of this case. I
23 don't have any problem with him authenticating the
24 letter, but I'm not going to allow him to be

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1 questioned about it, particularly given that this is
2 a representative deposition and this is not amongst
3 the subject matters identified in that notice.
4 THE WITNESS: Yes.
5 MR. KALTENBACH: Fair enough. And Jay, I'm
6 not going to then ask him about the substance of it
7 based on your objection, and you agree that I'm not
8 waiving my rights by not formally asking him all the
9 questions, right?
10 MR. HOFFMAN: Right.
11 MR. KALTENBACH: Okay. Great. We're going
12 to do the same thing with Exhibit 11.
13 (Exhibit Number 11 was marked
14 for identification.)
15 BY MR. KALTENBACH:
16 Q. Dr. Kilrea, all I'm going to ask you, is
17 this a true and accurate copy of a letter that you
18 sent to the township trustees on or about October 14
19 of 2014?
20 A. You're going to have to give me a moment.
21 Q. Yes. Absolutely.
22 A. Yes. This was sent by me and our board
23 president Ms. Heather Alderman, who all those folks
24 that were CC'd on the bottom in response to a letter

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1 sent out by your client.
2 Q. By Mr. Thieson, I believe?
3 A. Your client being the township trustees.
4 Maybe it was just him alone.
5 MR. HOFFMAN: Let me take a look at this
6 letter. Give me one second.
7 MR. KALTENBACH: That's fine.
8 MR. HOFFMAN: Okay. I've read it.
9 MR. KALTENBACH: Jay, we can agree that if
10 I attempt to ask him questions about the substance
11 of the letter you're going to have the same
12 objection and instruction as the last two exhibits?
13 MR. HOFFMAN: No. And the reason is this
14 October 14, 2014, letter, Kilrea Exhibit 11, is not
15 a document that addresses disputes for pro rata
16 invoices sent in years after the years that are at
17 issue in this lawsuit. Instead, this letter
18 addresses the relationship between the parties and
19 could be potentially relevant to this case. And
20 therefore, I have no problem with you asking him any
21 question you want about Kilrea 11.
22 MR. KALTENBACH: Okay.
23 MR. HOFFMAN: Did I throw you off?
24 MR. KALTENBACH: No. I have highlighted

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1 some of these, and this one I hadn't highlighted so
2 I had to read it myself.
3 MR. HOFFMAN: Okay. Knock yourself out.
4 BY MR. KALTENBACH:
5 Q. Dr. Kilrea, I'll direct your attention to
6 the second paragraph which starts with: First. Do
7 you see that, sir?
8 A. Yes.
9 Q. Great. The second sentence says: We
10 recognize there are ongoing disputes between
11 District 204 and the TTO including whether the
12 agreement entered into with the TTO and District 204
13 in 1999 was a valid intergovernmental agreement,
14 allowing for shared services between District 204
15 and the TTO.
16 You wrote that, sir?
17 A. I did.
18 Q. Was the agreement entered into in 1999 a
19 valid intergovernmental agreement allowing for
20 shared services between District 204 and the TTO?
21 A. I would say yes, like I've said earlier.
22 Q. Okay. Who were the governmental bodies
23 that were a party to that agreement?
24 A. Before I answer questions on this, do you

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1 have the letter that was written by the township
2 treasurer's office that this is a response to?
3 Q. I do not have that with me.
4 A. That would be helpful to me because that
5 may have been the terminology that they used in
6 their letter. That would be helpful to me.
7 MR. KALTENBACH: Let's take a minute break
8 and see if I can dig that up.
9 MR. HOFFMAN: Okay.
10 (There was a discussion held
11 off the record.)
12 (Exhibit Number 12 was marked
13 for identification.)
14 BY MR. KALTENBACH:
15 Q. So, Dr. Kilrea, in response to your request
16 for a document, I've printed off or handed you what
17 we've marked as Exhibit 12, which is a September
18 29th, 2014 -- I'm winded because I ran up the
19 stairs. It's a sad state of my life, my ability to
20 work out in the last few weeks. I work out five
21 days a week, too, for the record.
22 This was signed by three trustees. Is this
23 the letter that you had requested, sir?
24 A. The dates appear to -- let me read it.

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1 Q. That's fine. Go ahead.
2 A. Something I'm looking for in particular.
3 Q. Have you had a chance to review both
4 exhibits, sir?
5 A. Yes, I have.
6 Q. Is Exhibit 12 the letter that you were
7 thinking of?
8 A. Yes.
9 Q. Okay. Great. I have absolutely no idea
10 what my question was that prompted me to go get
11 Exhibit 12. Can you please try to read it back?
12 MR. HOFFMAN: You were asking him about his
13 use of the terminology intergovernmental agreement
14 in his October 14th letter.
15 MR. KALTENBACH: Let's just have her read
16 it back.
17 (The requested portion of the
18 record was read.)
19 BY MR. KALTENBACH:
20 Q. Who were the intergovernmental bodies that
21 were a party to the agreement you referenced, sir?
22 A. Well, this, first off, was terminology at
23 the time. I thought it might be in the letter. It
24 was terminology that was used by the treasurer's

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1 office. You know, speaking in loose terms and
2 trying to talk to them in the terminology in which
3 that they were using to us at the time. Like shared
4 services, for example, they referred so I referred
5 to it.
6 So, in a loose sense, I'm writing about an
7 intergovernmental agreement, but I've always said it
8 was an agreement between our two entities. And the
9 two entities being the trustee's office and the
10 school district.
11 (Exhibit Number 13 was marked
12 for identification.)
13 Q. Let's go to what would be Exhibit 13. So,
14 take a moment to look at it, Dr. Kilrea. My
15 question to you is just, is this a true and accurate
16 copy of a letter you sent to Dr. Birkenmaier on or
17 about October 13 of 2015?
18 MR. HOFFMAN: You can answer that question.
19 THE WITNESS: Yes.
20 MR. HOFFMAN: And only that question.
21 MR. KALTENBACH: That's the question I
22 asked him. Jay, do we were to agree that if I were
23 to inquire into the substance of the letter you
24 would object and instruct the witness not to answer

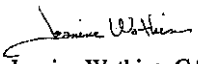
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1 for the reasons we've already stated?
 2 MR. HOFFMAN: Yes.
 3 MR. KALTENBACH: Okay. Give me a minute,
 4 please, to look through my notes.
 5 I'm done.
 6 MR. HOFFMAN: Okay. I have no questions.
 7 MR. KALTENBACH: Okay. Dr. Kilrea, thank
 8 you for coming down here and making yourself
 9 available today.
 10 THE WITNESS: Thank you.
 11 MR. KALTENBACH: You will have the option
 12 of either reading and signing or waiving the right
 13 to read and sign.
 14 MR. HOFFMAN: We'll reserve signature, and
 15 then I'll take a mini and a PTX, please.
 16 (Deposition concluded at 3:35 p.m.)
 17
 18
 19
 20
 21
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 23
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1 STATE OF ILLINOIS)
 2) SS:
 3 COUNTY OF COOK)
 4
 5 I, Jeanine Watkins, C.S.R., Notary Public
 6 within and for the County of Cook, State of
 7 Illinois, a Certified Shorthand Reporter of said
 8 state, do hereby certify:
 9 That previous to the commencement of the
 10 examination of the witness, TIMOTHY KILREA, was
 11 first duly sworn to testify to the whole truth
 12 concerning the matters herein;
 13 That the foregoing deposition transcript
 14 was reported stenographically by me and was
 15 thereafter reduced to typewriting via computer-aided
 16 transcription under my personal direction, and
 17 constitutes a true record of the testimony given and
 18 the proceedings had;
 19 That the said deposition as taken before me
 20 at the time and place specified;
 21 That the reading and signing by the witness
 22 of the deposition transcript was reserved;
 23 That I am not a relative or employee of
 24 attorney or counsel, nor a relative or employee of

Page 140

1 such attorney or counsel for any of the parties
 2 hereto, not interested directly or indirectly in the
 3 outcome of this action.
 4 IN WITNESS WHEREOF, I do hereunto set my
 5 hand and affix my seal of office at Chicago,
 6 Illinois, this March 6, 2016.
 7
 8
 9 
 10 Jeanine Watkins, C.S.R.
 11 License No. 084-001629
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 24

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1 Veritext Legal Solutions
 2 1 North Franklin Street - Suite 3000
 3 Chicago, Illinois 60606
 4 Phone: 312-442-9087
 5
 6 March 7, 2017
 7 To: Jay R. Hoffman, Esq.
 8 Case Name: Township Trustees of Schools Township 38 North, et al. v.
 9 Lyons Township High School District 204
 10 Veritext Reference Number: 2542297
 11 Witness: Timothy Kilrea Deposition Date: 2/21/2017
 12 Dear Sir/Madam:
 13 Enclosed please find a deposition transcript. Please have the witness
 14 review the transcript and note any changes or corrections on the
 15 included errata sheet, indicating the page, line number, change, and
 16 the reason for the change. Have the witness' signature at the bottom
 17 of the sheet notarized and forward errata sheet back to us at the
 18 address shown above, or email to production-midwest@veritext.com.
 19 If the errata is not returned within thirty days of your receipt of
 20 this letter, the reading and signing will be deemed waived.
 21
 22 Sincerely,
 23
 24 Production Department

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

3
4 TOWNSHIP TRUSTEES OF SCHOOLS)
TOWNSHIP 38 NORTH, RANGE 12)
5 EAST,)
6 Plaintiff,)
7 vs.) No. 13 CH 23386
8 LYONS TOWNSHIP HIGH SCHOOL)
DISTRICT 204,)
9 Defendant.)

10
11
12
13
14
15 TELEPHONIC EVIDENCE DEPOSITION OF ELISE S. GRIMES
16 December 1, 2016
17 Tucson, Arizona

18
19
20
21
22 BY: OLIVIA ARMENTA, RPR, CR No. 50411
23 UNITED COURT REPORTERS, INC.
Court Reporting Service
24 P.O. Box 17507 Tucson, Arizona 85731
(520) 792-2600 or (800) 759-9075
25 ucrincorporated@aol.com

I N D E X

3 EXAMINATION OF ELISE S. GRIMES
4 PAGE
5 By Mr. Hoffman 4
6 By Mr. Kaltenbach 30

12 E X H I B I T S :
13 Number Description Identified
14 1 Notice of Evidence Deposition 4

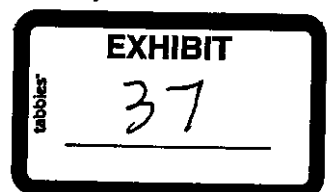
1 APPEARANCES: (Telephonically)
2
3 FOR PLAINTIFF:
4 BARRY P. KALTENBACH, ESQUIRE
MILLER CANFIELD PADDOCK AND STONE, PLC
225 West Washington, Suite 2600
Chicago, Illinois 60606
5
6 FOR DEFENDANT:
7 JAY R. HOFFMAN, ESQUIRE
8 HOFFMAN LEGAL
20 North Clark Street, Suite 2500
Chicago, Illinois 60602

9
10
11
12
13
14
15 PURSUANT TO NOTICE, the telephonic evidence
16 deposition of ELISE S. GRIMES was taken at the offices of
17 United Court Reporters, Inc., 177 North Church Avenue,
18 Suite 200, in the City of Tucson, County of Pima, State of
19 Arizona, before Olivia Armenta, RPR, CR No. 50411, in and
20 for the State of Arizona, on December 1, 2016, commencing
21 at the hour of 2:00 p.m., in a certain cause now pending in
22 the Circuit Court, County of Cook, County Department,
23 Chancery Division.
24
25 * * * *

1 ELISE S. GRIMES,
2 having first been duly sworn to tell the truth, the whole
3 truth, and nothing but the truth, was examined and
4 testified as follows:

EXAMINATION

5
6 BY MR. HOFFMAN:
7 Q Can you please state your full name for the
8 record?
9 A Elise S. Grimes.
10 Q Where do you live?
11 A Tucson, Arizona.
12 Q Let the record reflect that this is the evidence
13 deposition of Dr. Elise Grimes, taken pursuant to notice.
14 The Notice of Evidence Deposition attached to this
15 transcript as Grimes Deposition Exhibit No. 1.
16 (Deposition Exhibit No. 1 was marked for
17 identification.)
18 BY MR. HOFFMAN:
19 Q Dr. Grimes, could you start by telling us about
20 your educational background?
21 A Yes. I have a Bachelor's Degree in Spanish and
22 German education. I have a Master's Degree in guidance and
23 counseling. I have a Specialist Degree in school
24 administration. And I have
25



1 administration, as well.

2 Q Can you tell me what schools you obtained those
3 degrees from?

4 A My undergraduate work was done at Illinois State
5 University at Normal. My graduate work was done at
6 Northern Illinois University in De Kalb.

7 Q Can you describe to us your professional work
8 experience, please?

9 A I have approximately 40 years in education. I
10 started as a 6th grade teacher in Rockford and a Spanish
11 teacher, as well. I went in to becoming an elementary --
12 let me see if I get this right. It's been a while. An
13 elementary principal and an Assistant Superintendent in
14 Morrison, Illinois.

15 And I went to LaGrange Highlands as the
16 Superintendent of schools for 19 years. And then my last
17 five years I taught at Aurora University at the graduate
18 level in educational policy and studies.

19 Q Can you tell me what your responsibilities as an
20 Assistant Superintendent in Morrison, Illinois, were,
21 please?

22 A Yes. I was in charge of all federal and state
23 programs, which would have been everything from Chapter 1,
24 Title 1, Chapter 2, bilingual education, any specific
25 special programs that were outside the purview of the

1 regular education program. And I also did the finance and
2 budgeting for those programs, as well. I was in charge of
3 all curriculum for the District. And I was an assistant to
4 the Superintendent in terms of program planning and
5 financial projections for the coming school years.

6 Q And after that position you moved to the LaGrange
7 Highlands where you were Superintendent of schools for 19
8 years?

9 A Correct. Yes.

10 Q Tell me what your responsibilities were in that
11 position?

12 A Well, basically it was pretty much in charge of
13 everything. I was -- I handled the budget. I handled the
14 staffing. I handled the financial reports. I handled the
15 curriculum. I did the hiring. I did building construction
16 and maintenance. All of the insurance -- really all the
17 financial pieces of the School District, as well as the
18 curricular pieces.

19 Q What was the number of the District in which you
20 were Superintendent?

21 A District 106.

22 Q During what calendar years were you Superintendent
23 of District 106?

24 A 1983 to 2002.

25 Q Did you have a business manager in that position?

1 A Yes, I did.

2 Q Who were your business managers during that time?

3 A I had -- when I first came, I had an accounts
4 payable and an assistant accounts payable. They were both
5 kind of secretarial positions. And when those people
6 decided the job was getting to be too much for them, we had
7 a business manager, whose name was Tom Zakozik (phonetic).
8 Tom retired several years before I did from LaGrange. And
9 then Susan Burckenmyer (phonetic) was our business manager
10 the last couple of years.

11 Q I'd like to ask you some questions about the -- an
12 entity known as the Township Trustees of Schools for the
13 Lyons Township. Are you familiar with that entity?

14 A Very much so.

15 Q Is there a shorthand that you use for it?

16 A A shorthand?

17 Q It's kind of a mouthful to say the whole name.
18 Some people call it the TTO Township Treasurer. What do
19 you usually call it?

20 A It would have been either of those, the TTO.

21 Q Fine. Well, let's use the TTO. And was the TTO
22 for District 106 the same entity that was -- did it also
23 include Lyons Township High School, District 204, in its
24 jurisdiction?

25 A Yes.

1 Q All right. Could you describe for me the role of
2 the TTO with respect to District 106?

3 A The Township Treasurer's Office virtually
4 controlled our money in terms of tax receipts, in terms of
5 State aid. All of our money flowed directly to them, which
6 was a surprise to me, coming from other parts of the State.

7 And then we did all the accounting of the School
8 District funds, and bills, and invoices, et cetera, and
9 then sent them to the Township Treasurer's Office to issue
10 the checks.

11 Q Is that the same or different process that you had
12 when you were Assistant Superintendent in Morrison,
13 Illinois?

14 A Very different.

15 Q Can you tell me how?

16 A Frankly, in Morrison we did everything. We did it
17 all. We issued the checks. We did the annual financial
18 reports. We hired the auditors. We paid the bills. We
19 did not have an entity that held our money, other than the
20 School District itself. And we were able to manage a
21 budget almost comparable to what I had at LaGrange
22 Highlands.

23 Q Do you have any understanding as to why there was
24 a TTO for District 106, but there was no TTO in Morrison,
25 Illinois?

9

1 A Yes. It's left from a long time ago. I believe
2 it actually goes back to the 1800's, but I was surprised at
3 the time. And it's an entity that only exists in the Cook
4 County suburban School Districts, to be frank. It is
5 nowhere else in the State of Illinois. And it is a
6 Township organization that basically controls and benefits
7 from managing the money of the School Districts.

8 Q Did the TTO system in your view work well for
9 District 106?

10 MR. KALTENBACH: I'm going to object to
11 relevance of the question, and -- I'll object to relevance
12 of the question.

13 Dr. Grimes, you can answer, subject to my
14 objection.

15 THE WITNESS: Would you mind repeating the
16 question then, so I'd be sure I get it correctly?

17 BY MR. HOFFMAN:

18 Q Sure. In your view did the TTO system work well
19 for District 106 when you were Superintendent?

20 A It was okay. It was nothing we couldn't have done
21 ourselves. And many School Districts under that system
22 feel the same way. In some respects it was frustrating,
23 though, because you were never quite sure how much money
24 you had when, and you're also not sure all the time of what
25 your investments -- how long they were invested for, or

10

1 what they were earning, and that was difficult.

2 Q Did you have any concerns about whether any of the
3 TTO expenditures at District 106 paid -- well, strike that
4 question.

5 Did District 106 pay for a portion of the TTO's
6 expenditures?

7 A Of course. Yes, we did.

8 Q Did you ever have any concerns about whether the
9 TTO's expenditures were in any way excessive or
10 inappropriate?

11 MR. KALTENBACH: Objection as to relevance.

12 You can answer the question, however, Dr.
13 Grimes.

14 THE WITNESS: Okay. Please repeat it again?

15 BY MR. HOFFMAN:

16 Q Did you ever have any questions about whether the
17 TTO's expenditures at District 106 was paying a portion of,
18 or in any way excessive, or inappropriate?

19 MR. KALTENBACH: I'm sorry, Dr. Grimes. For
20 the record I'm objecting on relevance. When I'm saying you
21 can answer the question, I stand on my objection. I just
22 want to be clear that when I object, that under Illinois
23 law you still get to answer the question.

24 THE WITNESS: Okay. To be honest, it was not
25 always clear how much it was actually costing us for the

11

1 Township Treasurer's Office. That was not always clear in
2 the records.

3 BY MR. HOFFMAN:

4 Q Why was it not clear in the records?

5 A Because they really did not report that to us. We
6 had no idea what the total cost of that office was or how
7 it was allocated over all the School Districts.

8 Q I'd like to ask you some specific questions about
9 the Treasurer of the TTO. During the time that you were
10 Superintendent at District 106, who was the Treasurer of
11 the TTO?

12 A The first one was a gentleman named George Malakar
13 (phonetic), and the second one was a gentleman named Robert
14 Healy (phonetic).

15 Q When did Robert Healy start as Treasurer, as best
16 as you can recall?

17 A He was probably -- let me think a minute.

18 Q If I suggested 1988, would that sound right to
19 you?

20 A Actually, that would be pretty close because
21 George was not there long after I came. So, yes, I would
22 say that could be accurate.

23 Q All right. I'm going to ask you a question -- and
24 you said you were Superintendent until 2002, correct?

25 A Yes.

12

1 Q So Mr. Healy was still Treasurer of the TTO in
2 2002 when you left?

3 A Correct.

4 Q All right. Did you ever have any concerns about
5 Mr. Healy's ability to handle his responsibilities as
6 Treasurer?

7 MR. KALTENBACH: Objection, relevance.

8 You can answer, Dr. Grimes.

9 THE WITNESS: Yes.

10 BY MR. HOFFMAN:

11 Q What were those concerns, and what was the basis
12 for those concerns?

13 MR. KALTENBACH: Same objection.

14 THE WITNESS: I felt it was a very big job
15 for someone who did not have that kind of background.

16 BY MR. HOFFMAN:

17 Q When you say that kind of background, what do you
18 mean by that?

19 A The kind of background to handle hundreds of
20 millions of dollars every year and invest it appropriately,
21 and also to take the input of the School Districts into
22 consideration in making those investments.

23 Q Were there any other bases, were there any other
24 bases for that view that you had?

25 MR. KALTENBACH: Same objection.

1 THE WITNESS: In terms of how I saw it, you
 2 mean?
 3 BY MR. HOFFMAN:
 4 Q Yes, based on your observation and experience?
 5 A Several times we met with Mr. Healy to really get
 6 a handle on the direction the Township Treasurer's Office
 7 was going. And also, again, because we were a smaller
 8 District, the financial projections for us were crucial.
 9 And I did not come away feeling like our concerns had been
 10 recognized.
 11 Q When you say we met with Mr. Healy, who is we?
 12 A Would have been me, our business manager, and also
 13 at times a Board Member.
 14 Q How frequently did you meet with Mr. Healy?
 15 A Sometimes once or twice a year.
 16 Q Is there anything else that you remember about
 17 those meetings that you can tell me?
 18 A I just honestly felt that there was not a lot of
 19 accountability there. And I also felt that for this amount
 20 of money, the -- let's see. How can I put this?
 21 The people in charge really didn't have good
 22 qualifications to be doing this.
 23 Q Did you have any concerns that the people at the
 24 TTO were hired in any way based on political concerns, as
 25 opposed to their capabilities and merit?

1 about what was going on, and to have them consider some of
 2 the things we were concerned about.
 3 Q Were the Trustees responsive to the concerns that
 4 you and other Superintendents had about getting information
 5 and disclosures?
 6 MR. KALTENBACH: Objection, vague, and lack
 7 of foundation.
 8 You can answer.
 9 THE WITNESS: Please repeat it? I'm not sure
 10 you got to finish.
 11 BY MR. HOFFMAN:
 12 Q I'll ask a different question.
 13 A Okay.
 14 Q You said that you expressed concerns. Is it
 15 correct that you said you expressed concerns to the TTO
 16 Trustees during meetings with them about the information
 17 that you were getting as the Superintendent of District
 18 106?
 19 A Yes.
 20 Q And what response, if any, did you get from the
 21 Trustees on that point?
 22 MR. KALTENBACH: Objection, vague, lack of
 23 foundation.
 24 THE WITNESS: As I recall, they thanked us
 25 for coming, and nothing ever happened.

1 MR. KALTENBACH: Objection, relevance.
 2 THE WITNESS: Several times we went and spoke
 3 directly with the Township Treasurer's Office Board, and it
 4 was as if we were speaking Greek, and they only understood
 5 English. It was not -- they really did not care how we
 6 felt. It was very frustrating. And, yes, I did feel that
 7 there were political considerations there in terms of not
 8 only who was on the Board, but people in the office.
 9 I will say the people in the office always
 10 treated us respectfully, and always followed through on
 11 things, the office staff. But I did feel, and I did know,
 12 having lived in Illinois all my life, that there were
 13 political considerations in terms of the staff. And I also
 14 understood that about the Township Treasurer's Board.
 15 BY MR. HOFFMAN:
 16 Q When did you meet with the TTO Trustees, and how
 17 frequently were those meetings?
 18 A It would have been during my tenure as
 19 Superintendent because every time you have a Board
 20 election, they always feel that they can -- that they would
 21 like to meet some of the people who influence what goes on
 22 in the School District. So it would have been several
 23 occasions like that.
 24 And I also remember several Superintendents
 25 meeting with them, too, to try to gain more information

1 BY MR. HOFFMAN:
 2 Q Did Healy ever attend your District's Board
 3 meetings?
 4 A I don't -- maybe once or twice, but I actually
 5 can't recall. I know he met at different times with me and
 6 a Board Member, but I don't recall that he attended any
 7 Board meetings.
 8 Q Did you ever participate in meetings amongst the
 9 Superintendents who were in the TTO's jurisdiction?
 10 A We had a monthly meeting, so, yes.
 11 Q Was that through the whole time that you were
 12 Superintendent?
 13 A Yes, it was.
 14 Q Did Healy ever attend the Superintendent meetings?
 15 A Yes.
 16 Q Do you recall any discussions at the
 17 Superintendent meetings -- well, strike that.
 18 At the Superintendent meetings that Healy
 19 attended, what topics do you recall being discussed?
 20 MR. KALTENBACH: Objection, vague, lack of
 21 foundation.
 22 THE WITNESS: Basically the projections for
 23 the coming year in terms of investment rates, where our
 24 money would be invested. Very specific kinds of questions
 25 about predictions for that school year because that's what

17

1 we had to build our budget around. So it would have been
2 that kind of thing.

3 Also, we were always looking at a way to
4 reduce the costs of the office that we could -- ways that
5 we could save money because it was an additional expense to
6 us, regardless of the fact that it was a legal entity.
7 Because for the most part a lot of the information that had
8 to do with finances we prepared in-house.

9 BY MR. HOFFMAN:

10 Q So the Superintendent meetings that Healy attended
11 that you just told me about, do you remember any of them
12 specifically in terms of specific dates, or specific
13 meetings, or did they kind of run together in your
14 recollection?

15 A They were always the first Friday of the month,
16 and we rotated among the School Districts.

17 Q But what I mean is, Dr. Grimes, is you've told me
18 about the substance of some discussions the Superintendents
19 had with Mr. Healy at the Superintendent meetings. I have
20 to ask you whether you have a general recollection of these
21 discussions, or whether you can provide me with information
22 specific to say a meeting in 2001, or a meeting in 1986,
23 that sort of thing?

24 A That would be difficult.

25 Q All right. Now with respect to the concerns that

18

1 you and the other Superintendents discussed with Mr. Healy
2 at these meetings, what was Mr. Healy's response of those
3 concerns?

4 MR. KALTENBACH: Objection, vague, and lack
5 of foundation.

6 THE WITNESS: He always listened to us.
7 There were times when whatever the issue was did get
8 resolved, or we did get the information that we needed if
9 they could provide it. But anything that actually impacted
10 our financial bottom line was very difficult to determine
11 if what we talked about made a difference.

12 BY MR. HOFFMAN:

13 Q Did you have any concerns about whether or not you
14 could trust Bob Healy?

15 MR. KALTENBACH: Objection, leading, and
16 relevance.

17 THE WITNESS: I'm not sure.

18 BY MR. HOFFMAN:

19 Q I'd like to ask you about an issue in this case
20 involving the TTO's payments of District 204's business
21 expense. Let me start by asking you whether you were aware
22 of an agreement between TTO and District 204 concerning the
23 TTO's payment for District 204's business function?

24 A Yes.

25 Q How did you become aware of that agreement?

19

1 A That was openly discussed at our Superintendents
2 meetings. It also was a matter of knowledge because at the
3 time the High School was interested in both pursuing this
4 and coming to an agreement with the Township Treasurer's
5 Office.

6 They had Board Members very interested in this, as
7 well, and they were very astute Board Members. And they
8 also had a tremendous financial staff, as well. So they --

9 Q You mean at the --

10 A At the High School.

11 Q -- Board?

12 A Oh, yeah. Oh, yeah. They had really good --
13 their staff was outstanding. They had great Board Members,
14 too, in terms of their knowledge of school finance, and
15 their knowledge of investing, et cetera.

16 And they knew that what they were doing, they were
17 duplicating what the Township Treasurer's Office was doing.
18 And they reached an agreement with the Township Treasurer's
19 Office that LT would assume -- continue to do those things,
20 but not be billed for them.

21 MR. KALTENBACH: I'm going to -- Mr. Hoffman
22 indicated to me to let you finish speaking, which I agreed
23 to do.

24 I'm going to move to strike that answer as
25 nonresponsive to the question that was asked. And had that

20

1 question -- had a question been asked that would have
2 triggered that, I would have objected to those questions.

3 BY MR. HOFFMAN:

4 Q Dr. Grimes, what is the basis for your testimony
5 concerning the abilities of District 204 staff?

6 A What was the basis? I knew them well. I saw them
7 interact in public. We also watched their financial
8 reporting. I mean, they did a great deal of that.

9 Q And what do you mean by financial reporting?

10 A Their Board meetings -- we had much better
11 newspaper coverage at that time than we do now, or that you
12 do now in terms of local papers that presented discussion
13 at Board meetings, and the kinds of things that the High
14 School was studying. I'm not sure if those records are
15 still available, but everybody knew pretty much that LT was
16 well-managed for the most part, and that they were
17 financially sound, and that it was because of the kind of
18 people that they had working at those levels.

19 MR. KALTENBACH: I'm going to move to strike
20 as nonresponsive.

21 BY MR. HOFFMAN:

22 Q Did you, as the Superintendent of District 106,
23 have any interest or desire to have District 204's staff do
24 any financial work for your District, if that was possible?

25 A I know -- we did not at that time because it was

1 really -- let me just think.
2 It was -- they were really just getting it set up
3 with that arrangement, with the Township Treasurer's
4 Office. It would have been something we would have
5 explored. I know other Districts looked at it, were going
6 to look at it, as well, but it could have been very
7 possible.

8 Q Did you ever have any discussions about the
9 agreement between TTO and District 204 on the payment of
10 District 204's business function with Bob Healy that you
11 can recall?

12 A I do know it was a constant topic at our
13 Superintendent meetings because they reported to us on the
14 progress of it, and what they were trying to accomplish
15 with it.

16 Q Was Bob Healy in attendance at any of those
17 Superintendent meetings -- business functions agreement
18 we've discussed talked about?

19 A I do not recall.

20 Q I'd like to ask you some questions about the
21 investment of District 106 money, and ask you whether or
22 not District 106's money was pooled together with money
23 from any other District at the TTO?

24 A I believe --

25 MR. KALTENBACH: I'm going to object. I'm

1 MR. KALTENBACH: Objection.

2 THE WITNESS: None. I can't recall any, to
3 be honest with you. That doesn't mean there wasn't any. I
4 can't recall it.

5 BY MR. HOFFMAN:

6 Q Did you or anyone else at District 106 have any
7 input into the TTO's investments of District 106 funds?

8 A Not really.

9 Q Was that significant to you in any way or a
10 concern of yours?

11 A Yes.

12 Q Why was that?

13 A I always felt that many times the interest rates
14 that were quoted to us were comparable to something that
15 they could have gotten within our communities, and they
16 didn't pursue it. And I always felt that decisions were
17 not necessarily made on what was best for a community, but
18 what was best for whoever was making -- this is -- I'm
19 going around in a circle here. I will say the local
20 communities were not considered in terms of places to
21 invest short-term money.

22 Q Dr. Grimes, could you describe to us the reporting
23 that the TTO gave to you on the investment of District 106
24 funds?

25 A It was part of a monthly report, and it was

1 sorry, I don't think there's a question pending.

2 MR. HOFFMAN: There is.

3 BY MR. HOFFMAN:

4 Q The question is, did you have any understanding as
5 to whether District 106's money was invested into TTO
6 separately, or as pooled with other Districts' money?

7 A Both. We would get a report at times that would
8 say where a certain percentage of our money was at, but it
9 was always part of a larger pool. So there were times when
10 I knew that we had money mostly in Downtown Chicago banks,
11 not anything around us.

12 Q Did you have any concerns about TTO's investment
13 with Downtown Chicago banks?

14 MR. KALTENBACH: Objection, vague and
15 relevance.

16 THE WITNESS: Well, at the time we always had
17 money in a bank called Amalgamated Bank downtown, which was
18 Michael Madigan's (phonetic) bank of choice. He had
19 interests in that bank. And I always found it very
20 interesting that that was always on our reporting sheets.

21 BY MR. HOFFMAN:

22 Q What --

23 A That's my observation.

24 Q What involvement, if any, do you recall Michael
25 Madigan having with the TTO?

1 usually the top sheet. And it was -- it listed
2 approximately the amounts of money that we had, and where
3 they were invested. It did not always tell us what rates
4 we were getting, or the length of terms of those
5 investments.

6 Q Did you have any concerns about not receiving
7 rates of return or maturity dates?

8 A Yes.

9 Q Okay. And what were those concerns?

10 MR. KALTENBACH: Objection, relevance.

11 THE WITNESS: Well, the concerns were would
12 our money be available when we needed it, first of all.
13 And secondly, were the rates of investment competitive.

14 BY MR. HOFFMAN:

15 Q Did you ever ask Bob Healy to provide you with
16 this information on your investments?

17 A Yes, but we did not really get it.

18 Q Did you have any difficulties evaluating whether
19 the investments of District 106 funds at the TTO would
20 produce the revenues that your District needed to operate?

21 MR. KALTENBACH: Objection, relevance.

22 THE WITNESS: No, I'm not sure.

23 BY MR. HOFFMAN:

24 Q Did you compare the disclosures you received from
25 Bob Healy on investments with the disclosures that you

25

1 received from the School Treasurer in Morrison, Illinois,
2 when you were Assistant Superintendent there?

3 MR. KALTENBACH: Objection, lack of
4 foundation and relevance.

5 THE WITNESS: Well, in Morrison it was much
6 more specific. You knew where it was, you knew the length
7 of the investment, and you knew the rate of return.

8 BY MR. HOFFMAN:

9 Q Dr. Grimes, I'd like to ask you about the funds
10 that District 106 received as interest on its investment.
11 Do you recall the TTO providing your account with a credit
12 for periodic interest payments?

13 A No.

14 Q Well, how was it that your District got investment
15 income from its investments from the TTO?

16 A It was simply included in the fund balances, but
17 actually being able to break it out was difficult.

18 Q When you say break it out, what do you mean by
19 that, Doctor?

20 A Specifically pinpoint how much was interest
21 earned.

22 Q And why was it difficult?

23 A Because it wasn't obvious when you looked at it.

24 Q All right. So were you able to verify from the
25 information you received from TTO whether your District had

27

1 I know that District 102 and 105, who were
2 both wealthier than we, very closely followed that. 102
3 had more students. So while they were wealthier, they also
4 had more kids, and they had to account for how they were --
5 what they were doing more. 105 was wealthy, but had less
6 kids. That makes a difference, too.

7 BY MR. HOFFMAN:

8 Q Dr. Grimes, how did you learn about other
9 Districts' requests for more specific information on
10 investments from the TTO?

11 A It was talked about at the Superintendents
12 meetings, and it was also in the newspaper. Because other
13 Boards of Education could read and understand the reports
14 that they were being given. And many Districts had a
15 Finance Committee on the Board, and so they would request
16 very specific information from the Township Treasurer's
17 Office because of that.

18 Q Did you ever learn whether the TTO agreed to
19 provide that additional information to those other
20 Districts?

21 A I would guess that they tried to, but I would say
22 no, only because I don't remember.

23 Q All right. And did you ever have any concerns
24 about whether the TTO maintained adequate records on
25 investments and interest payments?

26

1 received the correct amount of investment income from the
2 TTO?

3 A No, no.

4 MR. KALTENBACH: Objection, lack of
5 foundation, relevance.

6 BY MR. HOFFMAN:

7 Q And why is your answer no?

8 MR. KALTENBACH: Same.

9 THE WITNESS: In the documents that we
10 received at the time, it was not broken out in a way that
11 you understood that you made 5 percent on a million
12 dollars, and that was shown in all of your funds. It just
13 wasn't -- it wasn't obvious.

14 BY MR. HOFFMAN:

15 Q Do you have any understanding as to whether your
16 District was receiving the same type of disclosures on
17 investment income that other Districts were getting from
18 the TTO, or somehow different disclosures?

19 MR. KALTENBACH: Objection, lack of
20 relevance, foundation.

21 THE WITNESS: I know that other School
22 Districts requested more and more specific information.
23 Whether that was different than what we got, I do not
24 recall. I know that probably LT was very diligent because
25 of the amount of money they had.

28

1 MR. KALTENBACH: Objection, lack of
2 relevance.

3 THE WITNESS: Yes.

4 BY MR. HOFFMAN:

5 Q What was the basis for those concerns?

6 MR. KALTENBACH: Same.

7 THE WITNESS: Because I never knew who was
8 really investing our money, to be honest with you.

9 BY MR. HOFFMAN:

10 Q What do you mean by that?

11 A Who was helping Mr. Healy? Who was being hired as
12 an investment consultant? Who was helping him determine
13 what should be happening with our money? Yes, that
14 concerned me, and that was not always obvious.

15 The due diligence that School Districts have to
16 provide were really not required of the Township
17 Treasurer's Office during my time as the Superintendent.

18 Q I'd like to ask you a few questions generally
19 about the TTO as it relates to your District 106.

20 Could your District have performed its business
21 functions without the involvement of the TTO?

22 MR. KALTENBACH: Objection, relevance, and
23 lack of foundation.

24 THE WITNESS: I would say yes, considering
25 when I had a business manager in Tom Zakozik, and yes, when

1 I had a business manager in Susan Burckenmyer, because
2 she's now the Township Treasurer. So yes, I think we could
3 have done that.

4 BY MR. HOFFMAN:

5 Q At that time would you have needed any extra
6 personnel in order to perform all of those business
7 functions if the TTO had not been involved?

8 A I think it would have been a skill set that would
9 have been needed, rather than a change in staff or numbers
10 of staff. So many things could have been done
11 electronically.

12 Q What value did your District receive from paying
13 its share of the TTO expenditures?

14 MR. KALTENBACH: Objection, vague, and lack
15 of relevance.

16 BY MR. HOFFMAN:

17 Q If any?

18 A I can't evaluate that.

19 MR. HOFFMAN: All right. I have no further
20 questions for you, Dr. Grimes.

21 Mr. Kaltenbach is going to ask you some
22 questions.

23 MR. KALTENBACH: Jay and I need to go off the
24 record for a quick second.

25 (A discussion was held off the record.)

1 of the TTO. Do you recall that testimony?

2 A Yes.

3 Q And you understand that the Trustees are elected
4 officials, correct, Dr. Grimes?

5 A Yes.

6 Q And the Board of Education of District 106 also
7 consists of elected officials, correct?

8 A Yes.

9 Q Safe to say there were political considerations,
10 therefore, with the Board of Education of District 106?

11 A Not particularly because we weren't that
12 interesting, nor did we have that much money.

13 Q So it would be safe to assume in your mind that a
14 larger, more influential, or more wealthy District would
15 also have political considerations with its Board of
16 Education, correct?

17 A Very possibly so, yes.

18 Q I'm looking through some of my notes, I apologize.
19 Doctor, while you were the Superintendent for 106,
20 so roughly 1983 to 2002, did you have an annual audit
21 performed for District 106 each year?

22 A Yes.

23 Q And do you recall the accounting firm that
24 performed those audits?

25 A William F. Gurrie (phonetic).

EXAMINATION

1 BY MR. KALTENBACH:

2 Q Good afternoon, Dr. Grimes. My name is Barry
3 Kaltenbach, and I'm one of the attorneys for the TTO.

4 Doctor, you mentioned Susan Burckenmyer, and that
5 she was one of the business managers that you had when you
6 were at 206; is that correct?

7 A 106, yes.

8 Q I'm sorry, 106. And her name came up again just a
9 couple of minutes ago. Safe to say that you think Dr.
10 Burckenmyer is a credible and competent individual?

11 A During my two years with her, yes.

12 MR. HOFFMAN: Objection, form of the
13 question.

14 BY MR. KALTENBACH:

15 Q And --

16 MR. HOFFMAN: Well, I don't know that
17 objection relevance, ability -- you know what, no
18 objection. Go ahead. I don't object. Ask away.

19 BY MR. KALTENBACH:

20 Q You're aware that Dr. Burckenmyer is the current
21 Treasurer for the TTO, correct, Dr. Grimes?

22 A Yes.

23 Q Dr. Grimes, you testified that you believed there
24 were political considerations with respect to the Trustees
25

1 Q Okay. I know that Gurrie has kind of changed
2 names over the years as a result of some acquisitions. Do
3 you recall, was it William F. Gurrie for the entirety of
4 the time, or might it have at some point kind of morphed
5 into a firm known as Burchell Krauss (phonetic)?

6 A No, it was Gurrie the whole time for us.

7 Q And did District 106 hire Gurrie to do those
8 audits?

9 A I believe the Treasurer's Office was the hiring
10 entity. I inherited Gurrie when I came, and I still had
11 them when I left. But he did the auditing for all of the
12 School Districts and the Township Treasurer's Office.
13 They, I say he, but it was them.

14 Q Sure. Did Gurrie send an Engagement Letter to be
15 signed by District 106 for each annual audit?

16 A Yes.

17 Q And did 106, in fact, sign and return that
18 Engagement Letter to Gurrie?

19 A Yes.

20 Q Okay. Gurrie invoiced for doing the annual audit,
21 correct?

22 A Uh-huh.

23 Q So that comes up properly on the transcript, you
24 kind of said uh-huh, was that a yes?

25 A How about yes?

1 Q Thank you, Doctor. We didn't cover that at the
2 beginning, but with the transcript it's just important that
3 uh-huh's and huh-uh's don't usually come out right. So
4 that was a yes, okay. Thank you.

5 How did -- did 106 pay for the audit each year?

6 A Yes.

7 Q How did 106 cause that payment to be made?

8 A The same way we paid all of our bills.

9 Q Okay. So you would present a check to the
10 Treasurer, the Treasurer would sign the check, correct?

11 A We presented an invoice to the Treasurer, the
12 Treasurer then issued the check.

13 Q And that check was drawn on District 106 funds,
14 correct?

15 A Correct.

16 MR. KALTENBACH: I have no further questions.
17 Thank you, Dr. Grimes.

18 MR. HOFFMAN: No further questions.

19 This concludes the deposition.

20 Dr. Grimes, you have the opportunity to
21 review the deposition transcript for its accuracy to make
22 sure that the court reporter wrote down everything you said
23 correctly. You can't change your testimony in any way.

24 Or you can assume that the court reporter did
25 a good job and waive your right to review the transcript.

1 Either way, it's up to you.

2 THE WITNESS: I would like to review the
3 transcript.

4 MR. HOFFMAN: All right. So the court
5 reporter will make arrangements to send you a copy of the
6 transcript.

7 (Signature reserved.)

8 (On December 1, 2016, at the hour of 2:51
9 p.m., the telephonic evidence deposition was concluded.)

10
11
12
13 _____
14 ELISE S. GRIMES

15 * * * * *

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1 CERTIFICATE
2 State of Arizona)
)ss
3 County of Pima)
4 BE IT KNOWN that I, OLIVIA ARMENTA, RPR, CR NO.
5 50411, took the foregoing telephonic evidence deposition
6 pursuant to Notice at the time and place stated in the
7 caption hereto; that I was then and there a Certified
8 Reporter in and for the State of Arizona; that by virtue
9 thereof, I was authorized to administer an oath; that the
10 witness, ELISE S. GRIMES, before testifying, was duly sworn
11 according to law; and that the transcript is a full, true
12 and accurate record of the proceeding.

13 I DO FURTHER CERTIFY that preparation, production and
14 distribution comply with ACJA 7-206(J)(1)(g)(1) and (2);
15 that I am not of counsel nor attorney for either or any of
16 the parties to said cause or otherwise interested in the
17 event thereto, and that I am not related to either or any
18 of the parties to said action.

19 (X) Deposition review and signature requested.
20 () Deposition review and signature waived.

21 WITNESS my hand this 19th day of December, 2016.

22 /s/ /s/
23 _____

24 Olivia Armenta, RPR United Court Reporters
Certified Reporter 50411 No. R1053
25

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

GRETCHEN M. KUBASIAK
TEL (312) 460-4228
FAX (312) 460-4201
E-MAIL kubasiakg@millercanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.
225 W. Washington Street, Suite 2600
Chicago, Illinois 60606
TEL (312) 460-4200
FAX (312) 460-4201
www.millercanfield.com

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February 19, 2016

BY MESSENGER

Charles A. Le Moine
DYKEMA GOSSETT PLLC
10 South Wacker Dr., Ste. 2300
Chicago, IL 60606-7407

Re: ***Township Trustees of Schools Township 38 North, Range 12 East v. Lyons Township High School District 204***
Case No: 13 CH 23386

Dear Mr. LeMoine:

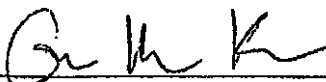
Enclosed please find Plaintiff's Fifth Production of Documents – Documents on Disk (see attached six pages for list of documents included on Disk). If you have any issues accessing the documents on the Disk, please let us know. Please be advised we are claiming privilege on the following document:

- Letter, dated May 2, 2000, from Michael G. Cainkar, Esq. at Louis F. Cainkar, Ltd. to Robert Healy regarding proposed agreement with Lyons Township High School. Mr. Cainkar was counsel to the Township Trustees during this period of time.

As Barry P. Kaltenbach indicated in his email to you on March 3, 2015, we intend to make a rolling production and this is the fifth production. We anticipate making one final production after this one.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: 
Gretchen M. Kubasiak

cc: Gerald E. Kubasiak
Barry P. Kaltenbach

DISCLOSURE UNDER TREASURY CIRCULAR 230: The United States Federal tax advice contained in this document and its attachments, if any, may not be used or referred to in the promoting, marketing or recommending of any entity, investment plan or arrangement, nor is such advice intended or written to be used, and may not be used, by a taxpayer for the purpose of avoiding Federal tax penalties. Advice that complies with Treasury Circular 230's "covered opinion" requirements (and thus, may be relied on to avoid tax penalties) may be obtained by contacting the author of this document.
26096706.1154483-00001



Jay R. Hoffman

From: Kaltenbach, Barry P. <Kaltenbach@millercanfield.com>
Sent: Monday, August 22, 2016 3:30 PM
To: Jay R. Hoffman
Subject: TTO v D204

Jay,

In furtherance of your request for additional information regarding the privileged correspondence, please be advised:

- a. the subject letter is 2 pages;
- b. there are no additional recipients;
- c. the exact subject line is "Lyons Township High School;" and
- d. nothing is attached to the letter we have in the file, nor does the letter indicate anything was attached to it.

Barry P. Kaltenbach | Attorney and Counselor at Law
Miller Canfield
225 W. Washington, Suite 2600
Chicago, Illinois 60606 (USA)
T +1.312.460.4251 | F +1.312.460.4201 | Mobile +1.312.203.3923
kaltenbach@millercanfield.com | View Profile + VCard
www.linkedin.com/in/barrykaltenbach/

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EDUCATION IS EVERYONE'S RESPONSIBILITY

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

P.O. BOX #1246
930 BARNSDALE ROAD
LA GRANGE PARK, ILLINOIS 60526-9346

BOARD OF SCHOOL TRUSTEES

Joseph Nekola, President
Donna A. Milich, Trustee
Russell W. Hartigan, Trustee

ROBERT G. HEALY
TOWNSHIP SCHOOL TREASURER
Telephone: Area 708-352-4480
Fax: 708-352-4417

September 7, 2000

Dr. Dennis Kelly, Superintendent
Cook County School District #204
100 S. Brainard Avenue
La Grange, Illinois 60525

Dear Dr. Kelly:

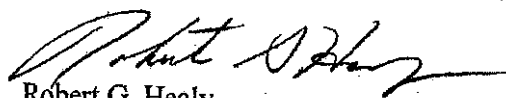
Total Expenditures of the Treasurers office amounted to \$746,434.69 (up from \$691,245.00, This was primarily due to Trustees new funding policy.)

As was done last year the Trustees will continue funding certain business functions.

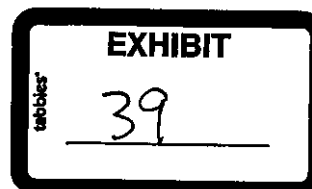
Funding last year totaled \$106,403.00, (which brought the district's a net payment to \$59,073.00)

I will be happy to meet with you and/or Harold To work out a total. Please call me to let me know what you prefer.

Sincerely,



Robert G. Healy
Lyons Township School Treasurer

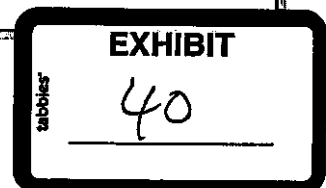


IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT - CHANCERY DIVISION

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

The evidence deposition of
HAROLD HUANG, taken in the above-entitled cause,
before Allison D. Weber, CSR, a notary public of
Cook County, Illinois, on January 11, 2017, at
the hour of 1:29 o'clock p.m. at 20 North Clark
Street, Suite 2500, Chicago, Illinois, pursuant
to notice.

Reported by: Allison D. Weber, CSR
License No.: 084-002238



1 APPEARANCES:
 2
 3 HOFFMAN LEGAL
 BY: MR. JAY R. HOFFMAN
 4 20 North Clark Street, Suite 2500
 Chicago, Illinois 60602
 5 (312) 899-0899
 jay@hoffmanlegal.com
 6 Appearing on behalf of the Plaintiff;
 7
 8 MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
 BY: MR. BARRY P. KALTENBACH
 9 225 West Washington, Suite 2600
 Chicago, Illinois 60606
 10 (312) 460-4251
 kaltенbach@millercanfield.com
 11 Appearing on behalf of the Defendant.
 12
 13
 14
 15
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 17
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 23
 24

1 (Witness sworn.)
 2 MR. HOFFMAN: This is the evidence
 3 deposition of Mr. Harold Huang, H-u-a-n-g,
 4 and Deposition Exhibit No. 1 is the notice
 5 of evidence deposition that was set in this
 6 case.
 7 HAROLD HUANG,
 8 called as a witness herein, having been first
 9 duly sworn, was examined and testified as
 10 follows:
 11 DIRECT EXAMINATION
 12 BY MR. HOFFMAN:
 13 Q. Sir, would you please state your full
 14 name for the record?
 15 A. My name is Harold, H-a-r-o-l-d, last
 16 name is Huang, H-u-a-n-g.
 17 Q. In what city and state do you live,
 18 sir?
 19 A. Currently I live in Granger, Indiana.
 20 Q. Could you please tell me a little bit
 21 about yourself, starting with your educational
 22 background, please?
 23 A. Okay. I have a Bachelor of Science in
 24 electrical engineering, and then I

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 10 EXHIBITS
 11 NUMBER MARKED FOR ID
 12 Exhibit
 13 Exhibit 1 (exhibits marked before dep)
 14 Exhibit 2
 15 Exhibit 3
 16 Exhibit 4
 17 Exhibit 5
 18 Exhibit 6
 19 Exhibit 7
 20
 21
 22 (Whereupon, the exhibits were
 23 retained by Mr. Hoffman.)
 24

1 have -- that's from Northwestern University.
 2 Then I have a Master of Educational
 3 Administration from Northern Illinois
 4 University.
 5 Q. Could you describe your work
 6 experience for me starting at the beginning?
 7 A. From the very beginning?
 8 Q. You don't have to go into too much
 9 detail, but give me a sense of what professional
 10 background you have got.
 11 A. Okay. I worked as a project engineer
 12 for Proctor & Gamble for a couple of years, then
 13 I worked with a missionary organization for 12
 14 years called Youth With a Mission, and I worked
 15 mostly in Asia.
 16 Out of that capacity, I spent six
 17 years working with refugees in Thailand, one
 18 year with refugees in Hong Kong, came back to
 19 the States.
 20 In 1989 moved back to Chicago,
 21 decided to -- well, actually, got into school
 22 business management. I worked with the
 23 Southwest Co-Op for Special Education as their
 24 finance director for two years, then I worked

1 for Rich Township High School District 227 for
2 eight years, and I worked for Lyons Township
3 High School for just short of three years. I
4 went to Lincoln Way High School for two years.
5 I was supposed to work until I retired out of
6 there, and the superintendent who was supposed
7 to retire decided not to retire, so I moved on
8 to New Lenox School District 122, and I was
9 there until I retired in 2014, so that was about
10 eight years.

11 Q. And, sir, at the school districts that
12 you just told us about, what type of position
13 did you hold at each of these schools?

14 A. Actually the one -- the position I
15 held had a different title, but they're actually
16 one position, they're the business manager.

17 So in different locations, finance
18 director, assistant superintendent for finance,
19 then you have, you know, director of business at
20 LT, then you have assistant superintendent for
21 finance and operations at Lincoln Way; and
22 finally at the very end, I told them just call
23 me business manager.

24 Q. Sir, what were your responsibilities

1 township to the individual organizations.

2 And within the school code, the
3 Cook County township treasurers that I worked
4 with were responsible for handling the payroll,
5 accounts payable functions for schools, not the
6 insurance, not the transportation, any of the
7 other operations, so that's my understanding.

8 And one of the most important
9 things they did for me was to invest all the
10 money that we got from the property taxes
11 hopefully to get the highest return possible.

12 Q. When you worked in Will County and
13 served as the treasurer, was that because there
14 was no township treasurer in Will County?

15 A. Correct. Will County, they did not
16 have township treasurers.

17 Q. How are you able to perform the
18 investment-related functions at the school in
19 Will County without the assistance of a township
20 treasurers office?

21 A. We did that by generally using
22 financial advisors. We will use liquid asset
23 funds, then we will meet with bond advisors. If
24 we had enough money, that could last for longer

1 in these business manager-type positions?

2 A. It will vary within each district, but
3 the core of it would be dealing with financial,
4 which will be the accounts payable, the payroll.

5 In Will County I was the treasurer
6 doing investments. I will be responsible for
7 all the transportation. I was responsible for
8 all the insurance, whether it's medical,
9 liability insurance. I was responsible for all
10 the food services. I think that's it. I'll
11 probably remember later.

12 Q. Okay. Fair enough. Sir, you
13 mentioned being a treasurer when you were
14 working in Will County.

15 During your career, did you work
16 with entities that are called township
17 treasurers?

18 A. I did.

19 Q. What are those entities based on your
20 understanding and relationship with them?

21 A. The township treasurers was, my
22 understanding, was originally designed to be
23 able to efficiently process money from the State
24 of Illinois through the county through the

1 periods of time to be able to invest on a longer
2 basis.

3 Q. Did you have a preference in your
4 experience as between serving as a district's
5 treasurer on the one hand and working with a
6 township treasurer on the other hand?

7 A. I personally liked it when I was in
8 Will County that I handled all the investments
9 myself. The only time that I enjoyed having my
10 Cook County treasurer was when they were in
11 competition with each other to see who could get
12 the best returns possible, and that was
13 enjoyable.

14 Q. And which township treasurer that you
15 worked with in Cook County provided that
16 enjoyable experience?

17 A. The one -- well, Hal Shroats from
18 Orland Township was the treasurer and
19 Jim McEnroe, who was a Rich Township treasurer,
20 did an excellent job of trying to compete with
21 each other to see who could get the best return
22 from the district.

23 Q. You mentioned several township
24 treasurers' offices that you worked with. How

1 many were there in total?
 2 **A. Three. It was a Bremen Township**
 3 **treasurer, then there was Orland Township**
 4 **treasurer and Rich Township treasurer.**
 5 Q. Did you also work with the Lyons
 6 Township treasurer?
 7 **A. That's correct when I was at LT.**
 8 Q. Okay. When we say LT, we understand
 9 that's shorthand for the defendant in this case,
 10 which is Lyons Township High School, correct?
 11 **A. Correct.**
 12 Q. And how would you compare generally
 13 the several township treasurers' offices that
 14 you worked with throughout your career?
 15 MR. KALTENBACH: I'm going to object
 16 to the line of questioning on relevance.
 17 But go ahead.
 18 BY MR. HOFFMAN:
 19 Q. Go ahead.
 20 **A. My favorite I worked with was Orland**
 21 **Township treasurer and Rich Township treasurer**
 22 **for two reasons. Number one, not only did they**
 23 **provide me with a really good return, but they**
 24 **also reported to my office on a quarterly basis**

1 **on what their interests were that they accrued**
 2 **for the quarter, half year and as well as for an**
 3 **annual basis which made it easier for me as a**
 4 **business manager to report to my board the fact**
 5 **that we're able to reconcile easily and these**
 6 **are the numbers, and we got great investments.**
 7 Q. Among the four township treasurers'
 8 offices that you worked with, did you have a
 9 least favorite?
 10 MR. KALTENBACH: Same objection.
 11 THE WITNESS: Yeah, my least favorite
 12 was Bremen Township treasurer, but that was
 13 only one year, then second least favorite
 14 was LT treasurer, not because of the
 15 individual. Bob Healy was very personable
 16 as an individual, he was very intelligent,
 17 but I could not get any reports from him
 18 regarding his investments, whether it was
 19 his annual investments like the other two
 20 treasurers I said before.
 21 And during my almost three years
 22 there, I never saw any reports from
 23 Mr. Healy regarding that.
 24

1 BY MR. HOFFMAN:
 2 Q. With respect to the Lyons Township
 3 treasurer, the plaintiff in this case, did you
 4 ever have any dealings with the men and women
 5 who served as the trustees?
 6 **A. No, I never saw them.**
 7 Q. Who did you deal with at the -- Lyons
 8 Township treasurer, which from now on, just to
 9 make it simpler, I'll call the township
 10 treasurer.
 11 **A. Actually, the only persons I dealt**
 12 **with was Bob Healy, and I did not have a lot of**
 13 **conversations with him. I think I only met with**
 14 **him two times, maybe three at the most.**
 15 Q. What were the circumstances in which
 16 you interacted with Bob Healy? And when did
 17 these interactions occur to the best of your
 18 knowledge?
 19 And before we get there, would you
 20 be kind enough to tell me the years in which you
 21 served as the business manager of LT?
 22 **A. I served as a business manager LT from**
 23 **July 1 of 2000 till April 30th of 2003.**
 24 Q. Sir, getting back to Bob Healy, could

1 you describe how frequently you met with
 2 Mr. Healy and what the purpose was of those
 3 meetings?
 4 **A. What I remember was I had lunch with**
 5 **him twice, and I believe the first time was when**
 6 **we will submit a letter to Mr. Healy regarding**
 7 **who the people -- in that memo, the peoples'**
 8 **salaries and benefits that were submitted to the**
 9 **township office.**
 10 **And then we would just sit down**
 11 **and talk a little bit and just get to know each**
 12 **other a little bit. So -- and then the second**
 13 **time -- those were the times that we talked.**
 14 Q. Okay. And did you meet with him on an
 15 annual basis or some other regular basis?
 16 **A. On an annual basis.**
 17 Q. And, to the best of your recollection,
 18 when did these meetings take place?
 19 **A. Well, generally when the letters were**
 20 **sent, whenever that was done.**
 21 Q. Okay. And during these lunches that
 22 you had with Mr. Healy, did you have any
 23 discussions about matters that involved LT and
 24 the township treasurers dealings with each

1 other?
 2 **A. Yeah. One time I sat down with**
 3 **Bob Healy and I was telling him, said, "Look --"**
 4 **Q. Was this the -- you mentioned -- I'm**
 5 **sorry to interrupt you. You mentioned you met a**
 6 **couple times with -- you remember two lunches**
 7 **with Bob Healy.**
 8 **To the extent you can, tell me**
 9 **which of the lunches you're describing, although**
 10 **if they merged together in your mind, tell me**
 11 **that as well, please.**
 12 **A. Yeah. I believe they merged together**
 13 **in my mind, but I'll do the best I can to**
 14 **separate them.**
 15 **The first one was when we sat**
 16 **down. And typical I'm new to the position, I**
 17 **wanted to get my reports from Bob and say, "Bob,**
 18 **you know, I'd like to get from you in terms of**
 19 **your investments so I know --" because that's**
 20 **what I'm used to.**
 21 **And Bob was pleasant, he said,**
 22 **"Okay, Harold, I will look into it and I will**
 23 **get you some reports." I never got any reports.**
 24 **The second time when we sat down**

1 **to talk -- at that time there was starting to be**
 2 **a movement from Cook County to get away from the**
 3 **township treasurers.**
 4 **And I was talking to him, I said,**
 5 **"You know, Bob, you know, you see what's been**
 6 **happening, you know, what do you think about**
 7 **this stuff?"**
 8 **He said, "Oh, no, it can never**
 9 **happen here. I have got too much political**
 10 **clout."**
 11 **Well, I said, "You know, I'm**
 12 **starting -- I want to start talking to my board**
 13 **about these issues and the fact what's going**
 14 **on."**
 15 **And I still remember at that point**
 16 **when Bob looked at me, he said, "Harold, you can**
 17 **try to start that conversation, but you'll be**
 18 **gone long before they could remove me as a**
 19 **treasurer." I thought oh, okay."**
 20 **Q. Did Mr. Healy at that time say**
 21 **anything with respect to the LT Board of**
 22 **Education members?**
 23 **A. Yeah, Mark Pera was a board president**
 24 **at that time. And I remember was saying, "Well,**

1 **you know --"**
 2 **Q. Do you remember who saying --**
 3 **A. Mark Pera is the board president.**
 4 **Q. Right. Go on.**
 5 **A. So I was talking to him. I said, "You**
 6 **know, yeah, well, I want --"**
 7 **Q. When you say you're talking to him,**
 8 **Pera or Healy?**
 9 **A. No, Healy. I was talking to Healy.**
 10 **Q. I just want to make that clear.**
 11 **A. I want to state who was my board**
 12 **president at that time, but --**
 13 **MR. KALTENBACH: I'm going to object**
 14 **to the beginning question, I think, in**
 15 **terms of -- on the grounds of relevance.**
 16 **But I'm trying not to interject each time.**
 17 **BY MR. HOFFMAN:**
 18 **Q. Let me start over. During this second**
 19 **meeting that you had with Mr. Healy, what did**
 20 **Mr. Healy say to you, if anything, about LT's**
 21 **Board of Education?**
 22 **MR. KALTENBACH: That's my objection**
 23 **on relevancy.**
 24 **Proceed.**

1 **THE WITNESS: Well, he, actually,**
 2 **pretty much said, you know, "If Mr. Pera,**
 3 **the board president, decides he wants to do**
 4 **this," he said, "I will make sure of the**
 5 **fact that he will have no political future**
 6 **in this whole area period."**
 7 **BY MR. HOFFMAN:**
 8 **Q. When you say do this, what do you**
 9 **understand Mr. Healy to mean by that?**
 10 **A. My understanding from him was the fact**
 11 **that he had a tremendous amount of political**
 12 **clout within the democratic party, and that**
 13 **Mr. Pera had political aspirations, and the fact**
 14 **that he could stop that political aspiration by**
 15 **influencing the democratic party.**
 16 **Q. Did Mr. Healy say what he was hoping**
 17 **to prevent Mr. Pera from doing?**
 18 **MR. KALTENBACH: Objection.**
 19 **Relevance.**
 20 **You can answer, sir.**
 21 **THE WITNESS: Okay. He just does not**
 22 **want Mr. Pera, or anybody else, to bring up**
 23 **the issue of Lyons Township High School**
 24 **separating from the township treasurer.**

1 BY MR. HOFFMAN:

2 Q. Did you have any opinion at the time
3 as to whether a separation, as you described,
4 was a good or a bad idea from your perspective
5 as business manager of LT?

6 MR. KALTENBACH: Same objection.

7 THE WITNESS: At that time, we were
8 pretty much doing all the functions of the
9 treasurer. To me it would have saved the
10 district money because we would have had to
11 pay -- we're currently paying the township
12 treasurers so much, plus getting some
13 discount, but there's other aspects of it
14 all which were we're paying for that I
15 believe was subsidizing the elementary
16 districts.

17 So I thought it would have been
18 good for us to at least pursue that line to
19 save the district some money.

20 BY MR. HOFFMAN:

21 Q. In the course of your dealings with
22 Mr. Healy, did you develop any belief as to
23 Mr. Healy's trustworthiness?

24 MR. KALTENBACH: Objection.

1 Relevance.

2 THE WITNESS: Actually, I did not
3 think about trustworthiness, I just thought
4 about this guy has political clout, and
5 he's not afraid to use it.

6 BY MR. HOFFMAN:

7 Q. Sir, I'd like to ask some questions
8 about some documentation that we have concerning
9 the township treasurers payment for certain
10 business expenses of LT.

11 Let me show you a February 29,
12 2000 memo from Lisa Beckwith to Robert Healy,
13 which is marked as Huang Deposition
14 Exhibit No. 2.

15 Sir, have you seen this
16 February 29, 2000, memo before?

17 A. Yes, I have.

18 Q. And what is your -- when did you see
19 it, and what is your understanding of what it
20 is?

21 A. I believe -- when I saw it, when I had
22 to redo the following year the same memo for
23 Mr. Healy to let him know the salaries and
24 benefits for the program analyst, the

1 bookkeeper, the accounts payable bookkeeper and
2 the payroll bookkeeper.

3 Q. What was your understanding of the
4 arrangement between -- you started -- strike
5 that.

6 You started at LT a few months
7 after the date of this February 2000 memo,
8 correct?

9 A. Correct.

10 Q. And when you started at LT, what
11 discussions did you have with anyone about the
12 issues addressed in this February 29th, 2000,
13 memo?

14 MR. KALTENBACH: I'll object on the
15 basis of foundation.

16 MR. HOFFMAN: All right. I'll strike
17 the question.

18 BY MR. HOFFMAN:

19 Q. When you started at LT in July of
20 2000, did you have any discussions with anybody
21 at LT about any arrangements that LT had with
22 the township treasurer?

23 A. Yeah, Dennis Kelly, who was the
24 superintendent, at that time was the one who

1 told me about the agreement.

2 Q. Excuse me. Let me interrupt you.
3 When did you have this conversation with
4 Dennis Kelly?

5 A. Well, I remember the time when I had
6 to redo this memo, the fact that the reason why
7 we're doing it is to -- is to do that.

8 But I saw another one, which
9 probably is in July, not this memo, but some
10 memo saying it's okay to approve, because I have
11 to approve the business managers to sign off.

12 Q. I'm going to show you a June 14th,
13 2000, memo from Lisa Beckwith to the Board of
14 Education. This version has certain handwritten
15 notes on it. And this is Huang Exhibit 3.

16 Would you take a look at that
17 document, sir, and tell me what it is?

18 A. Yeah, this would have been
19 something -- for me to get into the board packet
20 for payment, I had to put in to the accounts
21 payable bill list the supporting documents of
22 what's being paid.

23 And so this was what was agreed
24 upon, and that's when Dennis would explain to me

1 what it's about. And you could see my signature
 2 on the right saying it's okay to be put into the
 3 bill list for payment at the next board meeting.
 4 Q. What exactly does your handwriting on
 5 this Huang Exhibit 3, the version of the
 6 June 14th, 2000, Lisa Beckwith memo say?
 7 A. I'm not sure exactly.
 8 Q. It has your signature, right?
 9 A. It says --
 10 Q. What does it say what you wrote over
 11 your signature?
 12 A. It says "okay to pay."
 13 Q. And what was your understanding at the
 14 time that led you to write "okay to pay"?
 15 A. That this would have come from
 16 Dennis Kelly that there was an agreement between
 17 Lyons Township High School and the township
 18 treasurer, the fact that the township treasurer
 19 would send us a bill for the total amount of our
 20 portion of the cost for their office, and they
 21 were to take the salary and benefits amount off
 22 of that amount; and whatever the difference was,
 23 that the Board of Education is authorized to pay
 24 that amount.

1 Q. I see. Sir, I'd like to show you a
 2 September 7th, 2000, letter from Mr. Healy to
 3 Mr. Kelly, which is marked as Huang Exhibit 4.
 4 Would you take a moment to look at that, please?
 5 A. Okay.
 6 Q. Can you tell me what this document is,
 7 sir?
 8 A. That's just to verify --
 9 MR. KALTENBACH: I'm going to object
 10 on foundation.
 11 BY MR. HOFFMAN:
 12 Q. Let me ask you, did you receive a copy
 13 of this letter on or about the date it bears,
 14 sir?
 15 A. Yeah, Dr. Kelly would have gotten it,
 16 then he would have passed it down to me, and I
 17 would have filed it somewhere.
 18 Q. And what impact did this letter have
 19 on your business functions?
 20 A. All it did was to verify the fact that
 21 the amount of money my board authorized to pay
 22 based upon Lisa's June 14th letter is verified
 23 by this -- with Mr. Healy, the fact that the
 24 numbers that we calculated here was a number

1 that we were supposed to pay.
 2 Q. And did this letter impact upon your
 3 understanding as to how this agreement would
 4 operate in years going forward?
 5 A. Yeah. My understanding was this is a
 6 continuation of -- for years to come.
 7 Q. Sir, I'd like to show you another
 8 document. This is a May 30, 2001, memo from
 9 you, sir, to Bob Healy.
 10 A. Right.
 11 Q. It's marked as Huang Exhibit 5; is
 12 that correct?
 13 A. Correct.
 14 Q. Is this a document that you drafted on
 15 or about the date it bears?
 16 A. That's correct.
 17 Q. Can you tell me how you came to
 18 prepare this memo and what it represents,
 19 please?
 20 A. The first thing I did was I got a copy
 21 of Lisa Beckwith's memo from the previous year.
 22 And as you could pretty much tell, I follow the
 23 same format that she did.
 24 Q. Is that the February 29, 2000, memo

1 that we looked at, sir?
 2 A. Correct.
 3 Q. All right. Go on. I'm sorry.
 4 A. I just followed the same format. The
 5 only thing I did was I replaced it with the
 6 current salary of the programmer analyst, the
 7 accounts payable bookkeeper as well as the
 8 payroll bookkeeper.
 9 Q. Did you send this memorandum to
 10 Bob Healy?
 11 A. Yes, I did.
 12 Q. Did you hear anything in return from
 13 Bob Healy about this memo?
 14 A. Actually, the only thing -- I think
 15 this was the first time when we had our lunch
 16 when he said also that, "Boy, the cost has gone
 17 up for your people." I said, "Yes, salaries do
 18 go up."
 19 Q. Was there any further discussion about
 20 that issue at the meeting you had with
 21 Mr. Healy?
 22 A. No. Just the fact that, you know,
 23 once I received whatever it is that our portion
 24 was, I took this off and paid the balance

1 **difference.**
 2 Q. Does the date of this memo, May 30th,
 3 2001, help you remember a little more precisely
 4 when you first had lunch with Bob Healy?
 5 **A. Yeah, it would be sometime after this.**
 6 **Probably it would be in June sometime when**
 7 **school was out.**
 8 Q. So June of 2001?
 9 **A. Uh-hum. Yeah.**
 10 Q. All right. And does placing the first
 11 meeting that you had with Mr. Healy in that way
 12 help you in any way to place in time that second
 13 meeting that you had with him?
 14 **A. Probably would be the same time the**
 15 **following year in 2002.**
 16 Q. All right. Sir. Thank you. Did
 17 Mr. Healy, in the meeting you had with him
 18 around June of 2001, when he commented on the
 19 salaries going up, say anything to you that
 20 would indicate that he or the trustees of the
 21 township treasurer in any way disapproved of the
 22 amounts set forth in your memo?
 23 **A. No, he did not.**
 24 Q. Did he say anything to you about a

1 desire to terminate this agreement between the
 2 township treasurer and LT?
 3 **A. No, he did not.**
 4 Q. In any subsequent discussions that you
 5 had with Mr. Healy, did Mr. Healy ever indicate
 6 any desire to terminate this agreement between
 7 the township treasurer and LT?
 8 **A. No.**
 9 Q. Sir, I'm going to show you a
 10 February 4th, 2002, memo from you to Bob Healy,
 11 which is marked as Huang Exhibit 6.
 12 Is this a memorandum that you
 13 prepared on or about this date?
 14 **A. Yes.**
 15 Q. What was the purpose of preparing this
 16 memo, sir?
 17 **A. Again, just to let Mr. Healy know what**
 18 **the salaries were and benefits that offset his**
 19 **treasurer's office billing to us.**
 20 Q. After sending -- did you, in fact,
 21 send this memo to Bob Healy?
 22 **A. Yes, I did.**
 23 Q. After sending it, did you ever hear
 24 any response from Bob Healy about this

1 particular memo?
 2 **A. No, not at all.**
 3 Q. Sir, I'd like to show you a document
 4 dated March 10th, 2003, from you to Bob Healy,
 5 which is marked as Huang Exhibit 7.
 6 Is this a document that you
 7 prepared on or about the date it bears?
 8 **A. Yes.**
 9 Q. Did you send the document to
 10 Bob Healy?
 11 **A. Yes, I did.**
 12 Q. What was the purpose of preparing this
 13 March 10th, 2003, memo?
 14 **A. It's again to continue to let Bob know**
 15 **ahead of time what the cost that LT had incurred**
 16 **for those three individuals.**
 17 **I changed the format, so the fact**
 18 **that instead of putting in it in the body of the**
 19 **letter, I attached a spreadsheet. It was so**
 20 **much easier to do a spreadsheet.**
 21 Q. Did you ever hear anything in response
 22 from Bob Healy to this memo?
 23 **A. No, I did not.**
 24 Q. Sir, I'd like to ask you about the

1 annual audits that were done for LT during the
 2 time that you were business manager from 2000 to
 3 2003. Who performed those audits, sir?
 4 **A. The company name at that time was**
 5 **William Gurrie.**
 6 Q. And did you select William Gurrie to
 7 do the audits for LT?
 8 **A. No.**
 9 Q. How, if you know, was Gurrie selected
 10 to do that work?
 11 **A. I was told, I believe, by**
 12 **William F. Gurrie the fact that the audit was**
 13 **being paid for by the township treasurer.**
 14 Q. So, did you have any understanding as
 15 to who selected Gurrie to do the work?
 16 **A. Yeah. Mr. Healy did, the township**
 17 **treasurer.**
 18 Q. Okay. And when you say that the
 19 township treasurer was paying for the Gurrie
 20 audits, how did you know that?
 21 **A. I believe Mr. -- the person who was**
 22 **from William F. Gurrie, who did the audits, told**
 23 **me the fact that the treasurer's office is**
 24 **paying for it.**

1 MR. KALTENBACH: Well, I'm going to
 2 object. I don't think foundation has
 3 really been laid yet, but perhaps you're
 4 going there.
 5 BY MR. HOFFMAN:
 6 Q. Well, during the -- how soon after you
 7 took -- excuse me, how soon after you took over
 8 as business manager at LT did you have this
 9 conversation with somebody from Gurrie?
 10 A. Pretty quickly because the audit took
 11 place from the last two weeks in July, and they
 12 had to finish everything in August.
 13 And it would have -- it would have
 14 happened pretty quickly at that time.
 15 Q. So based on that, when do you think
 16 you had this discussion with someone from
 17 Gurrie?
 18 A. It would probably be in August where I
 19 would say to them, "Just send me the bill, you
 20 know, because I'll pay for the audit."
 21 And he would say to me, "No, the
 22 township treasurer would take care of it."
 23 Q. Do you know who this person was who
 24 you were speaking with?

1 A. No. I don't remember his name. He
 2 was an older man.
 3 Q. Fair enough. And during the time that
 4 you were business manager at LT, did LT ever get
 5 any bills from Gurrie for audit work?
 6 A. No.
 7 Q. The work on its annual audits?
 8 A. No.
 9 Q. And do you have any understanding as
 10 to where the Gurrie bills for LT's annual audits
 11 were sent?
 12 A. After the first year, I just
 13 automatically assumed the township treasurers'
 14 office is paying for it.
 15 Q. Okay. Did you know as a matter of
 16 fact that Gurrie sent its bills for the audits
 17 to the township treasurer?
 18 A. No, I do not know that for a fact. I
 19 just know I never got a bill.
 20 Q. Did you ever have any discussion with
 21 Bob Healy about the township treasurer paying
 22 for the annual audits of either LT or any other
 23 districts?
 24 A. No. I never had.

1 Q. Did you ever have any understanding as
 2 to whether the costs of LT's audits were or were
 3 not part of the township treasurers expenses
 4 that became -- that were reflected in the bills
 5 for pro rata invoicing sent to LT and other
 6 districts?
 7 A. Yes.
 8 Q. What was your understanding, and how
 9 was that understanding derived?
 10 A. My understanding is the fact that Bob
 11 gives us, in one of his memos, the total
 12 expenditure that his office did, that includes
 13 all the audits.
 14 When he divvied up, according to
 15 25 percent, that was part of that.
 16 Q. And when you say divvying up by
 17 25 percent, is that the pro rata share that was
 18 billed to LT?
 19 A. Correct.
 20 Q. And in each year that you were
 21 business manager, did LT pay its pro rata share
 22 of the township treasurers' expenses?
 23 A. No, because we took the pro rata
 24 share, deducted what we sent to them in the memo

1 for the salaries and benefits for those three
 2 individuals and then paid the difference.
 3 Q. I see. So is it fair to say that LT
 4 took -- well, strike that question.
 5 Did LT, during the years you were
 6 business manager, ever object to
 7 paying -- putting aside the offset for the
 8 payment of LT's business expenses? Did LT ever
 9 object to the pro rata expense bill from
 10 Bob Healy itself?
 11 A. No. Not that I heard -- remember, no.
 12 So he will send us the proration, which is that
 13 25 percent. We never objected to that.
 14 Q. Okay. Let's shift gears and talk a
 15 little bit about the township treasurers'
 16 investment of money that belonged to LT.
 17 And what was your understanding
 18 of what the township treasurers did in that
 19 regard?
 20 A. Based upon my friends from Orland and
 21 from Rich Township, they actually went around to
 22 look at banks, investment firms, short term,
 23 longer term investments to try to get the best
 24 return for the school districts who pooled their

1 money with the township treasurers.
 2 Q. Do you know whether or not Bob Healy,
 3 as the township treasurer, did that?
 4 A. He never told me what he did. My
 5 assumption is exactly what he did; but whenever
 6 I asked him for a reporting, I never got a
 7 report.
 8 Q. What types of reports did you ask
 9 Bob Healy to provide you?
 10 A. I asked him to provide the same
 11 reports that I used to get from other township
 12 treasurers, the two previous treasurers, which
 13 would be quarterly reports on investments, how
 14 much investments on a quarterly basis, and then
 15 do an annual report at the end of the year, and
 16 that's what I asked them to do.
 17 Q. Did you ask Bob Healy for this type of
 18 reporting in the first meeting that you had with
 19 him, in the second meeting that you had with
 20 them or in both of those meetings?
 21 A. I believe in the first meeting I had
 22 with them.
 23 Q. And did you ever get from Bob Healy
 24 the reports that you asked him for?

1 A. No, which made me very frustrated
 2 because we never could tell what he did for
 3 investments and how much was there. The only
 4 thing I could ever know was on a monthly basis
 5 there will be an amount of interest accrued,
 6 whatever it is, that's all we ever got.
 7 Q. Did you have any ability to determine
 8 if the interest payments the township treasurer
 9 sent to LT were, in fact, correct and reflected
 10 all of the interest that LT would get?
 11 A. Could not because there were no
 12 documents to prove it.
 13 Q. Did you ever have any input into the
 14 investments or the financial institutions where
 15 LT's money was placed?
 16 A. No, not at all.
 17 MR. HOFFMAN: Off the record.
 18 (Discussion off the record.)
 19 MR. HOFFMAN: Let's go back on the
 20 record.
 21 Sir, I have no further questions.
 22 Thank you very much for your time.
 23 MR. KALTENBACH: Let's go off for a
 24 second.

1 (Discussion off the record.)
 2 CROSS EXAMINATION
 3 BY MR. KALTENBACH:
 4 Q. Good afternoon, Mr. Huang. My name is
 5 Barry Kaltenbach. I represent the plaintiff,
 6 which is a long mouthful of a name, so we'll
 7 just continue to refer to that as the township
 8 treasurer.
 9 A. Thank you.
 10 Q. Sir, you had testified that you had
 11 told William Gurrie, the auditors, to send you
 12 the bill. Do you recall that?
 13 A. Uh-hum.
 14 Q. Why did you ask them to send you the
 15 bill?
 16 A. Because I'm used to, when somebody
 17 provides you a service, like everybody else, you
 18 pay for it.
 19 Q. And the audit that they were
 20 performing was the annual audit of Lyons
 21 Township District 204, correct? I'm sorry,
 22 correct?
 23 A. Correct.
 24 Q. I just want to make sure the court

1 reporter, as we kind of started talking over
 2 each other...
 3 You also testified -- you made a
 4 reference to paying -- and I'm going off my
 5 notes here, so I'm not trying to put words in
 6 your mouth, but 25 percent of some audit costs
 7 shown on a letter that Mr. Healy sent. Do you
 8 recall that topic?
 9 A. No. Actually, what I stated was the
 10 fact that all of Mr. Healy's, including his
 11 audit costs, is included in his overall costs
 12 for the office.
 13 So in one of these letters he says
 14 the fact that the total township office -- the
 15 total --
 16 Q. Let me know what document you're
 17 looking at.
 18 A. I'm looking at Exhibit 4. The total
 19 expenditure of the treasurer's office amounted
 20 to \$746,434.69. So my understanding is all of
 21 his expenses, which includes audits, is included
 22 in that amount.
 23 And the proration that we have as
 24 LT, would be 25 percent of the total amount.

1 Q. And 25 percent, ballpark number, it
 2 changed year to year, ballpark number, correct?
 3 **A. Yeah.**
 4 Q. Did you -- Exhibit 4 is just this
 5 stand-alone letter. There isn't a breakdown.
 6 Do you know if you got a breakdown from
 7 Mr. Healy for that amount?
 8 **A. No. I don't remember ever getting a**
 9 **breakdown.**
 10 Q. Okay. Then what is your understanding
 11 based on that, the 746,000 and change referenced
 12 in his letter, which is Exhibit No. 4, included
 13 audits?
 14 **A. Because of the fact this is the total**
 15 **expenditures of the treasurer. So if he's**
 16 **paying for audits, it would be part of the total**
 17 **expenditure.**
 18 Q. Do you know -- so based on that,
 19 you're interpreting this to mean that the cost
 20 of District 204's audit is included in the
 21 746,000?
 22 **A. Correct.**
 23 Q. You're paying 25 percent of that?
 24 **A. 746,000.**

1 Q. You would be, in essence, paying for
 2 25 percent of your audit, correct?
 3 **A. Pretty much. In terms of 25 percent**
 4 **of whatever the total audit is going to be.**
 5 Q. Sure. But let's assume the audit was
 6 \$46,000, you're paying 25 percent of the sum of
 7 all of these different costs, so, in essence,
 8 you're paying 25 percent of each of the
 9 underlying invoices making up those costs,
 10 right?
 11 **A. If I'm the only district that he's**
 12 **auditing, that he's paying for.**
 13 Q. Do you know whether the treasurer's
 14 office paid for the audits of any of the other
 15 districts that it served?
 16 **A. I do not know directly. That's what**
 17 **I'm assuming.**
 18 Q. Fair enough. I believe you testified
 19 that you discussed the agreement concerning the
 20 payment of certain costs that District 204 was
 21 incurring, the cost of certain business
 22 functions, correct? Do you remember that line
 23 of testimony, sir, at the start of your
 24 deposition?

1 **A. You're talking about when I talked**
 2 **with Dr. Kelly?**
 3 Q. Yeah. Correct. You testified that
 4 you found out about this agreement from
 5 Dr. Kelly, correct?
 6 **A. Yeah.**
 7 Q. Dr. Kelly at the time was the
 8 superintendent of District 204?
 9 **A. Right.**
 10 Q. Did you discuss that issue with
 11 Dr. Beckwith at all?
 12 **A. Not at all.**
 13 Q. She was your predecessor, correct?
 14 **A. Correct.**
 15 Q. Was there an overlap where both of you
 16 were employed by LT at the same time?
 17 **A. Not at all.**
 18 Q. Your successor was David Sellers,
 19 correct?
 20 **A. Correct.**
 21 Q. I keep referring to him as
 22 Brad Sellers in my mind, the poor man.
 23 Were you and he ever employed by
 24 LT at the same time?

1 **A. No.**
 2 Q. You knew Mr. Sellers, I believe he
 3 testified, he had met you on other occasions,
 4 though. Do you recall that?
 5 **A. Correct.**
 6 Q. Did you, on these other occasions, by
 7 chance, discuss this agreement at all with
 8 Mr. Sellers?
 9 **A. No, not at all.**
 10 Q. So you never discussed it with
 11 Dr. Beckwith or Mr. Sellers?
 12 **A. No.**
 13 **MR. HOFFMAN:** Just to caution the
 14 witness, make sure Barry is done with his
 15 question before you provide your answer so
 16 the court reporter can get everything down.
 17 **THE WITNESS:** Okay.
 18 **BY MR. KALTENBACH:**
 19 Q. Mr. Huang, in preparing what was
 20 marked as Exhibit No. 5, which is the first
 21 memorandum to Mr. Healy you wrote, you
 22 referenced the memorandum from the year before,
 23 which is Exhibit No. 2, correct?
 24 **A. Correct.**

- 1 Q. Do you recall did you literally pull
2 up the document and just edit the numbers?
- 3 A. Yes.
- 4 Q. I see that from Miss Beckwith's 2000
5 memorandum to your 2001 memorandum, there was a
6 slight increase in the salary paid to the
7 programmer analyst, just a couple thousand
8 dollars, correct?
- 9 A. Correct.
- 10 Q. Was that actually a raise given to
11 that individual?
- 12 A. Yes.
- 13 Q. Okay. And the accounts payable
14 manager got about a \$6,000 raise, correct?
- 15 A. Correct.
- 16 Q. Was that actually a raise given to the
17 accounts payable bookkeeper?
- 18 A. I believe so. I know there was a
19 change in personnel. I believe it was the
20 payroll bookkeeper that changed.
- 21 Q. So it wasn't a raise given to a
22 specific individual. Was it a new individual
23 that was hired?
- 24 A. Correct.

- 1 Q. Okay. Because it's about a 30 percent
2 or so salary bump in that one year.
- 3 A. Right. That's pretty cheap for a
4 payroll person.
- 5 Q. Then the payroll bookkeeper went from
6 about 21,000 to about 34,000, so that's about a
7 12 or \$13,000 salary bump. Was that a raise
8 given to one individual?
- 9 A. This was the one that I was talking
10 about, the payroll bookkeeper is the one who is
11 a brand new individual.
- 12 Q. Okay. So an entirely new person was
13 hired?
- 14 A. Right.
- 15 Q. And that new hire received about 12 or
16 \$13,000 more than that individual's immediate
17 predecessor?
- 18 A. Correct.
- 19 Q. Is there any reason that
20 additional -- that level of difference was spent
21 in one year?
- 22 A. Yes. When you go out to hire -- when
23 we went out to look for payroll bookkeepers at
24 that time, 34,000 was a very low salary request.

- 1 Actually, most payroll bookkeepers were up in
2 the \$40,000 range.
- 3 Q. Okay. So the accounts payable
4 bookkeeper that went from 23,000 to 29,000, is
5 it now your testimony that is not a new person,
6 but that was a raise?
- 7 A. Correct.
- 8 Q. That is about, again, a 30 percent
9 raise, give or take. That seems like a pretty
10 significant raise to me. What was the basis for
11 that amount of raise?
- 12 A. I can't tell you why. That was done
13 before I came there.
- 14 Q. And then -- strike that.
- 15 Did you -- I'm sorry, let me
16 withdraw that.
- 17 I believe you testified that you
18 discussed the 2001 memorandum with Mr. Healy,
19 and he made a comment about the cost having gone
20 up.
- 21 A. Correct. We didn't have a discussion.
22 I gave it to him. He read it. Well, he read it
23 and he was saying, "Oh, my gosh, the costs went
24 up." Yep.

- 1 Q. Just to -- I guess I want to wrap-up a
2 loose end. I know you testified earlier you
3 don't recall ever communicating with the elected
4 trustees of the plaintiff.
- 5 But you do recall some
6 communications with Mr. Healy, correct?
- 7 A. Correct.
- 8 Q. Did you ever have communications with
9 any members of Mr. Healy's office other than
10 Mr. Healy?
- 11 A. The only time I would -- I do not
12 remember myself except for the time to call to
13 talk to somebody as to when we were going to
14 meet, so whoever the secretary was.
- 15 Q. So purely clerical or administrative
16 sort of communications?
- 17 A. Yeah.
- 18 Q. You don't recall discussing the issue
19 of the audit fees or the payment of business
20 functions with any of the staff, correct?
- 21 A. No.
- 22 Q. So we don't have a double negative,
23 that's correct?
- 24 A. That's correct.

1 Q. And then you also sent Exhibit No. 6
 2 to Mr. Healy, correct? That is the 2002
 3 memorandum.
 4 A. That's correct.
 5 Q. And then did you meet with Mr. Healy
 6 to discuss this memorandum?
 7 A. That I can't remember.
 8 Q. You may have, you may not have?
 9 A. Yeah, I can't remember. I just know
 10 we met twice. We met one time that year, but I
 11 don't remember when. It was most likely after
 12 school was out in June.
 13 Q. You mentioned having lunch with him
 14 twice. And then I think you also said you had
 15 an annual meeting with him.
 16 Just to clarify, those are the
 17 same meetings, correct?
 18 A. Correct.
 19 Q. It was an annual lunch?
 20 A. Correct.
 21 Q. Thank you. And then you -- the final
 22 memorandum you sent is Exhibit No. 7, this 2003
 23 memorandum, correct?
 24 A. Correct.

1 Q. And the -- as you testified, the
 2 format is different on this memorandum, correct?
 3 A. Correct.
 4 Q. So this is -- did you yourself just
 5 create this document from scratch?
 6 A. Correct.
 7 Q. So the spreadsheet, the second page of
 8 Exhibit No. 7, if we can compare these positions
 9 to the positions listed on Exhibit No. 6 as an
 10 example, we have a programmer analyst shown on
 11 Exhibit No. 6.
 12 What is -- does that position
 13 appear maybe under a different title on
 14 Exhibit No. 7?
 15 A. Correct. The position was programmer
 16 analyst, left, they hired somebody different,
 17 and that person came in, and instead of being
 18 called a programmer analyst, was called a
 19 database administrator in the same function.
 20 Q. So it's a different title, same job.
 21 A. Yes.
 22 Q. What did that person do?
 23 A. That person made sure that the
 24 database function for all -- for me for all the

1 financial aspects of it all, whether it's
 2 payroll, accounts payable, everything ran
 3 smoothly.
 4 Anything that went wrong, we made
 5 sure that it's taken care of. If there's
 6 anything wrong hardware-wise, they would get the
 7 right people in.
 8 So they pretty much -- we are the
 9 main users of the massive computer system that
 10 was at the district.
 11 Q. Okay. Was this a computer system that
 12 was utilized only for District 204?
 13 A. Yes.
 14 Q. What is the -- there's a 75 percent
 15 typed underneath database administrator on
 16 Exhibit 7. What is that a reference to?
 17 A. Because of the salary of the database
 18 administrator -- at that time remember salaries
 19 are going up for people who are dealing with
 20 software hardware people. So his salary was
 21 going up to tremendously.
 22 We didn't feel it was fair to
 23 charge the full amount, so we prorated it down
 24 to 75 percent.

1 Q. Is the salary shown of 50,625, is that
 2 the 75 percent number?
 3 A. Correct.
 4 Q. Why did you feel it was not fair to
 5 charge 100 percent?
 6 A. I can't tell you. I don't remember.
 7 But I just remember the fact that, yeah, we did.
 8 Give me a second. I believe this person had
 9 additional functions added on besides the
 10 programmer analyst, that's why demanding the
 11 higher salary, and we did not believe that that
 12 portion should be charged to the township
 13 treasurer.
 14 Q. So the other 25 percent was your rough
 15 proration of their non-programmer
 16 analyst/database administrator function?
 17 A. Correct.
 18 Q. And then the next job in Exhibit 6,
 19 the second entry, is accounts payable
 20 bookkeeper. That appears again in Exhibit 7,
 21 correct?
 22 A. Correct.
 23 Q. Then we have in Exhibit 6 payroll
 24 bookkeeper, and in Exhibit 7 does that

1 correspond to payroll specialist?
 2 **A. Yes.**
 3 Q. So that is the same job function, just
 4 a different title?
 5 **A. Correct.**
 6 Q. What is the -- there's a fourth job on
 7 Exhibit 7, however that doesn't appear in
 8 Exhibit 6, correct?
 9 **A. Correct.**
 10 Q. That's accounts manager?
 11 **A. Correct.**
 12 Q. There's again an indication of
 13 15 percent; is that correct?
 14 **A. Correct.**
 15 Q. And is the explanation of that
 16 15 percent, is that that -- that individual had
 17 a higher salary than 9,070, but you took
 18 15 percent of the salary and the result was
 19 9,070?
 20 **A. Correct.**
 21 Q. What did the accounts manager do?
 22 **A. That accounts manager actually was**
 23 **the one that does the reconciliation for all of**
 24 **the -- our books with the treasurer's office,**

1 **and that's why we kept it at 15 percent.**
 2 Q. I'm sorry, I don't understand. Can
 3 you explain that again, please?
 4 **A. Well, that person will help me manage**
 5 **the business office. But the primary function**
 6 **for that person will be to make sure that the**
 7 **treasurer's office books and our books will**
 8 **balance out. So she will be the person that**
 9 **dealt primarily with the treasurer's office to**
 10 **make sure everything was -- whatever we had in**
 11 **our system is in theirs.**
 12 Q. So why only 15 percent for that
 13 individual then? It would seem to be the
 14 opposite would be true.
 15 **A. No, because of the fact that that**
 16 **person also took some functions away from me**
 17 **such as insurance, so we said it's not fair to**
 18 **charge that full amount.**
 19 **So we thought the very essence of**
 20 **the job that's important related to the**
 21 **treasurer is that function of it.**
 22 Q. Did Dr. -- when you met with
 23 Dr. Kelly -- strike that.
 24 This initial discussion you had

1 with Dr. Kelly, he explained the agreement to
 2 you, was that a face-to-face discussion you had
 3 with him?
 4 **A. Correct.**
 5 Q. And was it -- I imagine it was
 6 somewhere at the high school, correct?
 7 **A. Correct.**
 8 Q. And that would have been within the
 9 first, let's say, several months of you having
 10 started?
 11 **A. Actually, within the first four or**
 12 **five days. Because, if you see, I signed that**
 13 **thing. I would have asked him, "What is this?"**
 14 **MR. HOFFMAN: And which document are**
 15 **you referring to?**
 16 **BY MR. KALTENBACH:**
 17 Q. When you say that thing, do you mean
 18 Exhibit No. 3?
 19 **A. Correct.**
 20 Q. And you started --
 21 **A. Hold on. Let me make sure because I'm**
 22 **at 4. Yes.**
 23 Q. And you signed that on -- looking at
 24 the date underneath your signature -- you signed

1 Exhibit No. 3 on July 5th of 2000?
 2 **A. Correct.**
 3 Q. And you started on July 1st of 2000?
 4 **A. Correct.**
 5 Q. So you would have had the meeting with
 6 Dr. Kelly within those first five days of July?
 7 **A. Correct.**
 8 Q. Was the purpose of the meeting only to
 9 discuss the agreement, or was it also to discuss
 10 other things?
 11 **A. Actually, probably just to discuss**
 12 **this because I would have gone to him saying,**
 13 **"What is this? That's been put on my desk."**
 14 Q. So you believe that you would have
 15 taken Exhibit 3, which is a memo prepared by
 16 Dr. Beckwith and you would have brought that to
 17 Dr. Kelly to ask him for some explanation on it?
 18 **A. Correct.**
 19 Q. And Dr. Kelly then, in essence,
 20 described the agreement that he understood had
 21 been entered into, correct?
 22 **A. Correct.**
 23 Q. How did he describe the agreement?
 24 **A. He described the agreement very**

1 simply. He's saying the township treasurer will
2 give us our total costs, whatever our proration
3 is going to be, we will retract the salaries
4 with the business office that will handle these
5 functions and then we subtract the two and we
6 will pay the difference.

7 Q. How did you know what positions were
8 covered by the agreement?

9 A. I had to go back to the letter.

10 Q. From Lisa Beckwith?

11 A. Yes.

12 Q. So Exhibit 2, which is her memorandum.
13 Did you discuss her memorandum with Dr. Kelly?

14 A. I don't remember that. I just
15 remember asking him about this.

16 Q. So when you were preparing the
17 spreadsheet on Exhibit 7, how did you know that
18 it was okay to include the accounts payable
19 manager as an additional position?

20 A. Part of it is that person's function
21 is to help balance out the two offices trying to
22 make sure everything was copasetic, was a very
23 important part of the treasurer making sure the
24 treasurer's reports and our reports were

1 accurate.

2 Q. I understand the -- your belief as to
3 why there is a logical reason to include that
4 individual, but how did you know the agreement
5 covered that individual?

6 A. I did not go to a, quote, agreement,
7 and nobody said to me that these are the only
8 positions. I was told the fact that those
9 people who handle your financials in our office
10 are the ones that we will offset.

11 Q. So whether that was three people or
12 four people or five people?

13 A. That's what my understanding was.

14 Q. And that understanding is again based
15 on what Dr. Kelly told you, correct?

16 A. Correct. And when I gave this to Bob
17 in March --

18 Q. When you say this, you mean Exhibit 7?

19 A. Exhibit 7 to Bob, I don't remember
20 ever hearing back from him saying, "What's going
21 on?"

22 Q. You never heard back -- you don't
23 recall hearing back from Mr. Healy on Exhibit 7
24 at all, that was your testimony, correct, sir?

1 A. No.

2 Q. I'm sorry, that's correct?

3 A. That's correct. I'm sorry.

4 Q. No, it's fine. We all know what you
5 mean, but when you say no, sometimes on the
6 transcript it comes out -- it's not clear -- I
7 know what you meant, but on the transcript
8 sometimes it comes out strange.

9 Did you discuss with Dr. Kelly how
10 long the agreement was to remain in effect?

11 A. No.

12 Q. Okay. What is the source of your
13 understanding as to how long it would remain in
14 effect?

15 A. Perpetual. It just goes on as long as
16 we're with the township treasurer.

17 Q. What was that based on?

18 A. Just the feeling, the fact that this
19 was what we agreed to and it sounds like,
20 okay -- I didn't specifically ask him is this
21 for perpetual, but the way he presented it,
22 okay, this is what we do every year.

23 Q. When you say he, you mean Dr. Kelly?

24 A. Dr. Kelly.

1 Q. Did you discuss with Dr. Kelly at all
2 whether the agreement was for specific sums of
3 money, or was it just whatever the salary of
4 individuals happened to be over time?

5 A. I just remember the individuals that
6 are working in the office handling the accounts
7 payable function as well as the financial
8 functions.

9 Q. That's what you recall Dr. Kelly
10 conveying to you?

11 A. Yeah.

12 Q. And whatever their salary would happen
13 to be --

14 A. Correct.

15 Q. -- was the amount that would be paid?

16 A. Yes, whatever amount would be.

17 Q. Did Dr. -- all of this communication
18 with Dr. Kelly, this was all an in-person
19 meeting?

20 A. Correct.

21 Q. Did he ever give you any sort of
22 written description of the agreement, by e-mail
23 or memo himself or anything like that?

24 A. No.

1 Q. Did Dr. Kelly tell you where he got
 2 his understanding of the agreement from?
 3 A. I'm trying to remember back what was
 4 the conversation. It's a little difficult.
 5 Q. I understand.
 6 MR. HOFFMAN: I caution the witness to
 7 base the testimony on what you remember.
 8 BY MR. KALTENBACH:
 9 Q. Don't guess.
 10 A. I don't remember the details.
 11 Q. Fair enough.
 12 A. I don't remember what was the details
 13 of the conversation.
 14 Q. And you don't remember him explaining
 15 how he had his – how he gained his
 16 understanding; is that correct?
 17 A. Yeah.
 18 Q. Yeah, you don't recall?
 19 A. I do not recall. I just recall the
 20 impression was this is something that was agreed
 21 upon and that we just keep going doing this.
 22 MR. KALTENBACH: I have no further
 23 questions.
 24 MR. HOFFMAN: I have no further

1 questions, sir. Thank you very much.
 2 THE COURT REPORTER: Did you want this
 3 written?
 4 MR. HOFFMAN: Yeah, I want an e-Tran
 5 and an e-mini.
 6 MR. KALTENBACH: If you could send me
 7 a PDF, the full and mini?
 8 (Deposition concluded at
 9 2:34 p.m.)
 10
 11
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 24

1 STATE OF ILLINOIS)
 2) SS:
 3 COUNTY OF COOK)
 4
 5 I, Allison D. Weber, a notary public within
 6 and for the County of Cook and State of
 7 Illinois, do hereby certify that heretofore,
 8 to-wit, on January 11, 2017, personally appeared
 9 before me, at 20 North Clark Street, Suite 2500,
 10 Chicago, Illinois, HAROLD HUANG, in a cause now
 11 pending and undetermined in the Circuit Court of
 12 Cook County, Illinois, wherein TOWNSHIP TRUSTEES
 13 OF SCHOOLS TOWNSHIP 38 NORTH, RANGE 12 EAST, is
 14 the Plaintiff, LYONS TOWNSHIP HIGH SCHOOL
 15 DISTRICT 204, is the Defendant.
 16 I further certify that the said witness was
 17 first duly sworn to testify the truth, the whole
 18 truth and nothing but the truth in the cause
 19 aforesaid; that the testimony then given by said
 20 witness was reported stenographically by me in
 21 the presence of the said witness, and afterwards
 22 reduced to typewriting by Computer-Aided
 23 Transcription, and the foregoing is a true and
 24 correct transcript of the testimony so given by

1 said witness as aforesaid.
 2 I further certify that the signature to the
 3 foregoing deposition was waived by counsel for
 4 the respective parties.
 5 I further certify that the taking of this
 6 deposition was pursuant to notice and that there
 7 were present at the deposition the attorneys
 8 hereinbefore mentioned.
 9 I further certify that I am not counsel for
 10 nor in any way related to the parties to this
 11 suit, nor am I in any way interested in the
 12 outcome thereof.
 13 IN TESTIMONY WHEREOF: I have hereunto set
 14 my hand and affixed my notarial seal this
 15 22nd day of January, 2017.
 16
 17
 18
 19 _____
 20 NOTARY PUBLIC, COOK COUNTY, ILLINOIS
 21
 22
 23
 24

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

www.lyonstts.org

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930 Barnsdale Road
La Grange Park, IL 60526-9346
Phone 708-352-4480
Fax 708-352-4417

April 19, 2013

Mark Pera, President

District #204

100 S. Brainard Avenue

LaGrange, IL 60525

RE: Lyons Township School Treasurer's Office "TTO" and Lyons Township High School Issues

Dear President Pera:

Please accept this letter and the TTO Board's action taken on March 21st as the definitive position of the board's roles and responsibility and District 204 financial responsibility and obligations as outlined in Statute (105 ILCS 5/8-4). The Board voted unanimously, 3-0, to reaffirm our understanding of the aforementioned statute and our obligation to adhere to said statute to the benefit of our member districts.

This statute clearly outlines the relationship between the Lyons Township School Treasurer's Office and District 204. Pursuant to each school district being subject to the jurisdiction of a township treasure or trustees of schools of a township, each school district

"shall pay a proportionate share of the compensation of the township treasurer serving such district or districts and a proportionate share of the expenses of the township treasurer's office, which compensation and expenses shall be determined by dividing the total amount of all school funds handled by the township treasurer by such amount of the funds as belongs to each such elementary school district or high school district."

This correspondence is notice that the TTO expects District 204 to adhere to the statute and laws as outlined by the State of Illinois.

We appreciate that the minutes from the Finance Committee dated September 29, 1999, related to a discussion between an employee of the TTO and a sub-committee of the District 204 elected Board. We, like you and your Board, have been unable to find, secure or produce any executed agreements or simple written understanding between the two elected Boards regarding this issue. In our view, an agreement such as that which District 204 contends existed would be inconsistent with our respective obligations under 105 ILCS 5/8-4.

Additionally, with limited exceptions, District 204 has not provided any "bills" or other supporting evidence of alleged services incurred since the purported agreement was discussed. An exception is for fiscal year 2011 which was provided in June of 2012. However, the expenditures reflected in those documents exceeds the reasonable value of the services and expenditures that District 204 has suggested are within the scope of the agreement it contends exists.

EDUCATION IS EVERYONE'S RESPONSIBILITY



For example, 204's TTO allocation for Fiscal Year 2011 was \$216,348.13, yet District 204 invoiced the TTO \$297,991.10 for services rendered, a difference of \$81,642.97.

District 204 would have saved the taxpayers \$81,642.97 by using the TTO services. Please note, this does not include any consideration for the money management services also provided to District 204.

The TTO office takes the responsibility we have for all of our member districts seriously and the lack of District 204's financial contribution as outlined by State of Illinois statute, has been material and puts the other 12 member districts at a distinct financial disadvantage. District 204's actions may, in fact, have caused TTO member districts to increase, unnecessarily, their local district property taxes or reduce funding to key classroom and student initiatives.

Please find below a summary of District 204's financial participation in the TTO since FY 1996 to FY 2011.

Fiscal Year	Billed To 204	204 Paid	Outstanding Receivable
FY96	\$ 144,051.00	\$144,051.00	\$ -
FY97	\$ 144,004.00	\$144,004.00	\$ -
FY98	\$ 155,863.00	\$155,863.00	\$ -
FY99	\$ 165,476.00	\$165,476.00	\$ -
FY00	\$ 173,031.75	\$ 39,742.75	\$ 133,289.00
FY01	\$ 178,897.00	\$ 40,498.00	\$ 138,399.00
FY02	\$ 186,502.00	\$ 17,948.00	\$ 168,554.00
FY03	\$ 171,264.87	\$ -	\$ 171,264.87
FY04	\$ 179,345.00	\$ -	\$ 179,345.00
FY05	\$ 180,684.00	\$ -	\$ 180,684.00
FY06	\$ 200,679.65	\$ -	\$ 200,679.65
FY07	\$ 190,327.88	\$ -	\$ 190,327.88
FY08	\$ 245,176.53	\$ -	\$ 245,176.53
FY09	\$ 289,560.14	\$ -	\$ 289,560.14
FY10	\$ 215,973.48	\$ -	\$ 215,973.48
FY11	\$ 216,348.13	\$ -	\$ 216,348.13
Total:	\$3,037,184.43	\$707,582.75	\$2,329,601.68

The TTO is exploring all implications and options for recovery associated with 204's lack of payment for legally obligated contributions to the TTO. In addition to the TTO, the substantial amount of this obligation affects all the other districts and taxing bodies.

As addressed in my previous correspondence, dated March 8, 2013, you have never acknowledged the request for payment regarding the outstanding audits fees. The expenditures for audit fees are clearly the responsibility of District 204. The total owed the TTO office for these unapproved payments are **\$285,900.91**.

If we do not receive correspondence or payment from you related to the aforementioned due and owed amounts for audit fees, the TTO will examine all options available for recovery of these funds. Again, the lack of payment of these monies clearly continues to put an undue burden on the other districts within the TTO's

purview. The other districts have effectively paid District 204's audit fees through their respective pro-rata share allocation.

Please do not hesitate to contact me if you have any questions. If there are any other documents which you believe might support your stated position(s), please provide them to use for review.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Thiessen". The signature is fluid and cursive, with a long horizontal flourish at the end.

Michael Thiessen, President
Lyons Township Trustees of Schools

Cc: Theron Tobolski, Board Member
Karen Civinelli, Board Member
District 204 Board Members
TTO Member Districts Superintendents

LYONS TOWNSHIP HIGH SCHOOL

District Office • 100 S. Brainard Ave. • LaGrange, IL 60525 • (708) 579-6451

Susan Birkenmaier, Ed.D
Lyons Township School Treasurer
930 Barnsdale Road
LaGrange Park, IL 60526

October 8, 2014

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SUPERINTENDENT
Timothy B. Kilrea, Ed.D.

Re: Township Treasurer's Office FY '13 Pro-Rata Bill

Dear Dr. Birkenmaier:

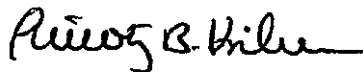
District 204 has received the FY '13 pro-rata bill from your office in the amount of \$250,033.89. For the reasons explained below, the District has approved payment of \$149,551 and has reserved in the FY '15 operating budget the remaining amount of \$100,482.89 pending receipt and validation of information from your office.

The District has several concerns regarding items billed to member districts that fall outside the realm of valid claims. There are several expenditures that require an explanation before District 204 can determine if they are proper expenses of the TTO. A review of the Statement of Expenditures provided with the pro-rata bill reveals numerous expenditures that fall outside of the TTO's statutory obligations and duties under the School Code. As one example, the TTO has spent tens of thousands of dollars on a public relations firm, which is nowhere authorized by statute. A complete list of information requested by the District to review the Statement of Expenditures is enclosed with this letter.

Unless and until District 204 receives information regarding the attached questions a portion of the pro-rata invoice will be reserved in the FY '15 budget. Given the significant issues that the TTO has had with mismanagement of member district funds, we believe it is essential for the TTO to be open and transparent about its investment activities and expenditures. Regrettably, that has not been our experience with the TTO.

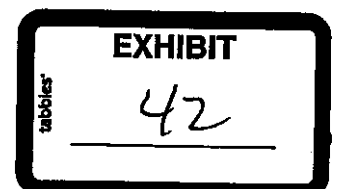
The following page outlines the information that District 204 is requesting. We look forward to receiving this information within the next 30 days.

Sincerely,



Timothy B. Kilrea, Ed.D
Superintendent

Cc: School Trustees



Information Requests:

1. In FY '13, the TTO expended approximately \$775,000 (Including Healy litigation costs) for contractual expenditures. For each of the entries on the Statement of Expenditures for FY '13, please explain the purpose of the expenditure, the specific duties of the individual and list the section of the School Code authorizing the expenditures for the following:
 - 1.1. Kelly Bradshaw
 - 1.2. Cheryl Sudd
 - 1.3. Jascula Terman
 - 1.4. Mark Dudzik
 - 1.5. Caroline Bartoszewski
2. On page 10 of the Detail Statement of Fund Accounts, there are four items listed in the detail description that pertain directly to District 204. The detail lists "Preparation of 204's Bank Recs," "Reconciliation of 204's Bank R" and "Training/204 accounts." Please explain the purpose for this work and provide the documents that were produced from this work. Also, provide an explanation of whether this same work will be performed for other member districts.
3. For each employee of the TTO, please provide a description of his/her job duties. For each position, state whether they perform any job functions or provide any services to member districts that are outside of the statutory duties listed in Article 8 of the School Code, and specifically Section 8.17. For job functions or services that are not authorized by the School Code, please provide a percentage of time spent on those functions or services.
4. The cover letter to the FY '13 pro-rata bill, dated April 30, 2014, states that no Healy-related litigation fees are included in the billing. Please provide an explanation as to how those bills are being paid.
5. Please describe how the TTO has accounted for the money received from insurance companies relating to the Healy litigation and explain why these funds have not been released to the member districts.
6. Furnish monthly reconciliation and quarterly interest earnings reports specific to District 204 for FY '13 as required by statute.
7. Provide detailed litigation costs during FY '13 incurred by the TTO member districts related to the complaint filed by the TTO against District 204. District 204 has incurred legal defense costs from action filed by the TTO and the district will not pay to defend and sue itself.
8. Provide verification from an independent third party that interest earnings from member school district reserves are not being used by the TTO to finance operating costs, legal costs or to replace lost principal.
9. The TTO utilizes the services of an investment portfolio manager at a large cost to the member districts. Please provide the cost incurred during FY '13 for this service, as well as an explanation of how this expense is not duplicative, as we already pay the salary for the Treasurer.

LYONS TOWNSHIP 204, IL

Vendor Key	Vendor Name	Check Date	Check Number	Check Total
LYONS TO005	LYONS TOWNSHIP SCHOOL TREASURER	10/08/2014	405090	\$149,551.00

Invoice Number	Invoice Description	PO Number	Invoice Date	Gross Amt	Discount Amt	Adjustment Amt	Net Amt
10/18/14	PARTIAL PRO-RATA SHARE OF FY13 EXPENDITURES	0	10/08/2014	149,551.00	0.00	0.00	149,551.00
Totals				\$149,551.00	\$0.00	\$0.00	\$149,551.00

LYONS TOWNSHIP HS DIST #204
100 S BRAINARD AVENUE
LA GRANGE, IL 60525-2100

FIRST NATL BANK OF LA GRANGE
LA GRANGE, ILLINOIS

CHECK NO. 405090

Check Date 10/08/2014
Check Amount \$149,551.00

Pay ****One Hundred Forty-Nine Thousand Five Hundred Fifty-One Dollars & 00 Cents**

To the Order Of: LYONS TOWNSHIP SCHOOL TREASURER
930 BARNSDALE ROAD
LA GRANGE PARK, IL 60526



⑈0405090⑈ ⑆071903929⑆ 147354⑈

Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

www.lyonstts.org

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Karen M. Civinelli, Trustee

Theron G. Tobolski, Trustee

930 Barnsdale Road
La Grange Park, IL 60526-9346

Phone 708-352-4480

Fax 708-352-4417

April 30, 2014

Dear District Superintendents and Business Managers:

This month I will focus on the pro-rata bill as the single-focus communication topic on issues connected to the Treasurer's office. 105 Illinois School Code 5/8-4 outlines the billing method used to determine each district's share of the Treasurer's office annual expenses. The formula outlined in school code for calculating each districts share of the TTO cost is explained below.

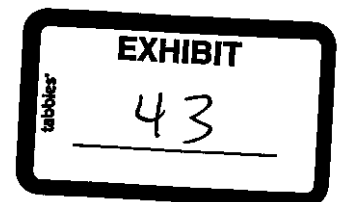
Determining pro-rata share

Each districts'/agency share of the pro-rata bill is determined by adding the year end revenues for each district to establish a township wide total revenue base. Each districts' total fiscal year end revenue is divided by the township wide total to determine the proportionate share of each district/agency receiving TTO services. Previously billing was based on the unaudited year-end financial reports. This year we have begun to use each district's fiscal year end revenues as reported in the Annual Financial Report (AFR) as the data source of district revenues. This approach will provide consistency and third-party auditor verification of the revenue base used for billing. Bond proceeds and transfers are not used when calculating district revenues.

Determining pro-rata costs

The fiscal year end TTO expenditures (\$1,472,375) are used to calculate the total amount to be billed to each district. The percentage of total revenues for each district determines the amount of the percent of TTO expenditures billed to each district. For FY13, the Trustees have determined that no Healy litigation fees (\$328,055) will be included in the billing. Since we are still in the collection phase of this litigation we will continue to pursue third party payments-insurance policies, audit firms and other possible sources of revenue to cover litigation related expenses. Therefore the total shared FY13 expenditures reflected in the pro-rata bill are \$1,144,319.

An itemized listing of expenditures by account code to support the amount billed and the FY13 year-end financial report that summarizes these expenditures is included with the bill. You will notice that changes to the salary account lines were made in FY13. Previously all TTO salaries were posted to a single salary expenditure line. For better accounting and transparency, multiple salary lines were established in FY13 so each TTO position has a specific salary expenditure account. The re-classification for salaries to these individual lines occurred in October, 2012.



Other supporting documentation included with the bill is a listing of all district/agency revenues used for the FY13 billing, the total cost of the treasurer's office expenditures in FY13, and the calculated amount of each district's proportionate share of expenses. Each year the pro-rata billing can vary due to conditions in the TTO or township school districts. Below are factors that have impacted the FY13 billing:

Key factors that have impacted changes to all districts in the FY13 billing

- District 104 and 107 received more income in FY13 than in prior year thereby increasing their share of the pro-rata bill.
- West 40 (106.5 & 106.7) had reduced income and reduced grant funding thereby reducing their share of the FY13 bill.
- LADSE's service structure changed due to the withdrawal of District 181 from the coop thereby reducing their revenue and pro-rata share of the FY13 bill.
- The LTESDEBC coop has separated the health and dental insurance programs thus generating a new "district". This new district did not change the FY13 revenues rather shifted the LTESDEBC revenues between two accounts-no net effect to the billing.
- Lyons TTO costs were lower than usual due to the reduced salary of the interim treasurer.

Preparing the pro-rata bills

In the final step of pro-rata bill calculation I compared the FY13 bill with the FY12 bill to determine any major differences in billing year to year. During this process we determined that the FY12 bill erroneously included District 109's restricted fund balance as a revenue source thereby inflating the District 109 revenues by \$5,000,000. I have corrected this overbilling to District 109 which does impact all other district's share of the pro-rata costs. A spreadsheet detailing the original revenues used for the FY12 billing and the adjusted/corrected FY12 revenues and billing is included with this packet to document the correction to the FY12 billing.

Overall the FY13 bill is 5.27% less than the FY12 bill. Even with the FY12 correction most districts will pay less for FY13 TTO services than the FY12 TTO services. Variations among districts for actual billing decreases/increases will occur based on the unique revenues circumstances of each district as well as the key factors noted above. I have contacted any district that has a significant change in pro-rata share between FY12 and FY13 to discuss the year to year variation. Your business manager or I can provide details if your district was affected.

A final note about the current pro-rata billing system


Traditionally this pro-rata billing practice has followed the close of each fiscal year, e.g. the FY12 bill was sent in FY13. This practice of billing in arrears means the TTO ledger regularly shows a negative fund balance until district's pay the pro-rata bill. While this practice and the resulting negative fund balance have been noted in past audits, recently this has become an issue when securing a surety bond for district bond sales. Specifically insurance underwriters have expressed concern over the continuing negative fund balance. In the future I will be talking with you about this practice and how we may be able to adjust the billing cycle so we

can plan for a transition to an improved, timely billing and payment system. Please contact me if you have ideas on how to improve the pro-rata billing and payment cycle.

As in the past we are requesting payment in full by the fiscal year end. ***Please pay your FY13 pro-rata bill no later than June 26 2014*** to assist in the reduction of the negative fund balance of the TTO office. This will improve our financial status and reduce the difficulty we can face when trying to secure surety bonds for township districts.

Please call me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Susan Birkenmaier".

Susan Birkenmaier, Ed.D.

Lyons Township School Treasurer's Office

INVOICE

930 Barnsdale Rd.
 LaGrange Park, IL 60526
 (708) 352-4480
 (708) 352-4417 FAX

INVOICE: No. 1
 DATE: July 15, 2014

TO: School District #204
 100 S. Brainard Ave.
 LaGrange, IL 60525
 (708) 579-6300

Lyons TTO Fiscal Services	PAYMENT TERMS
Pro-Rata Billing FY 2013	Due upon receipt

DESCRIPTION	TOTAL
Pro-Rata Billing as of June 30, 2013	\$ 250,033.89
FY12 Adjusted Bill	\$ 3,865.73
<i>Supporting Documentation attached</i>	
TOTAL DUE	\$ 253,899.62

Make all checks payable to Lyons Township School Treasurer's Office
THANK YOU!

Lyons Township Trustees of Schools
 Pro Rata Billing Fiscal Year Ending June 30, 2013
 Adjusted FY13 reflecting correction of FY12 bill miscalculation FY12 and FY13

Total FY13 Expenses 1,472,375.26
 Adjusted FY12 Expenses Variable per district
 Total Bill 1,144,319.88

District	FY13 Revenues*	% by District	Informational only-not used for billing			FY12 Corrected Revenues*	FY12 Corrected % by District	FY12 Adjusted Bill Amount Due	FY13 Pro Rata Operational Expenditures less Litigation	Total Amount Due before June 30, 2014
			FY13 Pro Rata Operational Expenditures-All	% Increase All FY13 Expenditures	FY12 Original Revenues					
101	15,752,032	4.77%	70,232.30	26.43%	15,939,436.63	15,939,436.63	\$966.43	54,584.06	\$ 55,950.49	
102	34,554,664	10.47%	154,157.69	26.50%	36,385,028.41	36,385,028.41	\$2,053.67	119,610.29	\$ 121,863.96	
103	29,290,417	8.87%	130,589.69	26.71%	28,914,440.55	28,914,440.55	\$1,570.45	101,501.17	\$ 103,071.62	
104	24,497,041	7.42%	109,250.24	26.66%	21,273,601.87	21,273,601.87	\$1,206.04	84,908.54	\$ 86,116.58	
105	22,890,905	6.94%	102,182.84	26.56%	24,264,492.89	24,264,492.89	\$1,449.64	79,415.80	\$ 80,865.44	
106	12,855,786	3.90%	57,422.64	26.61%	12,695,253.54	12,695,253.54	\$724.82	44,628.48	\$ 45,353.30	
1065	5,594,207	1.70%	25,030.38	26.31%	6,348,000.80	6,348,000.80	\$362.41	19,453.44	\$ 19,815.85	
1067	255,983	0.08%	1,177.90	28.67%	368,136.82	368,136.82	\$0.00	915.46	\$ 915.46	
107	14,068,110	4.26%	62,723.19	27.06%	12,027,662.37	12,027,662.37	\$604.02	48,748.03	\$ 49,352.05	
108	5,336,960	1.61%	23,705.24	27.00%	5,272,888.59	5,272,888.59	\$241.61	18,423.55	\$ 18,665.16	
109	31,368,893	9.61%	140,022.89	51.55%	36,063,469.26	31,063,469.26	-\$16,429.33	108,824.82	\$ 92,395.49	
204	72,085,130	21.85%	321,713.99	26.71%	69,734,815.21	69,734,815.21	\$3,865.73	250,033.89	\$ 253,899.62	
2045	20,282,464	6.14%	90,409.84	26.49%	21,925,578.33	21,925,578.33	\$1,208.04	70,261.24	\$ 71,469.28	
217	33,086,209	10.03%	147,678.24	26.67%	32,709,186.95	32,709,186.95	\$1,812.06	114,775.28	\$ 116,587.34	
995	448,880	0.14%	2,061.33	100.00%	-	-	\$0.00	1,602.05	\$ 1,602.05	
999	7,610,279	2.31%	34,011.67	26.93%	7,816,066.32	7,816,066.32	\$362.41	26,433.79	\$ 26,796.20	
Total Revenues	329,958,960	100.00%	1,472,375.26	28.67%	331,718,258.64	328,718,258.54	\$0.00	1,144,319.88	\$ 1,144,319.88	

*The FY13 pro-rata bill has been calculated on the revenues numbers reported in each district's/agency AFFR report less any transfers and bond proceeds.

Key FY12 factors that required an adjustment to the FY13 billing

When the FY12 billing was calculated, District 109's annual revenues were inflated by \$5,000,000. This error in recording the FY12 annual revenue caused an inflated pro-rata share for District 109. In preparing an analysis of the FY13 bills this error was discovered and an adjustment has been calculated. We regret this error occurred and we will continue to improve our quality control practices.

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
ACCT# /EXP/	1	2520	110	0	0	EDUCATION	BUSINESS SER	TREASURER	SALARIES		
7/05/2012	0				100	P	0	PAYROLL EXPENSE	18,311.01	BK	
7/20/2012	0				100	P	0	PAYROLL EXPENSE	20,965.76	BK	
7/31/2012	0				100	M	0	RECLASS CLEANING SERVICE	800.00	DL	
8/03/2012	0				100	P	0	PAYROLL EXPENSE	19,124.45	BK	
8/20/2012	0				100	P	0	PAYROLL EXPENSE	18,458.83	BK	
9/05/2012	0				100	P	0	PAYROLL EXPENSE	19,387.69	BK	
9/05/2012	0				100	P	4401	P/R VOID CK# 4401-HEALY	5,901.01	BK	
9/07/2012	0				100	P	0	PAYROLL EXPENSE	950.46	BK	
9/20/2012	0				100	P	0	PAYROLL EXPENSE	12,719.86	BK	
9/30/2012	0				100	M	0	REVERS JULY J/E NOT NEEDED PAY	800.00	DL	
9/30/2012	0				100	M	0	RECLASS SALARY ACCT.	2,842.13	DL	
10/05/2012	0				100	P	0	PAYROLL EXPENSE	67,819.42	BK	
10/19/2012	0				100	P	0	PAYROLL EXPENSE	4,950.00	BK	
11/05/2012	0				100	P	0	PAYROLL EXPENSE	7,150.00	BK	
11/20/2012	0				100	P	0	PAYROLL EXPENSE	4,950.00	BK	
12/05/2012	0				100	P	0	PAYROLL EXPENSE	5,500.00	BK	
12/20/2012	0				100	P	0	PAYROLL EXPENSE	5,500.00	BK	
1/04/2013	0				100	P	0	PAYROLL EXPENSE	3,350.00	BK	
1/18/2013	0				100	P	0	PAYROLL EXPENSE	5,500.00	BK	
2/05/2013	0				100	P	0	PAYROLL EXPENSE	5,500.00	BK	
2/20/2013	0				100	P	0	PAYROLL EXPENSE	4,950.00	BK	
3/05/2013	0				100	P	0	PAYROLL EXPENSE	4,400.00	BK	
3/20/2013	0				100	P	0	PAYROLL EXPENSE	3,850.00	BK	
4/05/2013	0				100	P	0	PAYROLL EXPENSE	2,750.00	BK	
4/19/2013	0				100	P	0	PAYROLL EXPENSE	2,200.00	BK	
5/03/2013	0				100	P	0	PAYROLL EXPENSE	3,300.00	BK	
5/20/2013	0				100	P	0	PAYROLL EXPENSE	5,000.00	BK	
6/05/2013	0				100	P	0	PAYROLL EXPENSE	3,000.00	BK	
6/20/2013	0				100	P	0	PAYROLL EXPENSE	3,000.00	BK	
** TOTAL # TRANSACTIONS: 25									** ACCT \$ TOTAL:	108,704.50	**

ACCT# /EXP/	1	2520	111	0	0	EDUCATION	BUSINESS SER	MANAGER	SALARIES	
10/05/2012	0				100	P	0	PAYROLL EXPENSE	17,115.00	BK
10/19/2012	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
11/05/2012	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
11/20/2012	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
12/05/2012	0				100	P	0	PAYROLL EXPENSE	2,145.00	BK
12/20/2012	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
1/04/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
1/18/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
2/05/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
2/20/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
3/05/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
3/20/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
4/05/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK
4/19/2013	0				100	P	0	PAYROLL EXPENSE	2,445.00	BK

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
5/03/2013	0		100	P	0			PAYROLL EXPENSE	2,445.00	BK	
5/20/2013	0		100	P	0			PAYROLL EXPENSE	2,445.00	BK	
6/05/2013	0		100	P	0			PAYROLL EXPENSE	2,445.00	BK	
6/20/2013	0		100	P	0			PAYROLL EXPENSE	2,445.00	BK	
*** TOTAL # TRANSACTIONS: 18									** ACCT \$ TOTAL:	58,680.00	**

ACCT#	/EXP/	1	2520	112	0	0	EDUCATION	BUSINESS SER	PAYROLL	SALARIES	
10/05/2012	0						100 P	0	PAYROLL EXPENSE	12,782.00	BK
10/19/2012	0						100 P	0	PAYROLL EXPENSE	1,660.00	BK
11/05/2012	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
11/20/2012	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
12/05/2012	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
12/20/2012	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
1/04/2013	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
1/18/2013	0						100 P	0	PAYROLL EXPENSE	1,660.00	BK
2/05/2013	0						100 P	0	PAYROLL EXPENSE	1,992.00	BK
2/20/2013	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
3/05/2013	0						100 P	0	PAYROLL EXPENSE	1,494.00	BK
3/20/2013	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
4/05/2013	0						100 P	0	PAYROLL EXPENSE	1,992.00	BK
4/19/2013	0						100 P	0	PAYROLL EXPENSE	1,660.00	BK
5/03/2013	0						100 P	0	PAYROLL EXPENSE	1,660.00	BK
5/20/2013	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
6/05/2013	0						100 P	0	PAYROLL EXPENSE	1,992.00	BK
6/20/2013	0						100 P	0	PAYROLL EXPENSE	1,826.00	BK
** TOTAL # TRANSACTIONS: 18									** ACCT \$ TOTAL:	43,326.00	**

ACCT#	/EXP/	1	2520	113	0	0	EDUCATION	BUSINESS SER	PAYROLL	SALARIES	
10/05/2012	0						100 P	0	PAYROLL EXPENSE	10,339.00	BK
10/19/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
11/05/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
11/20/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
12/05/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
12/20/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
1/04/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
1/18/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
2/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
2/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
3/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
3/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
4/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
4/19/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
5/03/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
5/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
6/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
6/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00	BK
** TOTAL # TRANSACTIONS: 18									** ACCT \$ TOTAL:	35,448.00	**

ACCT#	/EXP/	1	2520	114	0	0	EDUCATION	BUSINESS SER	BANKING	SALARIES	
10/05/2012	0						100 P	0	PAYROLL EXPENSE	11,088.00	BK

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
10/19/2012	0		100	P	0			PAYROLL EXPENSE	1,440.00	BK	
11/05/2012	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
11/20/2012	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
12/05/2012	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
12/20/2012	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
1/04/2013	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
1/18/2013	0		100	P	0			PAYROLL EXPENSE	1,440.00	BK	
2/05/2013	0		100	P	0			PAYROLL EXPENSE	1,728.00	BK	
2/20/2013	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
3/05/2013	0		100	P	0			PAYROLL EXPENSE	1,296.00	BK	
3/20/2013	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
4/05/2013	0		100	P	0			PAYROLL EXPENSE	1,728.00	BK	
4/19/2013	0		100	P	0			PAYROLL EXPENSE	1,440.00	BK	
5/03/2013	0		100	P	0			PAYROLL EXPENSE	1,440.00	BK	
5/20/2013	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
6/05/2013	0		100	P	0			PAYROLL EXPENSE	1,728.00	BK	
6/20/2013	0		100	P	0			PAYROLL EXPENSE	1,584.00	BK	
									** ACCT \$ TOTAL:	27,584.00	**

** TOTAL # TRANSACTIONS: 18

ACCT#	/EXP/	1	2520	116	0	0	EDUCATION	BUSINESS SER	N/P	SALARIES
10/05/2012	0						100 P	0	PAYROLL EXPENSE	10,339.00 BK
10/19/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
11/05/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
11/20/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
12/05/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
12/20/2012	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
1/04/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
1/18/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
2/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
2/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
3/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
3/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
4/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
4/19/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
5/03/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
5/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
6/05/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
6/20/2013	0						100 P	0	PAYROLL EXPENSE	1,477.00 BK
										** ACCT \$ TOTAL: 35,448.00 **

** TOTAL # TRANSACTIONS: 18

ACCT#	/EXP/	1	2520	117	0	0	EDUCATION	BUSINESS SER	SECRETARY	SALARIES
10/05/2012	0						100 P	0	PAYROLL EXPENSE	13,111.01 BK
10/19/2012	0						100 P	0	PAYROLL EXPENSE	1,660.00 BK
11/05/2012	0						100 P	0	PAYROLL EXPENSE	1,826.00 BK
11/20/2012	0						100 P	0	PAYROLL EXPENSE	1,926.00 BK
12/05/2012	0						100 P	0	PAYROLL EXPENSE	1,826.00 BK
12/20/2012	0						100 P	0	PAYROLL EXPENSE	1,826.00 BK
1/04/2013	0						100 P	0	PAYROLL EXPENSE	1,826.00 BK

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
1/18/2013	0		100	P	0			PAYROLL EXPENSE	1,660.00	BK	
2/05/2013	0		100	P	0			PAYROLL EXPENSE	1,992.00	BK	
2/20/2013	0		100	P	0			PAYROLL EXPENSE	1,826.00	BK	
3/05/2013	0		100	P	0			PAYROLL EXPENSE	1,494.00	BK	
3/20/2013	0		100	P	0			PAYROLL EXPENSE	1,826.00	BK	
4/05/2013	0		100	P	0			PAYROLL EXPENSE	1,992.00	BK	
4/19/2013	0		100	P	0			PAYROLL EXPENSE	1,660.00	BK	
5/03/2013	0		100	P	0			PAYROLL EXPENSE	1,660.00	BK	
5/20/2013	0		100	P	0			PAYROLL EXPENSE	1,826.00	BK	
6/05/2013	0		100	P	0			PAYROLL EXPENSE	1,992.00	BK	
6/20/2013	0		100	P	0			PAYROLL EXPENSE	1,826.00	BK	
** TOTAL # TRANSACTIONS: 19									** ACCT \$ TOTAL:	41,658.01	**

ACCT#	/EXP/	1	2520	118	0	0	EDUCATION	BUSINESS SER	CUSTODIAN	SALARIES	
10/05/2012	0						100 P	0	PAYROLL EXPENSE	1,600.00	BK
11/05/2012	0						100 P	0	PAYROLL EXPENSE	400.00	BK
12/05/2012	0						100 P	0	PAYROLL EXPENSE	400.00	BK
1/04/2013	0						100 P	0	PAYROLL EXPENSE	400.00	BK
2/05/2013	0						100 P	0	PAYROLL EXPENSE	400.00	BK
3/05/2013	0						100 P	0	PAYROLL EXPENSE	400.00	BK
4/05/2013	0						100 P	0	PAYROLL EXPENSE	400.00	BK
5/03/2013	0						100 P	0	PAYROLL EXPENSE	400.00	BK
6/05/2013	0						100 P	0	PAYROLL EXPENSE	400.00	BK
** TOTAL # TRANSACTIONS: 9									** ACCT \$ TOTAL:	4,800.00	**

ACCT#	/EXP/	1	2520	119	0	0	EDUCATION	BUSINESS SER	A/P-P/T	SALARIES	
10/05/2012	0						100 P	0	PAYROLL EXPENSE	4,196.65	BK
10/19/2012	0						100 P	0	PAYROLL EXPENSE	622.44	BK
11/05/2012	0						100 P	0	PAYROLL EXPENSE	622.44	BK
11/20/2012	0						100 P	0	PAYROLL EXPENSE	666.30	BK
12/05/2012	0						100 P	0	PAYROLL EXPENSE	577.98	BK
12/20/2012	0						100 P	0	PAYROLL EXPENSE	429.78	BK
1/04/2013	0						100 P	0	PAYROLL EXPENSE	622.44	BK
1/18/2013	0						100 P	0	PAYROLL EXPENSE	607.62	BK
2/05/2013	0						100 P	0	PAYROLL EXPENSE	741.00	BK
2/20/2013	0						100 P	0	PAYROLL EXPENSE	577.98	BK
3/05/2013	0						100 P	0	PAYROLL EXPENSE	474.24	BK
3/20/2013	0						100 P	0	PAYROLL EXPENSE	681.00	BK
4/05/2013	0						100 P	0	PAYROLL EXPENSE	563.15	BK
4/19/2013	0						100 P	0	PAYROLL EXPENSE	503.98	BK
5/03/2013	0						100 P	0	PAYROLL EXPENSE	503.88	BK
5/20/2013	0						100 P	0	PAYROLL EXPENSE	548.34	BK
6/05/2013	0						100 P	0	PAYROLL EXPENSE	815.10	BK
6/20/2013	0						100 P	0	PAYROLL EXPENSE	592.80	BK
** TOTAL # TRANSACTIONS: 18									** ACCT \$ TOTAL:	14,339.35	**

ACCT#	/EXP/	1	2520	120	0	0	EDUCATION	BUSINESS SER	SEASONAL	SALARIES	
9/30/2012	0						100 M	0	RECLASS SALARY ACCT.	2,842.11	DL

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
** TOTAL # TRANSACTIONS: 1									** ACCT 5 TOTAL:	2,842.13	**

ACCT#	/EXP/	1	2520	121	0	0	EDUCATION	BUSINESS SER	OVERTIME	SALARIES	
10/05/2012	0						100 P	0	PAYROLL EXPENSE	8,128.02	BK
10/19/2012	0						100 P	0	PAYROLL EXPENSE	27.00	BK
11/05/2012	0						100 P	0	PAYROLL EXPENSE	54.54	BK
2/05/2013	0						100 P	0	PAYROLL EXPENSE	529.46	BK
** TOTAL # TRANSACTIONS: 4									** ACCT 5 TOTAL:	8,739.02	**

ACCT#	/EXP/	1	2520	212	0	0	EDUCATION	BUSINESS SER	IMRF	BENEFITS	
7/05/2012	0						100 B	7052	BOARD SHARE IMRF	3,668.25	BK
7/20/2012	0						100 B	7202	BOARD SHARE IMRF	4,111.57	BK
8/03/2012	0						100 B	8032	BOARD SHARE IMRF	3,767.08	BK
8/20/2012	0						100 B	8202	BOARD SHARE IMRF	3,692.45	BK
9/05/2012	0						100 B	9052	BOARD SHARE IMRF	4,009.18	BK
9/05/2012	0						100 B	4401	P/R VOID CK# 4401-HEALY	1,028.55	BK
9/05/2012	0						100 B	4401	P/R VOID CK# 4401-HEALY	47.93	BK
9/05/2012	0						100 B	4401	P/R VOID CK# 4401-HEALY	291.01	BK
9/05/2012	0						100 B	4401	P/R VOID CK# 4401-HEALY	50.72	BK
9/07/2012	0						100 B	9072	BOARD SHARE IMRF	218.27	BK
9/20/2012	0						100 B	9202	BOARD SHARE IMRF	2,372.55	BK
9/28/2012	7113	*ILLINOIS MUNICIPAL RETIR					100 E	21488	EFTPSIMRF	63.83	BK
10/05/2012	0						100 B	10052	BOARD SHARE IMRF	2,159.75	BK
10/19/2012	0						100 B	10192	BOARD SHARE IMRF	2,002.56	BK
11/05/2012	0						100 B	11052	BOARD SHARE IMRF	2,169.23	BK
11/20/2012	0						100 B	11202	BOARD SHARE IMRF	2,090.00	BK
12/05/2012	0						100 B	12052	BOARD SHARE IMRF	2,159.72	BK
12/20/2012	0						100 B	12202	BOARD SHARE IMRF	2,090.00	BK
1/04/2013	0						100 B	1043	BOARD SHARE IMRF	2,061.98	BK
1/18/2013	0						100 B	1183	BOARD SHARE IMRF	1,907.79	BK
2/05/2013	0						100 B	2053	BOARD SHARE IMRF	2,254.70	BK
2/20/2013	0						100 B	2203	BOARD SHARE IMRF	1,995.74	BK
2/25/2013	7113	*ILLINOIS MUNICIPAL RETIR					100 E	31448	ERI Balance	16,666.82	LC
2/28/2013	7113	*ILLINOIS MUNICIPAL RETIR					100 V	31448	CANCEL CHECK	16,666.82	DL
3/01/2013	7113	*ILLINOIS MUNICIPAL RETIR					100 E	31661	ERI	16,426.58	BK
3/05/2013	0						100 B	3053	BOARD SHARE IMRF	1,886.10	BK
3/20/2013	0						100 B	3203	BOARD SHARE IMRF	1,995.74	BK
4/05/2013	0						100 B	4053	BOARD SHARE IMRF	2,149.92	BK
4/19/2013	0						100 B	4193	BOARD SHARE IMRF	1,800.12	BK
5/03/2013	0						100 B	5033	BOARD SHARE IMRF	1,862.20	BK
5/20/2013	7113	*ILLINOIS MUNICIPAL RETIR					100 E	36724	IMRF EMPLOYER	219.51	BK
5/20/2013	7113	*ILLINOIS MUNICIPAL RETIR					100 E	36724	IMRF EMPLOYER	121.89	BK
5/20/2013	0						100 B	5203	BOARD SHARE IMRF	1,883.04	BK
6/05/2013	0						100 B	6053	BOARD SHARE IMRF	2,028.03	BK
6/20/2013	0						100 B	6203	BOARD SHARE IMRF	1,883.04	BK
** TOTAL # TRANSACTIONS: 35									** ACCT 5 TOTAL:	72,949.81	**

ACCT#	/EXP/	1	2520	213	0	0	EDUCATION	BUSINESS SER	FICA	BENEFITS	
7/05/2012	0						100 B	7052	BOARD SHARE FICA	1,184.58	BK

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*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
7/20/2012	0		100	B	7202			BOARD SHARE FICA	1,351.83	BK	
8/03/2012	0		100	B	8032			BOARD SHARE FICA	1,235.98	BK	
8/20/2012	0		100	B	8202			BOARD SHARE FICA	812.52	BK	
9/05/2012	0		100	B	9052			BOARD SHARE FICA	876.98	BK	
9/20/2012	0		100	B	9202			BOARD SHARE FICA	803.59	BK	
10/05/2012	0		100	B	10052			BOARD SHARE FICA	736.14	BK	
10/19/2012	0		100	B	10192			BOARD SHARE FICA	682.10	BK	
11/05/2012	0		100	B	11052			BOARD SHARE FICA	738.60	BK	
11/20/2012	0		100	B	11202			BOARD SHARE FICA	713.18	BK	
12/05/2012	0		100	B	12052			BOARD SHARE FICA	732.46	BK	
12/20/2012	0		100	B	12202			BOARD SHARE FICA	698.48	BK	
1/04/2013	0		100	B	1043			BOARD SHARE FICA	735.22	BK	
1/18/2013	0		100	B	1183			BOARD SHARE FICA	679.51	BK	
2/05/2013	0		100	B	2053			BOARD SHARE FICA	806.31	BK	
2/20/2013	0		100	B	2203			BOARD SHARE FICA	707.66	BK	
3/05/2013	0		100	B	3053			BOARD SHARE FICA	666.04	BK	
3/20/2013	0		100	B	3203			BOARD SHARE FICA	714.10	BK	
4/05/2013	0		100	B	4053			BOARD SHARE FICA	761.55	BK	
4/19/2013	0		100	B	4193			BOARD SHARE FICA	673.08	BK	
5/03/2013	0		100	B	5033			BOARD SHARE FICA	697.88	BK	
5/20/2013	0		100	B	5203			BOARD SHARE FICA	705.83	BK	
6/05/2013	0		100	B	6053			BOARD SHARE FICA	777.17	BK	
6/20/2013	0		100	B	6203			BOARD SHARE FICA	708.58	BK	
** TOTAL # TRANSACTIONS: 24									** ACCT \$ TOTAL:	19,199.37	**

ACCT#	/EXP/	1	2520	214	0	0	EDUCATION	BUSINESS SER	MEDICARE	BENEFITS	
7/05/2012	0					100	B	7052	BOARD SHARE MEDICARE		360.48 BK
7/20/2012	0					100	B	7202	BOARD SHARE MEDICARE		411.85 BK
7/26/2012	41132	UNITED STATES TREASURY				100	E	16965	BUSINESS SERMEDI		35.41 MW
8/03/2012	0					100	B	8032	BOARD SHARE MEDICARE		378.61 BK
8/20/2012	0					100	B	8202	BOARD SHARE MEDICARE		368.63 BK
9/05/2012	0					100	B	9052	BOARD SHARE MEDICARE		388.43 BK
9/05/2012	0					100	B	4401	P/R VOID CK# 4401 HEALY		85.56- BK
9/05/2012	0					100	B	4401	P/R VOID CK# 4401-HEALY		3.99- BK
9/05/2012	0					100	B	4401	P/R VOID CK# 4401-HEALY		4.22- BK
9/05/2012	0					100	B	4401	P/R VOID CK# 4401-HEALY		85.56- BK
9/05/2012	0					100	B	4401	P/R VOID CK# 4401-HEALY		3.99- BK
9/07/2012	0					100	B	9072	BOARD SHARE MEDICARE		28.21 BK
9/20/2012	0					100	B	9202	BOARD SHARE MEDICARE		187.95 BK
10/05/2012	0					100	B	10052	BOARD SHARE MEDICARE		299.78 BK
10/19/2012	0					100	B	10192	BOARD SHARE MEDICARE		231.31 BK
10/24/2012	7303	*UNITED STATES TREASURY				100	E	23251	3RD QTR/941		17.50 BK
11/05/2012	0					100	B	11052	BOARD SHARE MEDICARE		276.44 BK
11/20/2012	0					100	B	11202	BOARD SHARE MEDICARE		238.59 BK
12/05/2012	0					100	B	12052	BOARD SHARE MEDICARE		251.07 BK
12/20/2012	0					100	B	12202	BOARD SHARE MEDICARE		243.12 BK
1/04/2013	0					100	B	1043	BOARD SHARE MEDICARE		227.80 BK
1/18/2013	0					100	B	1183	BOARD SHARE MEDICARE		238.67 BK
2/05/2013	0					100	B	2053	BOARD SHARE MEDICARE		268.31 BK

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*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
2/20/2013	0		100	B	2203			BOARD SHARE MEDICARE	237.30	BK	
3/05/2013	0		100	B	3053			BOARD SHARE MEDICARE	219.57	BK	
3/20/2013	0		100	B	3203			BOARD SHARE MEDICARE	222.85	BK	
4/05/2013	0		100	B	4053			BOARD SHARE MEDICARE	217.99	BK	
4/19/2013	0		100	B	4193			BOARD SHARE MEDICARE	189.32	BK	
5/03/2013	0		100	B	5033			BOARD SHARE MEDICARE	211.07	BK	
5/20/2013	0		100	B	5203			BOARD SHARE MEDICARE	237.59	BK	
6/05/2013	0		100	B	6053			BOARD SHARE MEDICARE	225.26	BK	
6/20/2013	0		100	B	6203			BOARD SHARE MEDICARE	209.24	BK	
** TOTAL # TRANSACTIONS: 32									** ACCT \$ TOTAL:	6,239.03	**

ACCT# /EXP/	1	2520	221	0	0	EDUCATION	BUSINESS	LIFE	BENEFITS		
7/31/2012	0				100	M	0	LIFE INSURANCE		85.31	DL
8/31/2012	0				100	M	0	LIFE INSURANCE		85.31	DL
9/30/2012	0				100	M	0	TOTAL LIFE D100		45.52	DL
10/31/2012	0				100	M	0	TOTAL LIFE INSURANCE OCTOBER 2		45.52	DL
11/30/2012	0				100	M	0	LIFE INS (6) NOV 2012		45.52	DL
12/31/2012	0				100	M	0	TOTAL LIFE INSURANCE		45.52	DL
1/31/2013	0				100	M	0	JANUARY TOTAL LIFE		45.52	DL
3/31/2013	0				100	M	0	FEBRUARY 2013 LIFE INS PREMIUM		45.52	DL
3/31/2013	0				100	M	0	MARCH 2013 LIFE INS PREMIUM		45.52	DL
5/31/2013	0				100	M	0	MAY 2013 LIFE INSURANCE		45.52	DL
6/01/2013	0				100	M	0	Life Insurance		45.52	LC
6/30/2013	0				100	M	0	APRIL LIFE INS		45.52	MW
** TOTAL # TRANSACTIONS: 12									** ACCT \$ TOTAL:	625.82	**

ACCT# /EXP/	1	2520	222	0	0	EDUCATION	BUSINESS SER	MEDICAL	BENEFITS		
7/31/2012	0				100	M	0	HMO FAMILY CONWAY		1,456.65	DL
7/31/2012	0				100	M	0	HMO SINGLE + 1 CARNEVALE		797.35	DL
7/31/2012	0				100	M	0	HMO SINGLE + 1 GREEN		797.35	DL
7/31/2012	0				100	M	0	HMO SINGLE + 1 WOODS		797.35	DL
7/31/2012	0				100	M	0	PPO SINGLE HEALY		505.38	DL
7/31/2012	0				100	M	0	PPO SINGLE BART		505.38	DL
7/31/2012	0				100	M	0	PPO FAMILY BECHTOLD		1,385.29	DL
7/31/2012	0				100	M	0	PPO SINGLE + 1 LEWIS		1,385.29	DL
8/31/2012	0				100	M	0	HMO FAMILY CONWAY		1,456.65	DL
8/31/2012	0				100	M	0	HMO SINGLE + 1 CARNEVALE		797.35	DL
8/31/2012	0				100	M	0	HMO SINGLE + 1 GREEN		797.35	DL
8/31/2012	0				100	M	0	HMO SINGLE + 1 WOODS		797.35	DL
8/31/2012	0				100	M	0	PPO SINGLE HEALY		505.38	DL
8/31/2012	0				100	M	0	PPO SINGLE BART		505.38	DL
8/31/2012	0				100	M	0	PPO FAMILY BECHTOLD		1,385.29	DL
8/31/2012	0				100	M	0	PPO SINGLE + 1 LEWIS		1,385.29	DL
9/30/2012	0				100	M	0	HMO ILL. FAMILY CONWAY D100		1,456.65	DL
9/30/2012	0				100	M	0	HMO ILL. SINGLE+1 CARNEVALE D1		797.35	DL
9/30/2012	0				100	M	0	HMO ILL. SINGLE+1 GREEN D100		797.35	DL
9/30/2012	0				100	M	0	HMO ILL. SINGLE+1 WOODS D100		797.35	DL
9/30/2012	0				100	M	0	PPO SINGLE BART D100		505.38	DL

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
9/30/2012	0		100	M	0			PPO FAMILY BECHTOLD D100	1,385.29	DL	
9/30/2012	0		100	M	0			PPO SINGLE+1 LEWIS D100	1,385.29	DL	
10/31/2012	0		100	M	0			HMO HEALTH INSURANCE FAMILY CO	1,456.65	DL	
10/31/2012	0		100	M	0			HMO HEALTH INS. SINGLE+1 CARNE	797.35	DL	
10/31/2012	0		100	M	0			HMO HEALTH INS. SINGLE+1 GREEN	797.35	DL	
10/31/2012	0		100	M	0			HMO HEALTH INS. SINGLE+1 WOODS	797.35	DL	
10/31/2012	0		100	M	0			PPO HEALTH INSURANCE SINGLE BA	505.38	DL	
10/31/2012	0		100	M	0			PPO HEALTH INS. FAMILY BECHTOL	1,385.29	DL	
10/31/2012	0		100	M	0			PPO HEALTH INSURANCE SINGLE LE	1,385.29	DL	
11/30/2012	0		100	M	0			HMO FAMILY CONWAY	1,456.65	DL	
11/30/2012	0		100	M	0			HMO SINGLE +1 CARNEVALE	797.35	DL	
11/30/2012	0		100	M	0			HMO SINGLE +1 GREEN	797.35	DL	
11/30/2012	0		100	M	0			HMO SINGLE +1 WOODS	797.35	DL	
11/30/2012	0		100	M	0			PPO SINGLE BART	505.38	DL	
11/30/2012	0		100	M	0			PPO SINGLE COBRA HEALY	505.38	DL	
11/30/2012	0		100	M	0			PPO FAMILY BECHTOLD	1,385.29	DL	
11/30/2012	0		100	M	0			PPO SINGLE + 1 LEWIS	1,385.29	DL	
12/31/2012	0		100	M	0			HMO HEALTH FAMILY CONWAY	1,456.65	DL	
12/31/2012	0		100	M	0			HMO HEALTH SINGLE +1 CARNEVALE	797.35	DL	
12/31/2012	0		100	M	0			HMO HEALTH SINGLE +1 GREEN	797.35	DL	
12/31/2012	0		100	M	0			HMO HEALTH SINGLE +1 WOODS	797.35	DL	
12/31/2012	0		100	M	0			PPO HEALTH BART SINGLE	505.38	DL	
12/31/2012	0		100	M	0			PPO HEALTH HEALY SINGLE/COBRA	505.38	DL	
12/31/2012	0		100	M	0			PPO HEALTH BECHTOLD FAMILY	1,385.29	DL	
12/31/2012	0		100	M	0			PPO HEALTH LEWIS SINGLE + 1	1,385.29	DL	
1/31/2013	0		100	M	0			JANUARY HEALTH INSURANCE	7,630.04	DL	
1/31/2013	0		100	M	0			FEBRUARY 2013 HEALTH INS PREMI	7,630.04	DL	
1/31/2013	0		100	M	0			MARCH 2013 HEALTH INS PREMIUM	7,630.04	DL	
5/31/2013	0		100	M	0			PPO SINGLE COBRA HLTH INS MAY	505.38	DL	
4/01/2013	0		100	M	0			July Medical Insurance	8,289.34	LC	
6/30/2013	0		100	M	0			APRIL HEALTH INS	8,270.24	MW	
** TOTAL # TRANSACTIONS: 52									** ACCT \$ TOTAL:	84,724.56	**

ACCT#	/EXP/	L	2520	223	0	0	EDUCATION	BUSINESS SER	DENTAL	BENEFITS		
7/30/2012	10884	GUARDIAN					100 E	17022 458343	DENTAL 7-2012 DIV OO/TREASURER		33.00	MW
7/30/2012	10884	GUARDIAN					100 E	17022 458343	DENTAL 8-1 DIV OO/TREASURER		33.00	MW
7/30/2012	10884	GUARDIAN					100 E	17022 458343	DENTAL 8-1 DIV 02/102		1,468.68	MW
7/30/2012	10884	GUARDIAN					100 E	17022 458343	DENTAL 8-1 DIV 02/102		1,468.50	MW
7/30/2012	10884	GUARDIAN					100 E	17022 458343	DENTAL 7-1 DIV 01/103		1,348.04	MW
7/30/2012	10884	GUARDIAN					100 E	17022 458343	DENTAL 8-1 DIV 01/103		1,350.01	MW
7/31/2012	0						100 M	0	J/E DENTAL INS GUARDIAN S/B D9		5,701.23	DL
9/30/2012	0						100 M	0	TOTAL DENTAL JULY 2012 D100		89.29	DL
9/30/2012	0						100 M	0	TOTAL DENTAL AUGUST 2012 D100		89.29	DL
9/30/2012	0						100 M	0	TOTAL DENTAL SEPTEMBER 2012 D1		81.46	DL
9/30/2012	0						100 M	0	DENTAL JULY 2012 D100 REVERSAL		89.29	DL
9/30/2012	0						100 M	0	DENTAL AUGUST 2012 D100 REVERS		89.29	DL
9/30/2012	0						100 M	0	DENTAL SEPTEMBER 2012 D100 REV		81.46	DL
9/30/2012	0						100 M	0	DENTAL JULY 2012 D100		38.50	DL
9/30/2012	0						100 M	0	DENTAL AUGUST 2012 D100		38.50	DL

LYONS TOWNSHIP
 *** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
9/30/2012	0		100 M	0			DENTAL SEPTEMBER 2012 D100	33.00	DL	
10/31/2012	0		100 M	0			TOTAL DENTAL INSURANCE OCTOBER	81.46	DL	
11/30/2012	0		100 M	0			DENTAL INS (6) NOV 2012	81.46	DL	
12/31/2012	0		100 M	0			TOTAL DENTAL INSURANCE	81.46	DL	
1/31/2013	0		100 M	0			JANUARY TOTAL DENTAL	81.46	DL	
3/31/2013	0		100 M	0			FEBRUARY 2013 DENTAL INS PREMI	81.46	DL	
3/31/2013	0		100 M	0			MARCH 2013 DENTAL INS PREMIUM	81.46	DL	
5/01/2013	0		100 M	0			Reclass Dental Payment	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment Nov 12	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment Dec 12	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment Nov 12	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment Nov 12	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment Jan 12	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment Feb 12	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment March 1	81.46	LC	
5/01/2013	0		100 M	0			Reclass Dental Payment May 12	81.46	LC	
5/31/2013	0		100 M	0			MAY 2013 DENTAL INSURANCE	81.46	DL	
6/01/2013	0		100 M	0			Dental Insurance	33.00	LC	
6/30/2013	0		100 M	0			RECLASS MAY DENTAL BOOKED	81.46	MW	
6/30/2013	0		100 M	0			RECLASS MAY DENTAL PYMT	33.00	MW	
6/30/2013	0		100 M	0			APRIL VISION INS	81.46	MW	
								** ACCT \$ TOTAL:	176.00	**
** TOTAL # TRANSACTIONS:		36								

ACCT#	/EXP/	1	2520	225	0	0	EDUCATION	BUSINESS SER	VISION	BENEFITS	DET AMOUNT	OP
9/30/2012	0						100 M	0	TOTAL VISION JULY 2012 D100		33.00	DL
9/30/2012	0						100 M	0	TOTAL VISION AUGUST 2012 D100		33.00	DL
9/30/2012	0						100 M	0	TOTAL VISION SEPTEMBER 2012 D1		33.00	DL
9/30/2012	0						100 M	0	VISION JULY 2012 D100 REVERSAL		33.00-	DL
9/30/2012	0						100 M	0	VISION AUGUST 2012 D100 REVERS		33.00-	DL
9/30/2012	0						100 M	0	VISION SEPTEMBER 2012 D100 REV		33.00-	DL
10/31/2012	0						100 M	0	TOTAL VISION INSURANCE OCTOBER		33.00	DL
11/30/2012	0						100 M	0	VISION INS (6) NOV 2012		33.00	DL
12/31/2012	0						100 M	0	TOTAL VISION INSURANCE		33.00	DL
1/31/2013	0						100 M	0	JANUARY TOTAL VISION		33.00	DL
2/25/2013	11263	UNITED HEALTHCARE INSURAN					100 E	31463 S1006443248	United Healthcare 3/2013		81.46	LC
3/31/2013	0						100 M	0	FEBRUARY 2013 VISION INS PREMI		33.00	DL
3/31/2013	0						100 M	0	MARCH 2013 VISION INS PREMIUM		33.00	DL
5/07/2013	11599	UNITEDHEALTHCARE INSURANC					100 E	36248 0031196502	Vision Insurance May 2013		81.46	LC
5/28/2013	11599	UNITEDHEALTHCARE INSURANC					100 E	37685 31433909	Vision Insurance June 2013		81.46	LC
6/25/2013	11599	UNITEDHEALTHCARE INSURANC					100 E	39956 0031771401	Vision Insurance		81.46	LC
6/30/2013	0						100 M	0	APRIL DENTAL INS		33.00	MW
								** ACCT \$ TOTAL:		556.84	**	
** TOTAL # TRANSACTIONS:		17										

ACCT#	/EXP/	1	2520	311	0	0	EDUCATION	BUSINESS SER	CONTRACTUAL	PURCH SERVS	DET AMOUNT	OP
10/05/2012	4349	CAROLINE A. BARTOSZEWSKI					100 E	21511	CONTRACTUAL 0		955.32	DL
10/31/2012	3605	KELLY BRADSHAW					100 E	23720 0011	SERVICES 8/20-8/30/12		970.00	LC
10/31/2012	3605	KELLY BRADSHAW					100 E	23720 0012	SERVICES 9/6-9/14/12		2,892.50	LC
10/31/2012	3605	KELLY BRADSHAW					100 E	23720 0013	SERVICES 9/17-9/28/12		4,225.00	LC

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*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
10/31/2012	3605	KELLY BRADSHAW	100	E	23720	0014		SERVICES 10/01-10/15/12	4,290.00	LC	
5/01/2013	0		100	M		0		Reclass KB to 1-2520-311	1,140.00	LC	
5/01/2013	0		100	M		0		Reclass KB to 1-2520-311	1,090.00	LC	
5/01/2013	0		100	M		0		Reclass KB to 1-2520-311	680.00	LC	
5/01/2013	0		100	M		0		Reclass KB to 1-2520-311	1,200.00	LC	
5/07/2013	3605	KELLY BRADSHAW	100	E	36237	103112		Services Oct 16 thru Oct 31	4,680.00	LC	
5/07/2013	3605	KELLY BRADSHAW	100	E	36237	113012		Services Nov 1 thru Nov 30	8,125.00	LC	
5/07/2013	3605	KELLY BRADSHAW	100	E	36237	122712		Services Dec 1 thru Dec 31	650.00	LC	
5/07/2013	3605	KELLY BRADSHAW	100	E	36237	011012		Services Jan 1 thru Jan 31	2,892.50	LC	
5/07/2013	3605	KELLY BRADSHAW	100	E	36237	022613		Services Feb 1 thru Feb 28	2,616.25	LC	
5/07/2013	3605	KELLY BRADSHAW	100	E	36237	032513		Services Mar 1 thru Mar 31	5,070.00	LC	
5/07/2013	3605	KELLY BRADSHAW	100	E	36237	043013		Services Apr 1 thru Apr 30	6,678.75	LC	
5/07/2013	5277	MARI WOODS	100	E	36241			MILEAGE REIMB	31.64	LC	
6/25/2013	3605	KELLY BRADSHAW	100	E	39952	0022		CPA Services May 2013	8,417.50	LC	
6/25/2013	3605	KELLY BRADSHAW	100	E	39952	0023		CPA Services June 2013	5,931.25	LC	
** TOTAL # TRANSACTIONS: 19									** ACCT \$ TOTAL:	62,535.71	**

ACCT# /EXP/	1	2520	312	0	0	EDUCATION	CONTRACTUAL	TEMP EMPLOYE	PURCH SERVS		
10/31/2012	4450	MARK DUDZIK, CPA	100	E	23724	0		SERVICES 10/10 & 10/13	650.00	LC	
12/21/2012	4450	MARK DUDZIK, CPA	100	E	27643	1017-1031		PREPARATION OF 204'S BANK RECS	1,560.00	LC	
12/21/2012	4450	MARK DUDZIK, CPA	100	E	27643	1101-1115		RECONCILIATION OF 204'S BANK R	1,560.00	LC	
12/21/2012	4450	MARK DUDZIK, CPA	100	E	27643	1116-1130		RECONCILIATION OF 204'S BANK R	1,235.00	LC	
1/28/2013	4450	MARK DUDZIK, CPA	100	E	29414			CPA Services 12-5 thru 12-15	1,901.25	LC	
1/28/2013	4450	MARK DUDZIK, CPA	100	E	29414			CPA Services 12-19 thru 12-30	1,868.75	LC	
1/28/2013	4450	MARK DUDZIK, CPA	100	E	29414			CPA Services 01-02 thru 01-15	1,527.50	LC	
2/25/2013	4450	MARK DUDZIK, CPA	100	E	31459			CPA Services 1/16-1/30	2,892.50	LC	
2/25/2013	4450	MARK DUDZIK, CPA	100	E	31459			CPA Services 02/02-02/13	2,518.75	LC	
3/21/2013	4450	MARK DUDZIK, CPA	100	E	33339	022013		Services 2/17-2/27	1,100.00	LC	
5/07/2013	4450	MARK DUDZIK, CPA	100	E	36242	032013		Training/204 accounts	1,121.25	LC	
5/28/2013	4450	MARK DUDZIK, CPA	100	E	37680	0413		Training Services	195.00	LC	
** TOTAL # TRANSACTIONS: 12									** ACCT \$ TOTAL:	18,330.00	**

ACCT# /EXP/	1	2520	315	0	0	EDUCATION	BUSINESS SER	GOTOMYPC	PURCH SERVS		
8/31/2012	2179	FIRST NATIONAL BANK OF LA	100	E	19028	2094		SUPPLIES	50.85	MW	
10/31/2012	4452	CARDMEMBER SERVICE	100	E	23713	0		1 YR REMOTE COMPUTER ACCESS	454.72	LC	
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	505.57	**

ACCT# /EXP/	1	2520	316	0	0	EDUCATION	BUSINESS SER	IT SERVICES	PURCH SERVS	
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		TTO FIXED A/P	175.00	MW
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		PROGRAMMING 217	210.00	MW
								1 2520 316 217 0		
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		PROGRAMMING 104	210.00	MW
								1 2520 316 104 0		
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		SET UP FOR NEXT YRS REQ-CLEAN	245.00	MW
								1 2520 316 104 0		
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		REQUISITIONS WORK	140.00	MW
								1 2520 316 217 0		

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*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		REQUISITIONS WORK	140.00	MW
								-- ACCOUNT TRANSFERRED FROM:		
							1 2520 316 217 0			
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		MEDICAL INS YTD REPORT LICENSE	250.00	MW
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		INSTALLED & TESTED MED INS YTD	140.00	MW
7/06/2012	7902	DATA CONTROL AND RESEARCH	100	E	15929	11269		A/P RUN FIX DUE TO CREDIT CRD	385.00	MW
								-- ACCOUNT TRANSFERRED FROM:		
							1 2520 316 103 0			
7/06/2012	7994	STAPLETON & ASSOCIATES	100	E	15938	9672		PC WORK ON BEVS COMPUTER	350.00	MW
7/06/2012	7994	STAPLETON & ASSOCIATES	100	E	15938	9672		PURCHASED 3 DELL PCS ID2004041	2,196.15	MW
7/06/2012	7994	STAPLETON & ASSOCIATES	100	E	15938	9672		PC CONFIGURATION TIME	385.00	MW
7/06/2012	7994	STAPLETON & ASSOCIATES	100	E	15938	9672		PC WORK FOR BEC BACKUP OLD SYS	455.00	MW
7/06/2012	7994	STAPLETON & ASSOCIATES	100	E	15938	9672		MILIAGE	34.50	MW
7/17/2012	7902	DATA CONTROL AND RESEARCH	100	E	16507	11298		PROGRAMMING TTO	2,744.70	FG
7/17/2012	7902	DATA CONTROL AND RESEARCH	100	E	16507	11447		PROGRAMMING TTO	119.00	FG
7/17/2012	7994	STAPLETON & ASSOCIATES	100	E	16510	9674		PROGRAMMING TTO	2,016.40	FG
8/30/2012	7915	BBS	100	E	19035	82912		PROGRAMMING TTO	500.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11455		LOGIN SETUP-MARI	70.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11455		CLEAR DIST#105 A/P BAD DATE	70.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11455		DIST#109 W/PO PRINTING	70.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11455		ALL DIST# WORKED ON SALARY VER	280.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11455		DIST#103 RELATIVITY TABLE SETU	140.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11484		SETUP JCL EMPLOYEE LEAVE VERIF	28.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11484		CHANGED SALARY LETTER 2012-201	70.00	MW
8/31/2012	7902	DATA CONTROL AND RESEARCH	100	E	19025	11484		SETUP AUDITOR EXTRACT CSV FILE	86.80	MW
8/31/2012	7994	STAPLETON & ASSOCIATES	100	E	19032	9680		SETUP PASSWORDS FOR UNIX HP	945.00	MW
9/28/2012	7902	DATA CONTROL AND RESEARCH	100	E	21333	11522		BANK AUTO CK REC IMPORT	2,030.00	LC
9/28/2012	7902	DATA CONTROL AND RESEARCH	100	E	21333	11508		SSN PROGRAM CHANGES	215.60	LC
9/28/2012	7994	STAPLETON & ASSOCIATES	100	E	21341	9689		WORK ON TREASURERS PC, 108 PRI	630.00	LC
10/31/2012	4293	DATA CONTROL & RESEARCH,	100	E	23714	11543		REMOVED TREASURER'S NAME	102.20	LC
10/31/2012	4293	DATA CONTROL & RESEARCH,	100	E	23714	11556		CHANGE SIGNATURE ON CKS	455.00	LC
10/31/2012	4453	J. BUTKUS CONSULTING, LLC	100	E	23718	1042		ANALYZED COMPUTER SYSTEM	240.00	LC
12/21/2012	4293	DATA CONTROL & RESEARCH,	100	E	27630	11624		104 PROGRAMMING WORK	148.40	LC
12/21/2012	4293	DATA CONTROL & RESEARCH,	100	E	27630	11602		PAYROLL QUERYS/ID QUERYS	350.00	LC
12/31/2012	7994	STAPLETON & ASSOCIATES	100	C		0		ADJUST 2012 1099 EQ PURCHASE	2,196.15	DL
12/31/2012	7994	STAPLETON & ASSOCIATES	100	C		0		REVERSAL TO 2012 1099 EQ PURCH	2,196.15	DL
1/28/2013	4293	DATA CONTROL & RESEARCH,	100	E	29406	11635		Programming to Check Rec	385.00	LC
2/25/2013	4293	DATA CONTROL & RESEARCH,	100	E	31452	11762		Programming changes	5,064.10	LC
3/21/2013	4293	DATA CONTROL & RESEARCH,	100	E	33331	3813		Prior Periods Module	715.00	LC
3/21/2013	4293	DATA CONTROL & RESEARCH,	100	E	33331	11797		102 & 217 Spreadsheets	280.00	LC
3/21/2013	4293	DATA CONTROL & RESEARCH,	100	E	33331	11810		103 Balance support	46.20	LC
3/21/2013	4453	J. BUTKUS CONSULTING, LLC	100	E	33335	1070		Office Program & Computer Work	479.99	LC
3/21/2013	7994	STAPLETON & ASSOCIATES	100	E	33342	9714		Unix operating user list	478.00	LC
3/31/2013	0		100	M		0		GO DADDY/WEBSITE	356.38	DL
5/07/2013	4293	DATA CONTROL & RESEARCH,	100	E	36230	11525		Salary Import for Ladse 2045	280.00	LC
5/07/2013	4293	DATA CONTROL & RESEARCH,	100	E	36230	11827		EIS Tracking State System	925.00	LC
5/07/2013	4293	DATA CONTROL & RESEARCH,	100	E	36230	11850		Deleted PR W2BENFILE Records	210.00	LC
5/07/2013	4293	DATA CONTROL & RESEARCH,	100	E	36230	11869		EIS Data Import for #107	280.00	LC
5/07/2013	4293	DATA CONTROL & RESEARCH,	100	E	36230	11863		EIS Training and Misc Data Fil	3,024.70	LC
5/07/2013	4453	J. BUTKUS CONSULTING, LLC	100	E	36235	1078		Firewall Security Installation	240.00	LC
5/07/2013	5305	MICHAEL THIESSEN	100	E	36244	200000531327		Reimb/QuickBooks Plus Pro Down	318.70	LC
5/07/2013	7994	STAPLETON & ASSOCIATES	100	E	36247	9716		Syslogs, IP Security, Firewall	1,154.50	LC

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
5/28/2013	4293	DATA CONTROL & RESEARCH,	100	E	37676	11924		217//102 mvr and rcddts code ch	105.00	LC	
5/28/2013	7994	STAPLETON & ASSOCIATES	100	E	37684	9720		Recovery Tape Script	455.00	LC	
6/25/2013	4293	DATA CONTROL & RESEARCH,	100	E	39945	11935		Unemployment reports for 107 &	149.80	LC	
** TOTAL # TRANSACTIONS: 56									** ACCT \$ TOTAL:	31,574.12	**

ACCT# /EXP/	1	2520	316	100	0	EDUCATION	BUSINESS SER	ANNUAL MAINT	DCR		
8/31/2012	521	BAKER-TILLY, VIRCHOW, KRAUS	100	E	19023	BT608965		BKKEEPING SERVICES TO 7-31-12	8,915.00	MW	
8/31/2012	521	BAKER-TILLY, VIRCHOW, KRAUS	100	E	19023	BT608953		7-31-12 IN CONNECTION W/6-30-1	8,000.00	MW	
10/29/2012	0		100	M	0			J/E RECLASS TO 1-2530-317	8,915.00	DL	
10/29/2012	0		100	M	0			J/E RECLASS TO 1-2520-317	8,000.00	DL	
12/31/2012	4293	DATA CONTROL & RESEARCH,	100	E	27630	11724		2013 ANNUAL MAINTENANCE	26,722.65	LC	
** TOTAL # TRANSACTIONS: 5									** ACCT \$ TOTAL:	26,722.65	**

ACCT# /EXP/	1	2520	316	103	0	*****	*****	*****	*****	*****	*****						
8/03/2012	0		100	T	0			032012	.00	LC							
ACCOUNT TRANSFERRED FROM:									1	2520	316	0	0		** ACCT \$ TOTAL:	.00	**
** TOTAL # TRANSACTIONS: 1																	

ACCT# /EXP/	1	2520	316	104	0	*****	*****	*****	*****	*****	*****						
8/03/2012	0		100	T	0			032012	.00	LC							
ACCOUNT TRANSFERRED FROM:									1	2520	316	0	0		** ACCT \$ TOTAL:	.00	**
** TOTAL # TRANSACTIONS: 1																	

ACCT# /EXP/	1	2520	316	217	0	*****	*****	*****	*****	*****	*****						
8/03/2012	0		100	T	0			032012	.00	LC							
ACCOUNT TRANSFERRED FROM:									1	2520	316	0	0		** ACCT \$ TOTAL:	.00	**
** TOTAL # TRANSACTIONS: 1																	

ACCT# /EXP/	1	2520	317	0	0	EDUCATION	BUSINESS SER	AUDIT FY12	BT		
7/04/2012	521	BAKER-TILLY, VIRCHOW, KRAUS	100	E	15939	BT603588		AUDIT WORK TTO	\$,261.25	MW	
7/09/2012	3605	KELLY BRADSHAW	100	E	16010	063012		SERVICES RENDERED 6-15 TO 6-30	1,140.00	MW	
7/11/2012	7804	CHERYL SUDD	100	E	16175	71112		SERVICES RENDERED 11-05-11 TO	1,215.00	MW	
8/31/2012	3605	KELLY BRADSHAW	100	E	19030	0008		SERVICES RENDERED 7-1 TO 7-15-	1,090.00	MW	
8/31/2012	3605	KELLY BRADSHAW	100	E	19030	0009		SERVICES RENDERED 7-15 TO 7-31	680.00	MW	
8/31/2012	3605	KELLY BRADSHAW	100	E	19030	0010		SERVICES RENDERED 8-1 TO 8-15	1,200.00	MW	
10/29/2012	0		100	M	0			J/E RECLASS FROM 1-2520-316-10	8,915.00	DL	
10/29/2012	0		100	M	0			J/E RECLASS TO 1-2520-316-100	8,000.00	DL	
12/21/2012	521	BAKER-TILLY, VIRCHOW, KRAUS	100	E	27628	BT626788		PROF SERVICES 11/23 - JUNE 30T	17,500.00	LC	
12/21/2012	4684	LEGACY PROFESSIONAL LLP	100	E	27642	233631		PROF SERVICES, OCT 2012	7,350.00	LC	
1/28/2013	4684	LEGACY PROFESSIONAL LLP	100	E	29412	234069		Professional Serv Nov 2012	4,050.00	LC	
2/25/2013	4684	LEGACY PROFESSIONAL LLP	100	E	31458	235001		Prof Services Jan 13	10,100.00	LC	
3/21/2013	4684	LEGACY PROFESSIONAL LLP	100	E	33338	23515		Prof Services Feb 2013	5,600.00	LC	
5/01/2013	0		100	M	0			Reclass KB to 1-2520-311	1,140.00	LC	
5/01/2013	0		100	M	0			Reclass KB to 1-2520-311	1,090.00	LC	
5/01/2013	0		100	M	0			Reclass KB to 1-2520-311	680.00	LC	

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
5/01/2013	0		100	M	0			Reclass KB to 1-2520-311	680.00	LC	
5/01/2013	0		100	M	0			Reclass KB to 1-2520-311	680.00	LC	
5/01/2013	0		100	M	0			Reclass KB to 1-2520-311	1,200.00	LC	
5/01/2013	0		100	M	0			Reclass Legacy - 1-2520-318-1	7,350.00	LC	
5/01/2013	0		100	M	0			Reclass Legacy - 1-2520-318-1	4,050.00	LC	
5/01/2013	0		100	M	0			Reclass Legacy - 1-2520-318-1	10,100.00	LC	
5/01/2013	0		100	M	0			Reclass Legacy - 1-2520-318-1	5,600.00	LC	
5/01/2013	0		100	M	0			Reclass Legacy - 1-2520-318-1	7,250.00	LC	
5/07/2013	4684	LEGACY PROFESSIONAL LLP	100	E	36239	235469		Prof Services March 2013	7,250.00	LC	
** TOTAL # TRANSACTIONS: 25									** ACCT \$ TOTAL:	40,891.25	**
ACCT#	/EXP/	1	2520	318	0	0	EDUCATION	BUSINESS SER.	LEGAL SERVIC	GENERAL	
7/23/2012	3808	CLAUSEN MILLER ATTORNEY A	100	E	16808	550076114			LEGAL SERV	5,000.00	MW
8/01/2012	7969	EDWARD J. KING, ATTORNEY	100	E	17177	080112			LEGAL SERV 7-2 TO 7-31-12	6,935.00	MW
8/30/2012	7969	EDWARD J. KING, ATTORNEY	100	V	19026				CANCEL ISSUED CK TO WRONG ATTO	6,301.80	DL
8/30/2012	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	19036	52832			LEGAL SERVICES JUNE 2012	6,301.80	MW
8/31/2012	7969	EDWARD J. KING, ATTORNEY	100	E	19026	52832			PROFESSIONAL SERVICES 6-6 TO 6	6,301.80	MW
9/28/2012	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	21338	53088			LEGAL SERVICES JULY 2012	10,317.38	LC
9/28/2012	7969	EDWARD J. KING, ATTORNEY	100	E	21335				LEGAL SERVICES AUGUST, 2012	13,300.00	LC
10/31/2012	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	23721	0			BAKER TILLY SERVICES	4,360.00	LC
10/31/2012	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	23721	53308			LEGAL SERVIES 08/02-08/31/12	15,180.93	LC
10/31/2012	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	23721	53399			LEGAL SERVICES 09/04-09/30/12	29,399.91	LC
10/31/2012	4461	JASCULCA TEMAN AND ASSOCI	100	E	23719	37638			PROFESSIONAL AFFAIRS 9/2012	4,600.00	LC
10/31/2012	7969	EDWARD J KING, ATTORNEY	100	E	23715				PROF SERVICES SEPT, 2012	14,582.50	LC
12/21/2012	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	27639	53580			PROF SERVICES, OCT 2012	22,003.84	LC
12/21/2012	4461	JASCULCA TEMAN AND ASSOCI	100	E	27638	37836			PROF PA SERVICES OCTOBER 2012	6,125.00	LC
12/21/2012	7969	EDWARD J KING, ATTORNEY	100	E	27632				PROF SERVICES, OCT 2012	8,360.00	LC
12/21/2012	7969	EDWARD J KING, ATTORNEY	100	E	27632				PROF SERVICES, NOV 2012	8,265.00	LC
12/28/2012	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	27758	53688			PROF SERVICES NOVEMBER 2012	25,752.74	LC
1/28/2013	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	29411	54029			Legal Service December 2012 RG	25,134.26	LC
1/28/2013	4461	JASCULCA TEMAN AND ASSOCI	100	E	29410	38001			Expenses through Nov 2012	4,324.06	LC
1/28/2013	7969	EDWARD J KING, ATTORNEY	100	E	29408				Professional Services Dec 2012	3,800.00	LC
2/25/2013	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	31457	54172			Prof Services Jan 11	30,401.56	LC
2/25/2013	4461	JASCULCA TEMAN AND ASSOCI	100	E	31456	38101			Prof Services Dec 12	1,631.25	LC
2/25/2013	7969	EDWARD J KING, ATTORNEY	100	E	31454				Prof Services January 13	3,895.00	LC
3/21/2013	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	33337	54369			Prof Services Feb 2013	27,660.41	LC
3/21/2013	4461	JASCULCA TEMAN AND ASSOCI	100	E	33336	38342			Prof Services Feb 2013	237.50	LC
3/21/2013	7969	EDWARD J KING, ATTORNEY	100	E	33332	032013			Prof Services, Feb 2013	3,230.00	LC
5/01/2013	0		100	M	0				Reclass Jasculca to 1-2520-318	4,324.06	LC
5/01/2013	0		100	M	0				Reclass Jasculca to 1-2520-318	1,631.25	LC
5/01/2013	0		100	M	0				Reclass Jasculca to 1-2520-318	237.50	LC
5/01/2013	0		100	M	0				Reclass Jasculca to 1-2520-318	250.00	LC
5/01/2013	0		100	M	0				Reclass Jasculca to 1-2520-318	4,600.00	LC
5/01/2013	0		100	M	0				Reclass Jasculca to 1-2520-318	6,125.00	LC
5/07/2013	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	36238	54580			Prof Services March 2013	28,838.42	LC
5/07/2013	4461	JASCULCA TEMAN AND ASSOCI	100	E	36236	38497			Prof Services March 2012	250.00	LC
5/07/2013	7969	EDWARD J KING, ATTORNEY	100	E	36231	050113			Prof Services March 2013	2,850.00	LC
5/07/2013	7969	EDWARD J KING, ATTORNEY	100	E	36231	050213			Prof Services April 2013	2,802.50	LC
5/28/2013	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	37679	54766			Prof Services April 2013	31,746.82	LC

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DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
6/25/2013	4125	KUBASIAK, FYLSTRA, THORPE &	100	E	39953	54966		Prof Services April 2013	30,007.31	LC	
6/25/2013	7569	EDWARD J KING, ATTORNEY	100	E	39947	062013		Prof Services May, 2013	6,127.50	LC	
** TOTAL # TRANSACTIONS: 39									** ACCT \$ TOTAL:	366,252.88	**

ACCT#	/EXP/	1	2520	318	1	0	EDUCATION	RESEARCH POL	PUBLIC AFFAI	JASCULA		
5/01/2013	0					100	M	0	Reclass Legacy - 1-2520-318-1		7,350.00	LC
5/01/2013	0					100	M	0	Reclass Legacy - 1-2520-318-1		4,050.00	LC
5/01/2013	0					100	M	0	Reclass Legacy - 1-2520-318-1		10,100.00	LC
5/01/2013	0					100	M	0	Reclass Legacy - 1-2520-318-1		5,600.00	LC
5/01/2013	0					100	M	0	Reclass Legacy - 1-2520-318-1		7,250.00	LC
5/01/2013	0					100	M	0	Reclass Jasculca to 1-2520-318		4,324.06	LC
5/01/2013	0					100	M	0	Reclass Jasculca to 1-2520-318		1,631.25	LC
5/01/2013	0					100	M	0	Reclass Jasculca to 1-2520-318		237.50	LC
5/01/2013	0					100	M	0	Reclass Jasculca to 1-2520-318		250.00	LC
5/01/2013	0					100	M	0	Reclass Jasculca to 1-2520-318		4,600.00	LC
5/01/2013	0					100	M	0	Reclass Jasculca to 1-2520-318		6,125.00	LC
6/25/2013	4461	JASCULCA TEMAN AND ASSOCI	100	E	39951	38121			Prof Services December 2012		34.67	LC
6/25/2013	4461	JASCULCA TEMAN AND ASSOCI	100	E	39951	38205			Prof Services January 2013		737.50	LC
6/25/2013	4461	JASCULCA TEMAN AND ASSOCI	100	E	39951	36625			Prof Services April 2013		4,668.75	LC
6/25/2013	4684	LEGACY PROFESSIONAL LLP	100	E	39954	234414			Prof Services December 2012		2,000.00	LC
6/25/2013	4684	LEGACY PROFESSIONAL LLP	100	E	39954	236147			Prof Services April & May 2013		4,600.00	LC
** TOTAL # TRANSACTIONS: 16									** ACCT \$ TOTAL:	63,558.73	**	

ACCT#	/EXP/	1	2520	319	0	0	EDUCATION	BUSINESS SER	BONDING EXP	PURCH SERVS		
7/17/2012	8081	BRIARGATE INS SERVICES IN	100	E	16506	2461			REN BOND TREASURER'S		12,750.00	FG
9/28/2012	8081	BRIARGATE INS SERVICES IN	100	E	21332	2487			DEBT SERVICE BOND (510,000)		425.00	LC
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	13,175.00	**	

ACCT#	/EXP/	1	2520	320	0	0	EDUCATION	BUSINESS SER				
8/31/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	19020	215851			SUPPLIES		178.51	MW
8/31/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	19020	216823			SUPPLIES		249.50	MW
9/30/2012	0					100	M	0	RECLASS TO OFFICE SUPPLIES		428.01	DL
** TOTAL # TRANSACTIONS: 3									** ACCT \$ TOTAL:	856.02	**	

ACCT#	/EXP/	1	2520	321	0	0	EDUCATION	BUSINESS SER	BANK FEES	PURCH SERVS		
7/31/2012	0					100	M	0	SERVICE CHARGE (JULY) AMALGAMA		2,892.65	DL
9/30/2012	0					100	M	0	MONTHLY FEE 141488 D102 CCD SE		19.90	DL
9/30/2012	0					100	M	0	MONTHLY FEE 141488 D102 CCD AU		19.90	DL
10/29/2012	0					100	M	0	J/E ACCT ANALYSIS FEE REVERSED		2,892.65	DL
2/28/2013	0					100	M	0	RECLASS ANALG ANALYSIS FEE		2,375.13	DL
** TOTAL # TRANSACTIONS: 5									** ACCT \$ TOTAL:	2,414.93	**	

ACCT#	/EXP/	1	2520	323	0	0	EDUCATION	BUSINESS SER	CUSTODIAN	PURCH SERVS		
7/31/2012	0					100	M	0	RECLASS CLEANING SERVICE		800.00	DL
9/05/2012	0					100	P	0	PAYROLL EXPENSE		400.00	BK

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
9/30/2012	0		100	M	0			REVERS JULY J/E NOT NEEDED PAY	800.00	DL	
10/05/2012	0		100	P	0			PAYROLL EXPENSE	400.00	BK	
** TOTAL # TRANSACTIONS: 4									** ACCT \$ TOTAL:	.00	**

ACCT#	/EXP/	1	2520	326	0	0	EDUCATION	BUSINESS SER	PROP APPR	PURCH SERVS	DET AMOUNT	OP
7/31/2012	0			100	M	0			TTO MTHLY RENT PYMT 7/1/11-6/3		3,393.17	DL
8/31/2012	0			100	M	0			LEASE AMT TO D102 ADJ AFTR BD		3,294.37	DL
9/30/2012	0			100	M	0			RECLASS RENT TO 2-2520-326		3,393.17	DL
9/30/2012	0			100	M	0			RECLASS RENT TO 2-2520-326		3,294.37	DL
9/30/2012	0			100	M	0			RECLASS RENT FROM 2-2520-326		3,393.17	DL
9/30/2012	0			100	M	0			RECLASS RENT FROM 2-2520-326 R		3,393.17	DL
9/30/2012	0			100	M	0			RECLASS RENT FROM 1-2520-326		3,393.17	DL
9/30/2012	0			100	M	0			RECLASS RENT FROM 1-2520-326 R		3,393.17	DL
** TOTAL # TRANSACTIONS: 8									** ACCT \$ TOTAL:	.00	**	

ACCT#	/EXP/	1	2520	329	0	0	EDUCATION	BUSINESS SER	INSURABLE VALUES 3-1-12	PURCH SERVS	DET AMOUNT	OP
7/06/2012	1692	INDUSTRIAL APPRAISAL COMP	100	E	15936	4406920					120.00	MW
** TOTAL # TRANSACTIONS: 1									** ACCT \$ TOTAL:	120.00	**	

ACCT#	/EXP/	1	2520	330	0	0	EDUCATION	BUSINESS SER	LEASE XEROX	PURCH SERVS	DET AMOUNT	OP
7/17/2012	7814	XEROX CORPORATION	100	E	16511	62604632			LEASE COPIER		439.72	FG
7/30/2012	7814	XEROX CORPORATION	100	E	17021	215762			LEASE COPIER		234.00	MW
8/31/2012	7814	XEROX CORPORATION	100	E	19033	063009506			LEASE 6-26 TO 7-24-12		459.11	MW
9/28/2012	40045	XEROX	100	E	21343	063570972			BASE & PRINT CHARGE		499.25	LC
10/31/2012	7814	XEROX CORPORATION	100	E	23727	064090516			XEROX LEASE 8/21-9/25/12		532.40	LC
12/21/2012	7814	XEROX CORPORATION	100	E	27650	064672944			XEROX LEASE 9/25-10/23/12		497.52	LC
12/21/2012	7814	XEROX CORPORATION	100	E	27650	065181240			XEROX LEASE 10/23-11/21/12		552.81	LC
1/28/2013	7814	XEROX CORPORATION	100	E	29418				Xerox Lease 11-21 to 12-12		580.01	LC
2/25/2013	7814	XEROX CORPORATION	100	E	11464	066229929			Meter Read 12/21-1/22		464.75	LC
3/21/2013	7814	XEROX CORPORATION	100	E	33343	709394803			Xerox February 2013		515.86	LC
5/07/2013	7814	XEROX CORPORATION	100	E	36249	067228295			March 2013 Xerox Lease		563.45	LC
5/28/2013	7814	XEROX CORPORATION	100	E	37686	067753526			3/21/13-4/21/13 Xerox Lease		540.58	LC
6/25/2013	7814	XEROX CORPORATION	100	E	39957	058263415			Base/Meter Charge Xerox		501.53	LC
** TOTAL # TRANSACTIONS: 13									** ACCT \$ TOTAL:	6,381.01	**	

ACCT#	/EXP/	1	2520	332	0	0	EDUCATION	BUSINESS SER	TRAVEL REIMB	PURCH SERVS	DET AMOUNT	OP
9/27/2012	4315	WILLIAM TELL - HOLIDAY IN	100	E	21274				HOTEL BUSINESS EXP (RE: C.B.)		666.00	BK
9/27/2012	4315	WILLIAM TELL - HOLIDAY IN	100	E	21275				HOTEL BUSINESS EXP (RE: CB)		600.00	BK
10/02/2012	4315	WILLIAM TELL - HOLIDAY IN	100	V	21275				CANCEL CHECK		600.00	DL
** TOTAL # TRANSACTIONS: 3									** ACCT \$ TOTAL:	666.00	**	

ACCT#	/EXP/	1	2520	333	0	0	EDUCATION	BUSINESS SER	NTG EXP	PURCH SERVS	DET AMOUNT	OP
7/05/2012	0			100	P	0			PAYROLL EXPENSE		275.00	BK
7/20/2012	0			100	P	0			PAYROLL EXPENSE		275.00	BK
8/03/2012	0			100	P	0			PAYROLL EXPENSE		275.00	BK

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
8/20/2012	0		100	P	0			PAYROLL EXPENSE	275.00	BK	
9/05/2012	0		100	P	0			PAYROLL EXPENSE	275.00	BK	
9/05/2012	0		100	P	4401			P/R VOID CK# 4401 HEALY	275.00	BK	
** TOTAL # TRANSACTIONS:									6		
									** ACCT 5 TOTAL:	1,100.00	**

ACCT#	/EXP/	1	2520	334	0	0	EDUCATION	BUSINESS SER	LEASE NEPOST	PURCH SERVS	
7/17/2012	7824					100	E	16509 N3403182	LEASE PAYMENT 9-13 TO 8-12-201	1,950.00	FG
10/31/2012	3365					100	E	23723 N3608624	LEASE POSTAGE & FOLDER INSERTE	1,950.00	LC
12/21/2012	3580					100	E	27646 404847	ANNUAL POSTAGE ACH FEE	50.00	LC
1/28/2013	3365					100	E	29413 N3750836	Lease Payment Nov 13 to Feb 13	1,950.00	LC
1/28/2013	3580					100	E	29416 13818286	Ink Cartridge ISINK34	165.99	LC
5/07/2013	3365					100	E	36240 n12021409	Postage Machine/PR Stuffer	1,950.00	LC
** TOTAL # TRANSACTIONS:									6		
									** ACCT 5 TOTAL:	8,015.99	**

ACCT#	/EXP/	1	2520	335	0	0	EDUCATION	BUSINESS SER	POSTAGE	PURCH SERVS	
2/25/2013	4319					100	E	31453	2 keys for lockbox	6.00	LC
5/28/2013	7920					100	E	37662 PO BOX 1246	6 Months PO Box Renewal Fee	65.00	LC
5/31/2013	0					100	M	0	POSTAGE NOV 2012	500.00	DL
5/31/2013	0					100	M	0	POSTAGE JAN 2013	500.00	DL
5/31/2013	0					100	M	0	POSTAGE MARCH 2013	500.00	DL
** TOTAL # TRANSACTIONS:									5		
									** ACCT 9 TOTAL:	1,571.00	**

ACCT#	/EXP/	1	2520	336	0	0	EDUCATION	BUSINESS SER	FED EX	PURCH SERVS	
7/06/2012	7937					100	E	15931 793463891	FED EX	306.56	MW
8/31/2012	7937					100	E	19027 799339832	FED EX	55.97	MW
9/28/2012	40292					100	E	21336 AA37547772	FED EX SERVICE	20.00	LC
10/31/2012	7937					100	E	23716 1680-47711-B	FED EX M. BERNAT	25.85	LC
12/21/2012	3506					100	E	27641	WORLD COURIER REIMB/KUBASIAK	37.18	LC
12/21/2012	7937					100	E	27633 209616998	FED EX TO WILLIAM BLAIR	25.94	LC
3/21/2013	7937					100	E	33333 219066190	FedEx Express Service	49.94	LC
5/07/2013	4194					100	E	36232 032713	Fed Ex Deliveries	67.32	LC
** TOTAL # TRANSACTIONS:									8		
									** ACCT 6 TOTAL:	588.76	**

ACCT#	/EXP/	1	2520	340	0	0	EDUCATION	BUSINESS SER	LAND LINES	PURCH SERVS	
7/06/2012	1374					100	E	15927 030299189700	6-25 TO JUL 20, 2012	325.03	MW
7/06/2012	7912					100	E	15926 847297377197	MAY 17-JUN 16, 2012	2,745.48	MW
7/06/2012	7912					100	E	15926 708Z9931138	MAY 17 - JUN 16, 2012	1,484.15	MW
7/27/2012	7912					100	E	17013 708R06097587	6-17 TO 7-16-12 PER K. MACHEY	17,022.98	MW
7/30/2012	7912					100	E	17016 708352448023	JUN 17-JUL 16, 2012	417.49	MW
7/30/2012	7912					100	E	17016 708Z99313899	JUN 17-JUL 16, 2012	1,535.52	MW
7/30/2012	7912					100	E	17016 847297377197	JUN 17-JUL16, 2012	2,588.16	MW
7/31/2012	0					100	M	0	CENTREX TELEP REIMB MARCH 2012	2,252.48	DL
7/31/2012	0					100	M	0	CENTREX TELEP REIMB D2045	31.59	DL
7/31/2012	0					100	M	0	CENTREX TELEP REIMB D105	345.78	DL
7/31/2012	0					100	M	0	CENTREX TELEP REIMB D108	91.20	DL
7/31/2012	0					100	M	0	CNETREX REIMB/17-4/16 D109 CK	2,230.78	DL

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP
8/31/2012	1374	AT&T LONG DISTANCE	100 E	19022	030299189700		7-25-12 TO 8-20-12	337.09	MW
8/31/2012	7912	AT&T	100 E	19021	708352448023		CENTREX 7-17-12 TO 8-16-12	1,543.84	MW
8/31/2012	7912	AT&T	100 E	19021	847297377197		CENTREX 7-17-12 TO 8-16-12	2,588.16	MW
8/31/2012	7912	AT&T	100 E	19021	708299313899		CENTREX 7-17-12 TO 8-16-12	1,535.52	MW
8/31/2012	7912	AT&T	100 E	19021	70806097587		CENTREX 7-17-12 TO 8-16-12	10,807.72	MW
8/31/2012	0		100 M	0			CENTREX D105 8/27/12 CK 18849	491.11	DL
8/31/2012	0		100 M	0			CENTREX D2045 8/27/12 CK 18052	50.60	DL
8/31/2012	0		100 M	0			CENTREX D109 APR-MAY 2012 CK 1	2,208.89	DL
9/12/2012	1374	AT&T LONG DISTANCE	100 E	19628	858471720		CENTREX #858471720 SCH DIST#10	426.34	MW
9/12/2012	1374	AT&T LONG DISTANCE	100 V	19628			CANCEL AND REISSUE CHECK	426.34	DL
9/13/2012	1374	AT&T LONG DISTANCE	100 E	19629	858471720		LONG DISTANCE-SCH D109 JUN/JUL	426.34	MW
9/14/2012	7912	AT&T	100 E	19744	7084586575		PAYMENTS FOR JUN,JUL,AUG-2012	8,520.16	MW
9/28/2012	1374	AT&T LONG DISTANCE	100 E	21331	858471720		LONG DISTRICT #109 AUGUST	194.59	LC
9/28/2012	7912	AT&T	100 E	21330	708 R06-0975		CENTREX DISTRICT PHONE BILL	12,484.65	LC
9/28/2012	7912	AT&T	100 E	21330	708 652-4480		TREASURER'S PHONE CHARGES	1,549.01	LC
9/28/2012	7912	AT&T	100 E	21330	708-299-3130		INTERNET ROUTER CHARGES	1,535.52	LC
9/28/2012	7912	AT&T	100 E	21330	847-297-3771		CISCO ROUTER HUG CHARGES	2,588.16	LC
9/30/2012	0		100 M	0			CENTREX REIMB D105 5/12-6/12/7	1,007.54	DL
9/30/2012	0		100 M	0			CENTREX REIMB D109 MAY 2012	2,208.89	DL
10/31/2012	1374	AT&T LONG DISTANCE	100 E	23712	030299189700		CENTREX LONG DISTANCE	342.33	LC
10/31/2012	7912	AT&T	100 E	23711	708352448010		SEP 17 - OCT 16 TTO PHONE BILL	1,549.51	LC
10/31/2012	7912	AT&T	100 E	23711	847297377197		ROUTER SERVICE	2,589.28	LC
10/31/2012	7912	AT&T	100 E	23711	708299313899		ROUTER SERVICE	1,536.19	LC
10/31/2012	0		100 M	0			CENTREX D108 DK#23276	232.06	DL
11/30/2012	0		100 M	0			CENTREX REIMB D2045 CK25670 11/	27.13	DL
12/21/2012	1374	AT&T LONG DISTANCE	100 E	27627	0302991897		LONG DISTANCE 10/25-11/20/12	372.44	LC
12/21/2012	1374	AT&T LONG DISTANCE	100 E	27627	030299189700		LONG DISTANCE 11/25-12/20/12	285.17	LC
12/21/2012	7912	AT&T	100 E	27626	7082993138		ROUTER SERVICES	1,536.19	LC
12/21/2012	7912	AT&T	100 E	27626	708-352-4480		TTO MONTHLY SERVICES	1,550.44	LC
12/21/2012	7912	AT&T	100 E	27626	8472973771		ROUTER SERVICES	2,589.28	LC
12/31/2012	0		100 M	0			CENTREX REIMB 12/12/12 D109 CK	5,628.91	DL
12/31/2012	0		100 M	0			CENTREX REIMB 10/11 D2045 CK27	31.16	DL
1/28/2013	1374	AT&T LONG DISTANCE	100 E	29405	030299189700		Centrex Long Distance	297.47	LC
1/28/2013	7912	AT&T	100 E	29404	7083524480		Ian Lina Services Dec & Jan	3,188.57	LC
1/28/2013	7912	AT&T	100 E	29404	8472973771		Router Services Dec & Jan	5,235.08	LC
1/28/2013	7912	AT&T	100 E	29404	7082993138		Router Services Dec & Jan	3,106.21	LC
1/31/2013	0		100 M	0			CENTREX REIMB 1/15/13 D109 CK2	43.40	DL
1/31/2013	0		100 M	0			CENTREX REIMB D105 CK#27853	1,524.46	DL
2/25/2013	1374	AT&T LONG DISTANCE	100 E	31450	030299189700		Long Distance	276.23	LC
2/25/2013	7912	AT&T	100 E	31467	7083524480		Jan 17 Feb 16, 2013	1,538.82	LC
2/28/2013	0		100 M	0			CNTRX REIMB 12/17-1/16 D2045 #	25.05	DL
2/28/2013	0		100 M	0			CNTRX REIMB 11/25-12/20 D2045 #	32.76	DL
2/28/2013	0		100 M	0			CNTRX REIMB 11/25-12/20 D105 #	496.24	DL
2/28/2013	7912	AT&T	100 E	31860	7082993138		Router 1 17-2-16-13	1,536.19	LC
2/28/2013	7912	AT&T	100 E	31860	8472973771		Router 1-17 2-16-13	2,589.28	LC
2/28/2013	7912	AT&T	100 E	31860	708r06-0975		Router balance after adj	152.88	LC
3/21/2013	1374	AT&T LONG DISTANCE	100 E	33330	022513		Long Distance 2/28-3/20	288.52	LC
3/31/2013	0		100 M	0			CNTRX REIMB D105 CK33536 1/17-	499.49	DL
3/31/2013	0		100 M	0			CNTRX REIMB D105 CK32638 12/17	486.06	DL
4/05/2013	7912	AT&T	100 E	34001	70827993138		TTO Router/Internet Service	1,536.19	LC

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP
4/05/2013	7912	AT&T	100	E	34001	70829737719		Circuit DHZA188063	2,589.28	LC
4/05/2013	7912	AT&T	100	E	34001	708R060975		9 Circuits T.1 Connections	2,866.30	LC
4/05/2013	7912	AT&T	100	E	34001	7083524480		Lan Line Service	1,616.23	LC
4/26/2013	0		100	M	0			CNTX REIMB D2045 CKJ3706 1/17	25.23	DL
4/26/2013	0		100	M	0			CNTX REIMB D2045 CK34875 2/17	29.59	DL
4/26/2013	0		100	M	0			CNTX REIMB D105 CK35404 2/17-3	494.28	DL
5/07/2013	1374	AT&T LONG DISTANCE	100	E	36229	030299189700		Long Dist Mar 25 - Apr 20	293.80	LC
5/07/2013	1374	AT&T LONG DISTANCE	100	E	36229	030299189700		Long Dist Apr 25 - May 20	286.36	LC
5/07/2013	7912	AT&T	100	E	36228	7083524480		Phone Bill Mar 17 - Apr 16	1,325.91	LC
5/07/2013	7912	AT&T	100	E	36228	708z993138		DS Circuit Mar 17 - Apr 16	1,536.19	LC
5/07/2013	7912	AT&T	100	E	36228	847z973771		TTO DS Circuit DHZA188063	2,589.28	LC
5/07/2013	7912	AT&T	100	E	36228	708R060975		T3 District Circuits	2,866.30	LC
5/28/2013	7912	AT&T	100	E	37675	3524480		TTO Phone Bill May 16 - June 1	994.45	LC
5/28/2013	7912	AT&T	100	E	37675	708z993138		Router Service	1,536.19	LC
5/28/2013	7912	AT&T	100	E	37675	847z973771		Router Service	2,589.28	LC
5/28/2013	7912	AT&T	100	E	37675	708r060975		Router Service	2,866.30	LC
5/28/2013	7971	ADT	100	E	37674	106226160		Security Alarm Service	39.99	LC
6/01/2013	0		100	M	0			Centrex Reimb 105	1,008.41	LC
6/01/2013	0		100	M	0			Centrex Reimb 2045	51.26	LC
6/25/2013	1374	AT&T LONG DISTANCE	100	E	39944	0302991897		Dists Long Distance 5/25-6/20	224.26	LC
6/25/2013	7912	AT&T	100	E	39943	708299-3138		Router Charges 5/17-6/16	1,541.31	LC
6/25/2013	7912	AT&T	100	E	39943	708z97-3771		District Routers 5/17-6/16	2,597.83	LC
6/25/2013	7912	AT&T	100	E	39943	708r06-0975		Router Charges 5/17-6/16	2,875.84	LC
6/25/2013	7971	ADT	100	E	39942	106226160		Monitoring Service 6/25-7/24	39.99	LC
** TOTAL # TRANSACTIONS: 86									** ACCT \$ TOTAL: 112,253.08	**

ACCT#	/EXP/	1	2520	341	0	0	EDUCATION	BUSINESS SER	ROUTER MAINT	PURCH SERVS	
7/30/2012	7959	ADIVI CORPORATION	100	E	17015	LYONS01P1			SERVICES 5-30 TO 6-28-12	539.50	MW
** TOTAL # TRANSACTIONS: 1										** ACCT \$ TOTAL: 539.50	**

ACCT#	/EXP/	1	2520	350	0	0	EDUCATION	BUSINESS SER	WEBSITE	2018	
7/06/2012	7971	BRINKS HOME SECURITY	100	E	15928	106226160			SECURITY	39.99	MW
7/30/2012	7971	BRINKS HOME SECURITY	100	E	17017	1062261607			SECURITY	79.98	MW
8/31/2012	7971	BRINKS HOME SECURITY	100	E	19024	106226160			SECURITY 8-25-12 TO 9-24-12	39.99	MW
9/28/2012	7971	ADT	100	E	21328	106226160			ALARM SERVICE	39.99	LC
9/30/2012	0		100	M	0				RECLASS SECURITY ACCT TO O&M F	199.95	DL
2/28/2013	0		100	M	0				WEBSITE GO DADDY 5YR CHARGE	356.38	DL
** TOTAL # TRANSACTIONS: 6										** ACCT \$ TOTAL: 356.38	**

ACCT#	/EXP/	1	2520	360	0	0	EDUCATION	BUSINESS SER	PUBL AFRS	PURCH SERVS	
7/06/2012	7975	DESPLAINES VALLEY NEWS	100	E	15930	6772			DISPLAY GRADUATION	239.40	MW
7/06/2012	7975	DESPLAINES VALLEY NEWS	100	E	15930	6698			ANNUAL MEMORIAL DAY SALUTE	339.40	MW
7/06/2012	7975	DESPLAINES VALLEY NEWS	100	E	15930	6742			BD OF TRUSTEES OF L/T	79.50	MW
8/31/2012	300	GATEHOUSE MEDIA SUBURBAN	100	E	19029	6406			LEGAL NOTICE	82.11	MW
8/31/2012	300	GATEHOUSE MEDIA SUBURBAN	100	E	19029	6406			LEGAL NOTICE	80.90	MW
6/25/2013	7975	DESPLAINES VALLEY NEWS	100	E	39946	7543			Publish Regular Meetings	100.70	LC
** TOTAL # TRANSACTIONS: 6										** ACCT \$ TOTAL: 822.01	**

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*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
ACCT# /EXP/	1	2520	370	0	0	EDUCATION	BUSINESS SER	HINCKLEY	PURCH SERVS		
7/06/2012	7926	HINCKLEY SPRINGS WATER CO	100	E	15934	060912		WATER	76.30	MW	
7/17/2012	7926	HINCKLEY SPRINGS WATER CO	100	E	16508	070712		6-14 TO 7-5-12	150.29	FG	
9/28/2012	7926	HINCKLEY SPRINGS WATER CO	100	E	21137	160357524337		PURIFIED WATER GALLON BOTTLES	76.45	LC	
10/31/2012	7926	HINCKLEY SPRINGS WATER CO	100	E	23717	2433712 0929		WATER SERVICE SEPT 2012	41.45	LC	
12/21/2012	7926	HINCKLEY SPRINGS WATER CO	100	E	27635	243371210271		PURIFIED WATER 10/09-10/10	82.75	LC	
12/21/2012	7926	HINCKLEY SPRINGS WATER CO	100	E	27635	243371211241		PURIFIED WATER 11/07-11/15	86.74	LC	
1/28/2013	7926	HINCKLEY SPRINGS WATER CO	100	E	29409	2433712		Purified Water	87.94	LC	
2/25/2013	7926	HINCKLEY SPRINGS WATER CO	100	E	31455	160357524337		Water	69.89	LC	
3/21/2013	7926	HINCKLEY SPRINGS WATER CO	100	E	33334	160357524337		Purified Water	154.32	LC	
5/07/2013	7926	HINCKLEY SPRINGS WATER CO	100	E	36234	243371204131		Purified Water	68.24	LC	
5/28/2013	7926	HINCKLEY SPRINGS WATER CO	100	E	37678	243371205111		Purified Water April 2013	101.30	LC	
6/25/2013	7926	HINCKLEY SPRINGS WATER CO	100	E	39950	160357524337		Purified Water	131.24	LC	
** TOTAL # TRANSACTIONS: 12									** ACCT \$ TOTAL:	1,126.91	**
ACCT# /EXP/	1	2520	380	0	0	EDUCATION	BUSINESS SER	UNEMPLOY IDE	PURCH SERVS		
7/25/2012	1012	ILLINOIS DIRECTOR OF EMPL	100	E	16964			#0809042-7 2/2012	876.33	BK	
10/24/2012	1012	ILLINOIS DIRECTOR OF EMPL	100	E	23252			0809042-7 3/2012	154.40	BK	
1/29/2013	1012	ILLINOIS DIRECTOR OF EMPL	100	E	29542			0809042-7 4/2012	653.99	BK	
4/16/2013	1012	ILLINOIS DIRECTOR OF EMPL	100	E	34746			0809042-7 1/2013	3,296.03	BK	
** TOTAL # TRANSACTIONS: 4									** ACCT \$ TOTAL:	4,980.75	**
ACCT# /EXP/	1	2520	381	0	0	EDUCATION	BUSINESS SER	COMM PACKAGE	PURCH SERVS		
4/25/2013	3508	HANOVER INSURANCE COMPANY	100	E	35496	ZHC 9535037		COMM PACKAGE INS	356.40	LC	
6/25/2013	3508	HANOVER INSURANCE COMPANY	100	E	39949	1507902008		Commercial Package Policy	1,781.00	LC	
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	2,137.40	**
ACCT# /EXP/	1	2520	382	0	0	EDUCATION	BUSINESS SER	WORKMNS COMP	PURCH SERVS		
7/31/2012	0		100	M	0			INS REFUND	29.00-	DL	
2/25/2013	8081	BRIARGATE INF SERVICES IN	100	E	31451	47871		Errors & Omissions Policy	4,579.00	LC	
4/25/2013	3508	HANOVER INSURANCE COMPANY	100	E	35496	ZHC 9535037		WORKMNS COMP INS	227.30	LC	
6/01/2013	0		100	M	0			Hanover W/C Credit Due	230.00-	LC	
6/25/2013	3508	HANOVER INSURANCE COMPANY	100	E	39949	1507902008		Workers Comp Policy	1,136.50	LC	
** TOTAL # TRANSACTIONS: 5									** ACCT \$ TOTAL:	5,683.80	**
ACCT# /EXP/	1	2520	383	0	0	EDUCATION	BUSINESS SER	COMM UMBRELL	PURCH SERVS		
4/25/2013	3508	HANOVER INSURANCE COMPANY	100	E	35496	UHC 9535053		COMM UMBRELL INS	230.00	LC	
6/25/2013	3508	HANOVER INSURANCE COMPANY	100	E	39949	1507902008		Commercial Umbrella Policy	1,150.00	LC	
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	1,380.00	**
ACCT# /EXP/	1	2520	401	0	0	EDUCATION	BUSINESS SER	ENVELOPES	SUPPLIES		
9/28/2012	5696	PRINT DIMENSIONS	100	E	21340	1301		LT TREASURER #10 ENVELOPES	1,542.36	LC	
12/21/2012	7941	SERVICE FORMS AND GRAPHIC	100	E	27648	143025		W2/ENV/1099/1096 SUPLS	1,140.54	LC	

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*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP		
5/28/2013	5696	PRINT DIMENSIONS	100	E	37683	1314		Treasurer Envelopes	980.10	LC		
** TOTAL # TRANSACTIONS:		3								** ACCT \$ TOTAL:	3,663.00	**
ACCT# /EXP/	1	2520	402	0	0	EDUCATION	BUSINESS SER	DIGTL SIGNTR	SUPPLIES			
9/28/2012	11746	TROY GROUP INC	100	E	21342	INV309047		3 DIGITAL SIGNATURE CARDS	912.78	LC		
** TOTAL # TRANSACTIONS:		1								** ACCT \$ TOTAL:	912.78	**
ACCT# /EXP/	1	2520	403	0	0	EDUCATION	BUSINESS SER	PAPER	SUPPLIES			
7/30/2012	5696	PRINT DIMENSIONS	100	E	17020	1297		COPIER PAPER	1,258.60	MW		
1/28/2013	5696	PRINT DIMENSIONS	100	E	29417	1307		Copy Paper	1,011.00	LC		
** TOTAL # TRANSACTIONS:		2								** ACCT \$ TOTAL:	2,269.60	**
ACCT# /EXP/	1	2520	404	0	0	EDUCATION	BUSINESS SER	FNBL AP CKS	SUPPLIES			
8/31/2012	2179	FIRST NATIONAL BANK OF LA	100	E	19028	2094		PRINTING	5,022.43	MW		
9/28/2012	5696	PRINT DIMENSIONS	100	E	21340	1304		FNBL 100102 AP CHECKS	3,334.98	LC		
9/28/2012	5696	PRINT DIMENSIONS	100	E	21340	1303		FNBL PAYROLL CHECKS	1,682.70	LC		
10/29/2012	0		100	M	0			J/E RECLASS TO 2520-413	5,022.43	DL		
2/25/2013	5696	PRINT DIMENSIONS	100	E	31461	1308		LTHS A/P Checks 11,000	1,024.15	LC		
3/21/2013	5696	PRINT DIMENSIONS	100	E	33341	1309		LTHS #204 Envelopes 27,500	1,485.38	LC		
** TOTAL # TRANSACTIONS:		6								** ACCT \$ TOTAL:	7,527.13	**
ACCT# /EXP/	1	2520	405	0	0	EDUCATION	BUSINESS SER	HEARTLAND CK	SUPPLIES			
7/06/2012	5696	PRINT DIMENSIONS	100	E	15937	1296		WSNB CKS	1,636.25	MW		
** TOTAL # TRANSACTIONS:		1								** ACCT \$ TOTAL:	1,636.25	**
ACCT# /EXP/	1	2520	406	0	0	EDUCATION	BUSINESS SER	CHASE CKS	SUPPLIES			
5/28/2013	5696	PRINT DIMENSIONS	100	E	37683	1313		JP Morgan Chase Payroll Checks	2,311.41	LC		
** TOTAL # TRANSACTIONS:		1								** ACCT \$ TOTAL:	2,311.41	**
ACCT# /EXP/	1	2520	408	0	0	EDUCATION	BUSINESS SER	SBOC CKS	SUPPLIES			
7/06/2012	5696	PRINT DIMENSIONS	100	E	15937	1296		SBOC CKS	1,636.25	MW		
2/28/2013	0		100	M	0			NEW ACCT CREDIT ST BK OF COUNT	500.00	DL		
3/21/2013	5696	PRINT DIMENSIONS	100	E	33341	1311		SBOC Payroll Checks 10,999	1,792.02	LC		
** TOTAL # TRANSACTIONS:		3								** ACCT \$ TOTAL:	2,928.27	**
ACCT# /EXP/	1	2520	409	0	0	EDUCATION	BUSINESS SER	BRIDGEVIEW	SUPPLIES			
7/06/2012	5696	PRINT DIMENSIONS	100	E	15937	1296		BVB CKS	1,636.25	MW		
9/28/2012	5696	PRINT DIMENSIONS	100	E	21340	1302		BRIDGEVIEW PAYROLL CHECKS	1,733.03	LC		
5/28/2013	5696	PRINT DIMENSIONS	100	E	37683	1312		Bridgeview Payroll Checks	957.39	LC		
** TOTAL # TRANSACTIONS:		3								** ACCT \$ TOTAL:	4,326.67	**
ACCT# /EXP/	1	2520	410	0	0	EDUCATION	BUSINESS SER	OFFICE	SUPPLIES			
7/06/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	15925	210074		OFFICE EXP, FORMS/POSTAG	211.74	MW		

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP
7/06/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	15925	209908		OFFICE EXP, FORMS/POSTAG	145.69	MW
7/06/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	15925	210854		OFFICE EXP, FORMS/POSTAG	148.32	MW
7/06/2012	2179	FIRST NATIONAL BANK OF LA	100	E	15932	2094		OFFICE EXP, FORMS/POSTAG	457.63	MW
7/06/2012	5696	PRINT DIMENSIONS	100	E	15937	1296		DELIVERY CHARGE	154.85	MW
7/06/2012	7930	GLOBAL GOV'T/EDUCATION SO	100	E	15933	05580290101		OFFICE EXP, FORMS/POSTAG	254.85	MW
7/30/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	17014	211721		OFFICE EXP, FORMS/POSTAG	1,445.04	MW
7/30/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	17014	213013		OFFICE EXP, FORMS/POSTAG	287.98	MW
7/30/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	17014	213861		OFFICE EXP, FORMS/POSTAG	1,046.18	MW
7/30/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	17014	213958		OFFICE EXP, FORMS/POSTAG	918.27	MW
7/30/2012	2179	FIRST NATIONAL BANK OF LA	100	E	17019	71012		MISC	834.39	MW
7/30/2012	4898	CHICAGO OFFICE TECHNOLOGY	100	E	17018	4076281		WFENSO MESSENGER FEE	62.00	MW
8/31/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	19020	217164		SUPPLIES	14.32	MW
8/31/2012	2179	FIRST NATIONAL BANK OF LA	100	E	19028	2094		SUPPLIES	328.87	MW
8/31/2012	5696	PRINT DIMENSIONS	100	E	19031	1298		LETTERHD BUS CARDS M THIESSEN	300.50	MW
9/28/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	21327	218282		2 STAMPERS	48.50	LC
9/28/2012	4319	DR. CLYDE M BRADLEY	100	E	21334			2 SIGNATURE STAMPS	57.06	LC
9/30/2012	0		100	M	0			RECLASS TO 1-2520-412	300.50	DL
9/30/2012	0		100	M	0			RECLASS FROM CLEANING	428.01	DL
10/23/2012	114	SAM'S CLUB	100	C	23144			OFFICE SUPPLIES	262.73	MW
10/31/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	23709	222071		OFFICE SUPPLIES	63.20	LC
12/21/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	27624	225735		WALL CALENDAR MARI WOODS	19.12	LC
12/21/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	27624	229455		OFFICE SUPPLIES	339.05	LC
12/21/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	27624	225500		CD-RW 650MB 10 PACK	55.31	LC
12/21/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	27624	225229		OFFICE SUPPLIES	269.03	LC
12/21/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	27624	227306		FY PLANNERS	29.42	LC
12/21/2012	428	ACCURATE OFFICE SUPPLY CO	100	E	27624	225384		LASER JET 9000	499.00	LC
12/21/2012	4685	MARKELZ OFFICE PRODUCTS,	100	E	27644	29347		LASER JET CARTRIDGE P3015	155.39	LC
12/21/2012	4685	MARKELZ OFFICE PRODUCTS,	100	E	27644	29682		3HP 940XL INK CARTRIDGE	98.43	LC
12/21/2012	7904	HENLETT-PACKARD	100	E	27634	32717808-000		LASERJET 9000 1 YR SUPPORT	1,860.00	LC
12/21/2012	47065	PERSONNEL CONCEPTS	100	E	27647	SSI-U		IL AND FED LOABOR LAW POSTER	15.90	LC
12/31/2012	0		100	M	0			CREDIT REBATE OVRPYMNT ON CRED	283.55	DL
1/28/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	29402			Supplies for the office	20.55	LC
1/28/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	29402			Supplies for the office	43.53	LC
1/28/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	29415	30841		Ink Cartridges.	607.11	LC
1/28/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	29415	31098		Office Supplies	365.78	LC
1/28/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	29415	31100		Office Supplies	18.19	LC
2/25/2013	1481	SCHOOL DISTRICT 102	100	E	31462			Reimb Meeting Supplies RFP	33.82	LC
2/25/2013	4319	DR. CLYDE M BRADLEY	100	E	31453			Reimb Paper Towels	20.50	LC
2/25/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	31460	31774		HP 55A Toner Cartridge	443.94	LC
3/21/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	33340	32508		Office Supplies	299.77	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	34176		Office Supplies	958.16	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	34176.1		Office Supplies	14.49	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	33102		Office Supplies	26.51	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	33101		Office Supplies	390.77	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	33223		Office Supplies	157.82	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	33381		Office Supplies	81.58	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	33578		Office Supplies	264.12	LC
5/07/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	36243	33615		Office Supplies	182.27	LC
5/07/2013	7930	GLOBAL GOV/ED SOLUTIONS	100	E	36233	J35263840101		Dual Gigabit WAN VPN Router	192.26	DL
5/28/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	37673	246441		Ink Cartridge HP 94595	53.98	LC

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
5/28/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	37673	246559		Laser Jet Cartridge 9000	612.18	LC	
5/28/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	37673	246561		Fax Toner and Drum Brtn350	235.76	LC	
5/28/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	37673	246126		Jacket Files Legal	34.75	LC	
5/28/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	37673	246439		3 Ring 2" Binders	20.72	LC	
5/28/2013	4685	MARKELZ OFFICE PRODUCTS,	100	E	37681	34818		Office Supplies	187.92	LC	
5/31/2013	0		100	M	0			COMCAST ACH	945.64	DL	
6/01/2013	0		100	M	0				1.00	LC	
6/01/2013	0		100	M	0				1.00	LC	
6/25/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	39941	247469		Office Supplies	75.43	LC	
6/25/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	39941	247471		Office Supplies	75.03	LC	
6/25/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	39941	248130		Office Supplies	26.02	LC	
6/25/2013	428	ACCURATE OFFICE SUPPLY CO	100	E	39941	248145		Returned Office Supplies	34.75	LC	
6/25/2013	5277	MARI WOODS	100	E	39955	0		Reimb purchase of extension co	7.11	LC	
** TOTAL # TRANSACTIONS: 64									** ACCT \$ TOTAL:	14,985.13	**
ACCT# /EXP/	1	2520	411	0	0	EDUCATION	BUSINESS SER	PETTY CASH	SUPPLIES		
8/13/2012	7913	PETTY CASH, ROBERT G HEAL	100	E	17585	81112		PETTY CASH	120.85	MW	
** TOTAL # TRANSACTIONS: 1									** ACCT \$ TOTAL:	120.85	**
ACCT# /EXP/	1	2520	412	0	0	EDUCATION	BUSINESS SER	LETTERHEAD	SUPPLIES		
9/13/2012	4786	LAGRANGE PRINTERS, INC	100	E	19747	36965		NEW LETTERHEAD	143.00	MW	
9/30/2012	0		100	M	0			RECLASS FROM 1 2520 410	300.50	DL	
12/21/2012	4786	LAGRANGE PRINTERS, INC	100	E	27640	37166		NEW T10 LETTERHEAD	80.00	LC	
5/07/2013	5985	PRIORITY PRINT	100	E	36245	2239		Capital Bond Paper	26.00	LC	
** TOTAL # TRANSACTIONS: 4									** ACCT \$ TOTAL:	549.50	**
ACCT# /EXP/	1	2520	413	0	0	EDUCATION	PRINTING EXP	BGA			
10/29/2012	0		100	M	0			J/E RECLASS FROM 2520-404	5,022.43	DL	
** TOTAL # TRANSACTIONS: 1									** ACCT \$ TOTAL:	5,022.43	**
ACCT# /EXP/	1	2520	414	0	0	EDUCATION	ANALYSIS FEE	AMALGAMATED			
1/31/2013	0		100	M	0			AMALGAMATED ACCT ANALYSIS FEE	2,375.13	DL	
2/28/2013	0		100	M	0			RECLASS ANALG ANALYSIS FEE	2,375.13	DL	
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	.00	**
ACCT# /EXP/	1	2520	440	0	0	EDUCATION	BUSINESS SER	AFR PUBL	SUPPLIES		
7/17/2012	1794	ACCUITY INC	100	E	16505	2607000		SUBSCRIBER:295105 ORDER#916862	124.00	FG	
12/21/2012	782	SUBURBAN LIFE PUBLICATION	100	E	27649	6406		SD101 ANNUAL PUBLICATION	1,917.92	LC	
12/21/2012	782	SUBURBAN LIFE PUBLICATION	100	E	27649	6406		SD102 ANNUAL PUBLICATION	2,093.06	LC	
12/21/2012	782	SUBURBAN LIFE PUBLICATION	100	E	27649	6406		SD105 ANNUAL PUBLICATION	1,558.88	LC	
12/21/2012	782	SUBURBAN LIFE PUBLICATION	100	E	27649	6406		SD106 ANNUAL PUBLICATION	1,117.12	LC	
12/21/2012	782	SUBURBAN LIFE PUBLICATION	100	E	27649	6406		SD107 ANNUAL PUBLICATION	1,011.68	LC	
12/21/2012	782	SUBURBAN LIFE PUBLICATION	100	E	27649	6406		SD204 ANNUAL PUBLICATION	3,155.48	LC	
12/21/2012	782	SUBURBAN LIFE PUBLICATION	100	E	27649	6406		SD2045 ANNUAL PUBLICATION	1,427.08	LC	
12/21/2012	7975	DESPLAINES VALLEY NEWS	100	E	27631	7073		SD109 ANNUAL PUBLICATION	2,469.80	LC	

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP	
12/21/2012	7975	DESPLAINES VALLEY NEWS	100	E	27631	7073		SD103 ANNUAL PUBLICATION	2,310.80	LC	
12/21/2012	7975	DESPLAINES VALLEY NEWS	100	E	27631	7079		SD217 ANNUAL PUBLICATION	2,337.30	LC	
12/21/2012	7975	DESPLAINES VALLEY NEWS	100	E	27631	7079		SD104 ANNUAL PUBLICATION	1,595.30	LC	
12/21/2012	7975	DESPLAINES VALLEY NEWS	100	E	27631	7079		SD108 ANNUAL PUBLICATION	959.30	LC	
2/28/2013	0		100	M	0			CREDIT REFUND SUBURBAN LIFE	82.11	DL	
** TOTAL # TRANSACTIONS: 14									** ACCT \$ TOTAL:	21,955.61	**
ACCT#	/EXP/	1	2520	441	0	0		EDUCATION SUBSCRIPTION			
10/31/2012	1628	PIONEER PRESS	100	E	23725	359537		52 WEEK SUBSCRIPTION	32.00	LC	
12/21/2012	7965	CHICAGO SUN-TIMES, INC.	100	E	27629	8270019589		52 WEEK SUBSCRIPTION	158.60	LC	
1/28/2013	7975	DESPLAINES VALLEY NEWS	100	E	29407	7112		Holiday Advertisement	279.30	LC	
** TOTAL # TRANSACTIONS: 3									** ACCT \$ TOTAL:	469.90	**
ACCT#	/EXP/	1	2520	540	0	0		EDUCATION BUSINESS SER			
12/21/2012	4453	J. BUTKUS CONSULTING, LLC	100	E	27637	1058		NEW EQUIPMNT			
5/28/2013	5376	DELL-CATALOG SALES L.P.	100	E	37677	383230147		CONFIG/INSTALL NEW DELL	1,286.90	LC	
6/25/2013	7930	GLOBAL GOV/ED SOLUTIONS	100	E	39948	51613		Dell Server PowerEdge T620	4,751.15	LC	
								Wireless Router	115.83	LC	
** TOTAL # TRANSACTIONS: 3									** ACCT \$ TOTAL:	6,153.88	**
ACCT#	/EXP/	1	2520	640	0	0		EDUCATION BUSINESS SER			
7/06/2012	11114	ILLINOIS SCHOOL TREASURER	100	E	15935	062412		DUES & FEES			
12/21/2012	285	ILLINOIS ASSOC OF SCHOOL	100	E	27636	1502576		DUES & FEES	2,000.00	MW	
12/31/2012	0		100	M	0			IL COUNCIL OF SCHOOL TREASURER	200.00	LC	
								TREASURERS REFUND DUES F.Y. 13	1,900.00	DL	
** TOTAL # TRANSACTIONS: 3									** ACCT \$ TOTAL:	300.00	**

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP
ACCT# /EXP/	2	2520 326	0	0 0 & M	BUSINESS SER			RENT #102		
9/30/2012	0			100 M	0			RECLASS RENT FROM 1-2520-326	3,393.17	DL
9/30/2012	0			100 M	0			RECLASS RENT FROM 1-2520-326	3,294.37	DL
9/30/2012	0			100 M	0			SEPTEMBER 2012 RENT TO #102	3,393.17	DL
10/31/2012	0			100 M	0			OCTOBER '12 RENT TO #102	3,393.17	DL
11/30/2012	0			100 M	0			NOV 12 RENT TO #102	3,393.17	DL
12/31/2012	0			100 M	0			DEC 12 RENT TO #102	3,393.17	DL
1/31/2013	0			100 M	0			JAN 2013 RENT TO 102	3,393.17	DL
2/28/2013	0			100 M	0			RENT DUE TO SCHOOL D102 FEB 20	3,393.17	DL
3/31/2013	0			100 M	0			TTO RENT TO D102 FOR MARCH 201	3,393.17	DL
4/26/2013	0			100 M	0			RENT DUE TO D102 APRIL 2013	3,393.17	DL
5/31/2013	0			100 M	0			RENT DUE TO D102 FY13MAY	4,053.36	DL
6/01/2013	0			100 M	0			Rent due FY13	4,053.35	LC
** TOTAL # TRANSACTIONS: 12									** ACCT \$ TOTAL:	41,939.61 **
ACCT# /EXP/	2	2520 327	0	0 0 & M	BUSINESS SER			HVAC MAINT COMP ROOM		
9/28/2012	180	AIR COMFORT CORP.		100 E	21329 94143			REPLACED CONDENSER FAN MOTOR	674.00	LC
** TOTAL # TRANSACTIONS: 1									** ACCT \$ TOTAL:	674.00 **
ACCT# /EXP/	2	2520 328	0	0 0 & M	HVAC ANNUAL			AIR COMFORT REPAIR	0	
1/28/2013	180	AIR COMFORT CORP.		100 E	29403 239			Preventative Maint	957.00	LC
** TOTAL # TRANSACTIONS: 1									** ACCT \$ TOTAL:	957.00 **
ACCT# /EXP/	2	2520 350	0	0 0 & M	SECURITY ALA			ADT SECURITY	0	
9/30/2012	0			100 M	0			RECLASS SECURITY ACCT TO O&M F	199.95	DL
10/31/2012	7971	ADT		100 E	23710 106226160			ALARM 10/25-11/24/12	39.99	LC
ACCOUNT TRANSFERRED FROM: 2 2540 350 0 0										
12/21/2012	7971	ADT		100 E	27625 106226160			MONITORING 11/25-12/24/12	39.99	LC
12/21/2012	7971	ADT		100 E	27625 106226160			MONITORING 12/25-1/24/13	39.99	LC
2/25/2013	7971	ADT		100 E	31449 106226160			Monitoring 02/25-03/24	39.99	LC
3/21/2013	7971	ADT		100 E	33329 106226160			Monitoring 3/15-4/24	39.99	LC
5/07/2013	7971	ADT		100 E	36227 106226160			Security System 4/25-5/24	39.99	LC
** TOTAL # TRANSACTIONS: 7									** ACCT \$ TOTAL:	439.89 **
ACCT# /EXP/	2	2520 465	0	0 0 & M	UTILITIES			NATURAL GAS	0	0
10/31/2012	1481	SCHOOL DISTRICT 102		100 E	23726			GAS 1/1-6/30/12	597.82	LC
5/07/2013	1481	SCHOOL DISTRICT 102		100 E	36246 043013			Natural Gas July thru Dec 2012	404.35	LC
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	1,002.17 **
ACCT# /EXP/	2	2520 466	0	0 0 & M	UTILITIES			ELECTRIC	0	0
10/31/2012	1481	SCHOOL DISTRICT 102		100 E	23726			ELECTRIC 1/1-6/30/12	14.37	LC
5/07/2013	1481	SCHOOL DISTRICT 102		100 E	36246 043013			Electric July thru Dec 2012	13.65	LC
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	28.02 **

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*** DETAIL STATEMENT OF FUND ACCOUNTS ***

DATE	VEND #	VEND NAME	DIST	TYP	DET #	INV #	PO #	DET DESCRIPTION	DET AMOUNT	OP
ACCT# /EXP/	2	2520	468	0	0 O & M	BUSINESS SER		LOCK & SAFE	0	0
9/28/2012	7935	LAGRANGE LOCK & SAFE		100	E	21339 0		10 DUP KEYS, 9 ORIGINAL KEYS	178.75	LC
10/31/2012	1395	LAGRANGE LOCK & SAFE		100	E	23722 7679		REPLACE 16 KEYS	40.00	LC
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	218.75 **
ACCT# /EXP/	2	2540	350	0	0 *****	*****		*****	*****	*****
12/18/2012	0			100	T	0		1B2012 CONWAY Two accts cr	.00	LC
** TOTAL # TRANSACTIONS: 1									** ACCT \$ TOTAL:	.00 **
ACCT# /EXP/	2	2540	469	0	0 O & M	UTILITIES		WATER		
10/31/2012	1481	SCHOOL DISTRICT 102		100	E	23726		WATER & SEWER 1/1-6/30/12	135.42	LC
5/07/2013	1481	SCHOOL DISTRICT 102		100	E	36246 043013		Water & Sewer July thru Dec 20	108.33	LC
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	243.75 **
ACCT# /EXP/	2	2540	470	0	0 O & M	UTILITIES		WASTE		
10/31/2012	1481	SCHOOL DISTRICT 102		100	E	23726		WASTE MANAGEMENT 1/1-6/30/12	257.86	LC
5/07/2013	1481	SCHOOL DISTRICT 102		100	E	36246 043013		Waste July thru Dec 2012	118.73	LC
** TOTAL # TRANSACTIONS: 2									** ACCT \$ TOTAL:	376.59 **

LYONS TOWNSHIP
*** DETAIL STATEMENT OF FUND ACCOUNTS ***

	DISTRICT	DATE	ACCOUNT NUMBER	SPECIAL PARAMETERS
LOW PARAMS:	0100	7012012	0 0 0 0 0	BYP CASH ALL RESP BEG FLG=N
HIGH PARAMS:		6302013	999999 999999 999999 999 99999	ALL TYPES EXP ONLY BUDG FLG=N
** TOTAL # TRANSACTIONS:		889		** ACCT \$ TOTAL: 1,472,375.26 **

Jay Hoffman

From: Kaltenbach, Barry P. <Kaltenbach@millercanfield.com>
Sent: Wednesday, November 30, 2016 4:40 PM
To: Jay Hoffman
Cc: Anthony Pinelli; Kubasiak, Gerald E.; Kubasiak, Gretchen M.; Rotunno, Steven J.
Subject: Legacy
Attachments: Legacy Log.pdf; Legacy.pdf

Jay,

Attached are documents that Legacy has provided to us for privilege review. The PDF entitled Legacy are documents on which we are not claiming privilege (although we would to the outside world, excepting 204). The PDF entitled Legacy Log is the log of documents being withheld.

Barry P. Kaltenbach | Attorney and Counselor at Law
Miller Canfield
225 W. Washington, Suite 2600
Chicago, Illinois 60606 (USA)
T +1.312.460.4251 | F +1.312.460.4201 | **Mobile** +1.312.203.3923
kaltenbach@millercanfield.com | [View Profile](#) + [VCard](#)
www.linkedin.com/in/barrykaltenbach/

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Log of Documents Withheld from Legacy Subpoena

Doc No.	Type	Pages	From	To	Date	"Re"	Description
1	Letter/Memo	4	Karl Gawlas (Legacy)	Gerald Kubasiak	11-12-12	"District 204 Pro Rata Billing Issue"	Analysis of TTO billing to 204 and 204 billing back to TTO, suggestions for further investigation
2	Letter/Memo	3	Karl Gawlas (Legacy)	Gerald Kubasiak	1-11-13	"Response to District 204's Position on Payment of TTO Fees"	Analysis of 204 position regarding TTO offset, list of documents requested for further analysis
3	Letter/Memo	1	Karl Gawlas (Legacy)	Kelly Bradshaw	1-24-13	"Needed Documents for work on the 204 issue"	List of documents requested for analysis of offset issue
4	Letter/Memo	2	Karl Gawlas (Legacy)	Gerald Kubasiak	3-25-13	"204 Issue -Todd Shapiro"	Discussion of possible outreach to Mr. Shapiro of District 204

Jay Hoffman

From: Kaltenbach, Barry P. <Kaltenbach@millercanfield.com>
Sent: Tuesday, November 22, 2016 4:53 PM
To: Jay Hoffman
Cc: 'Anthony Pinelli'; Rotunno, Steven J.; Kubasiak, Gerald E.
Subject: RE: Legacy Subpoena

Jay,

We received the full Legacy work papers only this week (yesterday, to be precise) and they show that Legacy did work assisting our firm with respect to claims against 204. As to why this was not reduced to a third engagement letter, I can only speculate as I do not have personal knowledge thereof. It would not particularly surprise me, however, if the parties decided against preparing a third engagement letter for work that was closely related to the first two engagements. Regardless, until I saw the work papers, I could not satisfy myself that Legacy did work to assist our firm in claims against 204 and could not, therefore, make a final determination as to whether we had a valid claim of privilege.

I disagree that our work product claim was unfounded. It was based on a simple application of work product principles. While you may have served a subpoena in August, I notified you of the work product concern and we made that part of our meet-and-confer. When you provided me with contrary authority on October 10 supporting your position, I analyzed the same and took it into consideration. We are now agreeing not to assert privilege. That is how the meet-and-confer process is supposed to work. It does not mean that I concede you are necessarily correct, or that our claims were unfounded to begin with, it just means that we are not going to bring that particular issue to Judge Hall.

Whether there is something in the Legacy work papers I want you to see or not is beside the point. If we believe the material is privileged, we are going to assert the privilege. As you know, a party cannot pick-and-choose when to assert privilege. I had asked to have until the end of next week because of the holiday. Since that seems unacceptable, I will get them to you a week from today.

I will see you tomorrow.

From: Jay R. Hoffman [mailto:jay@hoffmanlegal.com]
Sent: Tuesday, November 22, 2016 3:59 PM
To: Kaltenbach, Barry P.
Cc: 'Anthony Pinelli'; Rotunno, Steven J.; Kubasiak, Gerald E.
Subject: RE: Legacy Subpoena

Barry,

Thank you for your email. I served a subpoena on Legacy in August. There is no reason why it should take you until December to produce some portion of 36 pages of documents with a privilege log. Your repeated delays in handling this discovery issue are not reasonable.

In addition, in your email dated September 19, 2016, you made an unfounded work product claim and provided me with an unsigned engagement letter. After several more requests, you produced two signed engagement letters. Both of the engagement letters concern Legacy's work on claims against third parties Healy and Baker Tilly in which the TTO would be suing on behalf of LT, and to recover money for LT and other districts. On October 10, I provided you with authority demonstrating that this work was not privileged as to LT. You did not respond, and I had to file with the Court. Today, you accepted my legal position.

However, in your email of today, you now claim that somehow your firm also engaged Legacy to investigate claims against LT, but without having any engagement letter or other written confirmation of this supposed third assignment. Based on what you have provided me to date, and Legacy's engagement handling practices, this position is not credible. It seems that you found documents in Legacy's files that you do not want to have to produce.

Tomorrow morning, I will ask the Court to set a hearing on the pending petition for rule to show cause. Given your need for another two week delay before producing a handful of documents and a privilege log, I will ask the Court to set the hearing for the week of December 12. I also asked Tony Pinelli, the attorney for Legacy, to provide me with a sworn affidavit from Legacy stating whether or not there actually was a third engagement concerning investigation of claims against LT, and explaining the absence of any written agreement for this supposed engagement.

If you have any further response, you can tell me before Court tomorrow.

Sincerely,

Jay R. Hoffman

Hoffman Legal
20 N. Clark St., Suite 2500
Chicago, IL 60602
PH: 312-899-0899
FAX: 312-899-8201
jay@hoffmanlegal.com
www.hoffmanlegal.com

From: Kaltenbach, Barry P. [<mailto:Kaltenbach@millercanfield.com>]
Sent: Tuesday, November 22, 2016 2:32 PM
To: Jay R. Hoffman <jay@hoffmanlegal.com>
Cc: Anthony Pinelli <apinelli@pinelli-law.com>; Rotunno, Steven J. <Rotunno@millercanfield.com>; Kubasiak, Gerald E. <Kubasiak@millercanfield.com>
Subject: Legacy Subpoena

Jay,

After reviewing material provided to us by Legacy and speaking with Legacy, our position is as follows:

1. The engagement letters indicate our firm (at the time, KFTR) hired Legacy to assist us in our investigation of possible claims against Baker Tilly and Robert Healy, and Legacy did so. We agree not to assert privilege as against District 204 with respect to this investigation and work product, on the basis of the legal authority you have provided to us. To the extent that claims against Baker Tilly are subject to a tolling agreement and may, therefore, be pursued at some point in the future, I would suggest we enter into an agreement that 204 will treat these documents as privileged, too.
2. During the engagement, Legacy also began assisting our firm in investigating possible claims against District 204. I believe, under the same authority, that Legacy's assistance for such work is privileged with respect to 204. So we are asserting privilege as to Legacy's work product on this issue.

The total amount of Legacy work product is about 36 pages. For those documents containing work product with respect to paragraph 1, they will be produced. Those documents containing work product with respect to paragraph 2 will be described in a privilege log. If any documents contains both, we will apply redactions.

If you chose to accept our claim of privilege, you can certainly move forward with a deposition of Legacy as to paragraph 1. If you wish to challenge our claim of privilege, we can discuss the same and you can move to compel, or we can move

for a protective order. If you think you'll challenge, I suggest for reasons of judicial economy waiting until after a ruling on the issue before taking a deposition of Legacy.

I believe Tony will respond confirming his concurrence with this position. Given the holiday, I suggest we get you documents, including any redacted material and privilege log, by Friday of next week.

Barry P. Kaltenbach | Attorney and Counselor at Law
Miller Canfield
225 W. Washington, Suite 2600
Chicago, Illinois 60606 (USA)
T +1.312.460.4251 | F +1.312.460.4201 | **Mobile** +1.312.203.3923
kaltenbach@millercanfield.com | [View Profile](#) + [VCard](#)
www.linkedin.com/in/barrykaltenbach/

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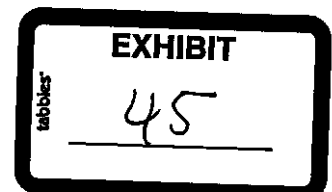
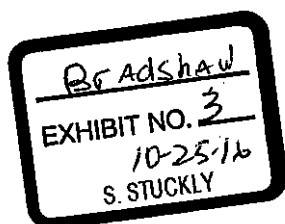
Produced 2/19/2016

District 204

Interest Allocation Analysis

Summary of Differences by Fiscal Year

Fiscal Year	RH Calculation vs General Ledger +/- \$1,000 per Quarter	Additional Differences related to System Reports vs RH Figures used	Total by Fiscal Year
FY1995	5,000.34	10,178.51	15,178.85
FY1996		11,408.06	11,408.06
FY1997	44,903.13	48,040.21	92,943.34
FY1998	(95,052.36)	31,719.46	(63,332.90)
FY1999		23,130.73	23,130.73
FY2000	2,499.65	431.08	2,930.73
FY2001		(6,130.20)	(6,130.20)
FY2002		62,121.09	62,121.09
FY2003		1,332.70	1,332.70
FY2004		(18,233.44)	(18,233.44)
FY2005	209,239.32	(65,874.96)	143,364.36
FY2006	389,241.03	2,109.24	391,350.27
FY2007	827,163.47	(18,203.88)	808,959.59
FY2008	127,863.26	13,907.60	141,770.86
FY2009	246,711.45	(5,736.89)	240,974.56
FY2010		(108.65)	(108.65)
FY2011	(240,001.56)	4,142.83	(235,858.73)
FY2012	(40,001.08)	2,836.62	(37,164.46)
	<u>\$ 1,477,566.65</u>	<u>\$ 97,070.12</u>	<u>\$ 1,574,636.77</u>



Summary

**LYONS TOWNSHIP SCHOOL TREASURER
TOWNSHIP 38 NORTH, RANGE 12 EAST**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2002
AND
INDEPENDENT AUDITORS' REPORT**

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LYONS TOWNSHIP SCHOOL TREASURER

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INDEPENDENT AUDITORS' REPORT

December 14, 2002

To the Board of Trustees
Lyons Township School Treasurer
Township 38 North, Range 12 East
930 Barnsdale Road
LaGrange Park, Illinois 60525

We have audited the accompanying combined financial statements of Lyons Township School Treasurer as of and for the year ended June 30, 2002, as listed in the table of contents. These combined financial statements are the responsibility of Lyons Township School Treasurer's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Lyons Township School Treasurer does not maintain detailed records of the historical cost of its fixed assets, primarily office furniture and equipment. The statement of general fixed assets required by generally accepted accounting principles is not included in the accompanying financial statements.

As described in Note 1, Lyons Township School Treasurer prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except that the omission of data described above results in an incomplete presentation as explained in the second paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from cash transactions of Lyons Township School Treasurer as of June 30, 2002, and the receipts, expenditures and changes in fund balances for the year then ended on the basis of accounting described in Note 1.

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Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of Lyons Township School Treasurer. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

The historical pension information listed in the table of contents is not a required part of the combined financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



WILLIAM F. GURRIE & CO., LTD.

LYONS TOWNSHIP SCHOOL TREASURER
ALL FUND TYPES
COMBINED STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2002

	GENERAL FUND	SPECIAL REVENUE FUNDS	FIDUCIARY FUND TYPE AGENCY FUND	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>				
Cash	\$ (3,524,267)	\$ 74,196	\$ -	\$ (3,450,071)
Investments maintained for participating school districts	-	-	146,924,360	146,924,360
Total Assets	\$ (3,524,267)	\$ 74,196	\$ 146,924,360	\$ 143,474,289
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Due to participating school districts	\$ -	\$ -	\$ 146,924,360	\$ 146,924,360
<u>Fund Balance</u>				
Fund Balance (deficit)	(3,524,267)	74,196	-	(3,450,071)
Total Liabilities and Fund Balance	\$ (3,524,267)	\$ 74,196	\$ 146,924,360	\$ 143,474,289

See Notes to Financial Statements

LYONS TOWNSHIP SCHOOL TREASURER
ALL FUND TYPES
COMBINED STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
<u>RECEIPTS</u>			
Contributions from Participating Districts	\$ 632,557	\$ 5,648,974	\$ 6,281,531
Interest on Investments - net of distributions to school districts	(1,946,645)	22,720	(1,923,925)
Other	8,756	-	8,756
Total Receipts	<u>(1,305,332)</u>	<u>5,671,694</u>	<u>4,366,362</u>
<u>EXPENDITURES</u>			
Insurance and Related Costs	-	5,901,612	5,901,612
Operating Expenditures	847,586	-	847,586
Total Expenditures	<u>847,586</u>	<u>5,901,612</u>	<u>6,749,198</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	(2,152,918)	(229,918)	(2,382,836)
FUND BALANCE, BEGINNING OF YEAR	<u>(1,371,349)</u>	<u>304,114</u>	<u>(1,067,235)</u>
FUND BALANCE, END OF YEAR	<u>\$ (3,524,267)</u>	<u>\$ 74,196</u>	<u>\$ (3,450,071)</u>

See Notes to Financial Statements

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lyons Township School Treasurer (the "Treasurer") conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. The following is a summary of the more significant accounting policies of the District:

A. Reporting Entity

In evaluating how to define the Treasurer for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles. The definition of a component unit is an organization for which the Treasurer is financially accountable and other organizations for which the nature and significance of their relationship with the Treasurer are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Treasurer is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Treasurer. The Treasurer also may be financially accountable if an organization is fiscally dependent on the Treasurer regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. Even though there are local government agencies within the geographic area served by the Treasurer, such as the various villages, schools, libraries and park districts, the agencies have been excluded from the report because they are legally separate and the Treasurer is not financially accountable for them.

B. Basis of Accounting

The Treasurer's financial records are maintained on the cash basis of accounting and, accordingly, revenues are recorded when cash is received and expenditures are recorded when cash is disbursed. Only assets representing a right to receive cash from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from a previous cash transaction are recorded as liabilities of a particular fund.

C. Basis of Presentation-Fund Accounting

The accounts of the Treasurer are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balances, revenue received and expenditures disbursed. The Treasurer maintains individual funds required by the State of Illinois. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund type is used by the Treasurer.

Governmental Fund Type

Governmental Funds are those through which all governmental functions of the Treasurer are financed. The acquisition, use and balances of the Treasurer's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

The General Fund, which consists of the Distributive Fund, is the general operating fund of the Treasurer. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds, which include both the Medical Self-Insurance Fund and the Dental Self-Insurance Fund, are used to account for cash received from specific sources that are legally restricted to cash disbursements for specified purposes.

D. Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are carried at cost, which approximates market value.

2. CASH AND INVESTMENTS

Under Illinois Compiled Statutes, the Lyons Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independent elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances as well as investment earnings are accounted for separately for each fund and/or district.

The Treasurer's investment policies are established by the Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

At year-end, the District's cash and investments totaled \$146,924,360. For disclosure purposes, this amount is segregated into three components: 1) cash on hand; 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; and 3) investments, which consist of all investments other than certificates of deposit. The carrying amount of cash on hand, deposits with financial institutions, and investments at year-end was \$200, \$20,236,546 and \$126,687,614, respectively.

At year-end, the bank balance of the District's deposits with financial institutions was \$28,191,137. Of this balance, \$13,272,748 was covered by federal depository insurance or collateralized with securities held by the District or its agent in the District's name. The remaining balance of \$14,918,389 was uncollateralized, or collateralized with securities held by the pledging financial institution or its trust department or agent, but not in the District's name.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Treasurer or its agent in the Treasurer's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Treasurer's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the Treasurer's name.

At June 30, 2002, the Treasurer held the following investments for the school districts in the Township:

	<u>Category</u> <u>2</u>	<u>Carrying</u> <u>Amount</u>	<u>Market</u> <u>Value</u>
U.S. Government Securities	\$ 63,957,545	\$ 63,957,545	\$ 64,168,036
Money Market Funds	1,650,378	1,650,378	1,650,378
Corporate Bonds	251,600	251,600	435,146
Commercial Paper	5,892,408	5,892,408	5,900,535
Mutual Funds	<u>54,935,329</u>	<u>54,935,329</u>	<u>54,935,329</u>
Total	<u>\$ 126,687,260</u>	126,687,260	127,089,424
Illinois Funds		<u>354</u>	<u>354</u>
Total Investments		<u>\$ 126,687,614</u>	<u>\$ 127,089,778</u>

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for.

3. RETIREMENT FUND COMMITMENTS

The Treasurer's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook Illinois 60523.

LYONS TOWNSHIP SCHOOL TREASURER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Treasurer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2001 was 10.20 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfounded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2001 was 31 years. For December 31, 2001, the Treasurer's annual pension cost of \$30,427 was equal to the Treasurer's required and actual contributions. The required contribution was determined as part of the December 31, 1999 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study.

4. COMPENSATED ABSENCES

An employee who has completed at least 60 workdays is entitled to be compensated for vacation time. Vacations are to be taken following the year in which they are earned. Unused vacation time may be taken as comparable time off or paid at the discretion of the Treasurer. Employees who resign or whose employment is terminated for any reason will be paid for unused vacation time.

Sick leave of 10 days per year is provided on a pro-rata basis to all employees. Unused sick leave can accumulate to 240 days.

5. RISK MANAGEMENT

The Treasurer is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Treasurer purchases commercial insurance for these risks. There has been no significant reduction in coverage since last year.

6. RELATED PARTY TRANSACTION

In prior years, certain participating districts failed to pay all or part of their pro-rata share of Township expenditures. The amount owed to the Lyons Township School Treasurer's Office at June 30, 2002 is \$213,716 relating to billing periods through June 30, 2001. This amount is expected to be collected within a year. The billings for 2002 will occur in 2003.

7. PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, establishes financial reporting standards for state and local governments. Some of the more significant aspects of the new standard include: reporting the overall state of the government's financial health, not just individual funds; providing the most complete information available about the cost of delivering services to the citizens; including fixed asset accounting and depreciation; and including an introductory section analyzing the government's financial performance. The District is required to adopt this Statement for the fiscal year ending June 30, 2004. The adoption of this statement will have a material effect on the District's financial statements.

LYONS TOWNSHIP SCHOOL TREASURER

**ILLINOIS MUNICIPAL RETIREMENT FUND
ANALYSIS OF FUNDING PROGRESS (UNAUDITED)**

JUNE 30, 2002

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/01	\$ 30,427	100%	\$ -
12/31/00	29,074	100%	-
12/31/99	25,401	100%	-
12/31/98	26,443	100%	-
12/31/97	28,134	100%	-
12/31/96	27,586	100%	-

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/01	\$ 410,594	\$ 634,461	\$ 223,867	64.72%	\$ 298,309	75.05%
12/31/00	712,436	753,591	41,155	94.54%	260,517	15.80%
12/31/99	590,235	674,109	83,874	87.56%	220,693	38.00%
12/31/98	452,816	583,432	130,616	77.61%	200,329	65.20%
12/31/97	380,210	525,989	145,779	72.28%	212,814	68.50%
12/31/96	288,889	481,060	192,171	60.05%	193,177	99.48%

***Digest of Changes**

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2000 were changed due to the 1996-1998 Experience Study.

The principal changes were:

- More members are expected to take refunds early their career.
- For both Regular and SLEP members, more normal and early retirements are expected to occur.
- Expected salary increases due to longevity for employees with less than 6 years of service were increased.

LYONS TOWNSHIP SCHOOL TREASURER
GENERAL FUND
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2002

	TOTAL GENERAL
<hr/>	
<u>ASSETS</u>	
Cash and investments	\$ (3,524,267)
 Total Assets	 <u>\$ (3,524,267)</u>
 <u>FUND BALANCE</u>	
Fund Balance (deficit)	\$ (3,524,267)
 Total Fund Balance	 <u>\$ (3,524,267)</u>

LYONS TOWNSHIP SCHOOL TREASURER
GENERAL FUND
COMBINING STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002

	TOTAL GENERAL
<hr/>	
<u>RECEIPTS</u>	
Contributions from districts	\$ 632,557
Interest on Investments - net of distributions to school districts	(1,946,645)
Other	<u>8,756</u>
Total Receipts	<u>(1,305,332)</u>
 <u>EXPENDITURES</u>	
Salaries	352,467
Benefits	82,306
Professional Services	163,374
Maintenance Services	14,663
Equipment Rental and Maintenance	24,749
Rent	26,912
Property Appraisal	1,360
Auto Expense	6,600
Publications and Financial Report	21,248
Supplies and Materials	80,807
Utilities	60,386
Dues and Subscriptions	3,628
Property Insurance	4,029
Other	<u>5,057</u>
Total Expenditures	<u>847,586</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES	 (2,152,918)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,371,349)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (3,524,267)</u>

LYONS TOWNSHIP SCHOOL TREASURER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2002

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL SPECIAL REVENUE
<u>ASSETS</u>			
Cash and Investments	\$ (83,050)	\$ 157,246	\$ 74,196
Total Assets	<u>\$ (83,050)</u>	<u>\$ 157,246</u>	<u>\$ 74,196</u>
<u>FUND BALANCE</u>			
Fund Balance (Deficit)	<u>(83,050)</u>	<u>157,246</u>	<u>74,196</u>
Total Fund Balance (Deficit)	<u>\$ (83,050)</u>	<u>\$ 157,246</u>	<u>\$ 74,196</u>

LYONS TOWNSHIP SCHOOL TREASURER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002

	MEDICAL SELF INSURANCE	DENTAL SELF INSURANCE	TOTAL SPECIAL REVENUE
<u>RECEIPTS</u>			
Contributions from Participating Districts	\$ 5,393,228	\$ 255,746	\$ 5,648,974
Net Interest on Investments	<u>13,237</u>	<u>9,483</u>	<u>22,720</u>
 Total Receipts	 <u>5,406,465</u>	 <u>265,229</u>	 <u>5,671,694</u>
<u>EXPENDITURES</u>			
Claims by Employees	4,004,312	232,227	4,236,539
Co-Insurance Costs	373,183	-	373,183
Consulting Costs	69,822	-	69,822
Administrative Costs	278,455	-	278,455
Alternative Insurance Costs	618,485	-	618,485
Program Costs	302,835	-	302,835
Other	<u>21,365</u>	<u>928</u>	<u>22,293</u>
 Total Expenditures	 <u>5,668,457</u>	 <u>233,155</u>	 <u>5,901,612</u>
 EXCESS OF RECEIPTS OVER EXPENDITURES	 (261,992)	 32,074	 (229,918)
 FUND BALANCE, BEGINNING OF YEAR	 <u>178,942</u>	 <u>125,172</u>	 <u>304,114</u>
 FUND BALANCE (DEFICIT), END OF YEAR	 <u>\$ (83,050)</u>	 <u>\$ 157,246</u>	 <u>\$ 74,196</u>

LYONS TOWNSHIP SCHOOL TREASURER

COMBINED BALANCE SHEETS
JUNE 30, 2002

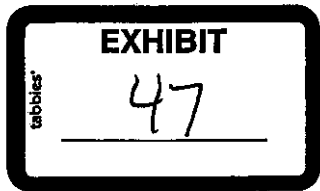
	Total	#89	#101	#102	#103	#104	#105	#106
CASH AND INVESTMENTS								
Cash and Investments held by Treasurer	\$ 148,205,213	\$ 4,144,969	\$ 7,250,671	\$ 30,428,552	\$ 2,052,183	\$ 6,588,071	\$ 6,642,682	\$ 13,033,884
Cash and Investments held by District	1,716,603	19,979	77,958	117,380	50,829	37,491	9,867	76,876
Receivables (net of allowance for uncollectibles)								
Property taxes	80,123,739	1,750,342	3,576,658	10,055,517	5,669,634	6,067,650	5,560,584	4,980,619
Replacement taxes	1,033,385	16,254	138,511	-	198,739	74,928	108,633	5,965
Intergovernmental	3,374,424	37,287	88,947	303,148	295,326	178,352	62,388	50,307
Other Current Assets	1,906,276	4,899	-	294,807	7,257	297,515	-	-
Due from Administrative Agent	127,683	-	-	-	-	-	-	-
Total Assets	\$ 236,487,323	\$ 5,973,730	\$ 11,132,745	\$ 41,199,402	\$ 8,273,968	\$ 13,244,007	\$ 12,384,154	\$ 18,147,651
LIABILITIES AND FUND BALANCE								
Liabilities:								
Payroll								
Deductions Payable	\$ 82,940	\$ 3,410	\$ 610	\$ 10,361	\$ 24,559	\$ 13,648	\$ 3,459	\$ 5,091
Due to Activity Fund Organizations	1,586,561	14,979	72,958	107,339	42,829	27,491	3,867	69,376
Accounts Payable	6,659,693	75,068	290,224	1,827,609	105,261	582,509	320,475	133,216
Salaries and Wages Payable	1,352,041	42,005	-	3,996	34,236	68,432	15,789	-
Compensated Absences	214,268	3,756	9,395	-	-	-	28,435	10,048
Deferred Revenue	80,724,282	1,669,812	3,643,381	10,055,517	5,717,008	6,309,478	5,560,584	4,980,619
Other Current Liabilities	2,227,005	-	68,532	-	-	984,142	-	-
Due to Joint Agreements	127,884	-	-	127,684	-	-	-	-
Total Liabilities	92,974,474	1,809,030	4,085,100	12,132,506	5,923,893	7,985,700	5,932,609	5,198,350
Fund Balance:								
Total Fund Balance	143,512,849	4,164,700	7,047,645	29,066,896	2,350,075	5,258,307	6,451,545	12,949,301
Total Liabilities and Fund Balance	\$ 236,487,323	\$ 5,973,730	\$ 11,132,745	\$ 41,199,402	\$ 8,273,968	\$ 13,244,007	\$ 12,384,154	\$ 18,147,651

#107	#108	#109	#204	#217	HEADSTART	BASE	LADSE	TREASURER'S OFFICE
\$ 5,465,793	\$ 1,941,160	\$ 17,135,699	\$ 28,958,506	\$ 24,514,555	\$ -	\$ -	\$ 3,498,559	\$ (3,450,071)
18,921	23,349	60,351	977,243	242,859	-	-	3,500	-
3,848,082	1,035,601	5,703,838	21,319,768	10,557,448	-	-	-	-
45,594	5,880	50,159	296,419	92,303	-	-	-	-
100,468	231,223	391,630	312,127	258,072	-	-	1,085,151	-
22,931	1,862	-	801,835	190,513	-	-	284,657	-
-	-	-	-	-	10,798	116,885	-	-
<u>\$ 9,499,789</u>	<u>\$ 3,239,075</u>	<u>\$ 23,341,677</u>	<u>\$ 52,665,898</u>	<u>\$ 35,855,748</u>	<u>\$ 10,798</u>	<u>\$ 116,885</u>	<u>\$ 4,851,867</u>	<u>\$ (3,450,071)</u>
\$ 16,014	\$ 2,836	\$ -	\$ 1,531	\$ (18,325)	\$ -	\$ -	\$ 19,746	\$ -
15,921	21,349	60,351	957,243	192,858	-	-	-	-
160,113	71,115	1,418,330	406,879	554,130	-	-	714,764	-
-	-	1,045,286	114,068	28,229	-	-	-	-
-	1,640	-	109,266	51,728	-	-	-	-
3,853,392	1,035,601	5,699,253	21,543,605	10,656,032	-	-	-	-
-	-	168,476	674,612	36,652	-	-	294,591	-
-	-	-	-	-	-	-	-	-
<u>4,045,440</u>	<u>1,132,541</u>	<u>8,391,696</u>	<u>23,807,204</u>	<u>11,501,304</u>	<u>-</u>	<u>-</u>	<u>1,029,101</u>	<u>-</u>
<u>5,454,349</u>	<u>2,106,534</u>	<u>14,949,981</u>	<u>28,858,694</u>	<u>24,354,444</u>	<u>10,798</u>	<u>116,885</u>	<u>3,822,766</u>	<u>(3,450,071)</u>
<u>\$ 9,499,789</u>	<u>\$ 3,239,075</u>	<u>\$ 23,341,677</u>	<u>\$ 52,665,898</u>	<u>\$ 35,855,748</u>	<u>\$ 10,798</u>	<u>\$ 116,885</u>	<u>\$ 4,851,867</u>	<u>\$ (3,450,071)</u>



Interest Earnings Distributions -- Actual Compared to TTO-Published Share and Compared to Cash Handled/Available Share
Rank Order Based Upon Amount Over/(Under) Expected Distribution of Interest Earnings FY08 to FY12
-- Cash Handled/Available % Distribution

<u>District</u>	<u>Amount</u> <u>Over/(Under)</u> <u>Distributed</u> <u>Based Upon</u> <u>Published</u> <u>TTO %</u>	<u>Amount</u> <u>Over/(Under)</u> <u>Distributed</u> <u>Based Upon</u> <u>Cash Handled/</u> <u>Available %</u>
Argo 217	1,212,823	1,014,389
District 107	228,623	237,784
District 109	104,426	202,900
District 106	(95,867)	186,401
District 108	119,891	83,378
District 105	369,398	1,376
District 102	(172,034)	(79,853)
District 101	(28,806)	(90,443)
LADSE-204.5	(638,107)	(323,752)
District 104	(229,272)	(336,782)
District 103	(481,890)	(436,338)
LTHS 204	(389,185)	(459,058)



**Lyons Township High School Share of Interest Earnings History
Actual Compared to TTO-Published Share and Compared to Cash Handled/Available Share**

	(A) Interest Earned By All Districts Combined	(B) Published TTO % Distribution	(C) Expected Distribution Based Upon Published TTO %	(D) Cash Handled/ Available % Distribution	(E) Expected Distribution Based Upon Cash Handled/ Available %	(F) Actual % Interest Share of All Districts Combined	(G) Actual Distribution Recorded In Audited ISBE Reports*	(H) Amount Over/(Under) Distributed Based Upon Published TTO %	(I) Amount Over/(Under) Distributed Based Upon Cash Handled/ Available %	
FY2007-08	6,208,427	20.09%	1,247,277	22.07%	1,370,182	22.09%	1,371,619	124,342	1,437	
FY2008-09	1,914,405	21.85%	915,752	22.34%	886,265	24.32%	1,019,249	103,497	82,984	
FY2009-10	3,939,824	22.60%	890,534	22.33%	879,797	21.30%	839,074	(51,460)	(40,693)	
FY2010-11	5,466,845	22.35%	1,222,087	21.28%	1,163,497	15.36%	899,506	(382,581)	(23,991)	
FY2011-12	4,303,958	21.65%	922,016	21.56%	927,839	17.40%	749,034	(182,982)	(178,795)	
					Total FY08 to FY12:					
					(389,185)					(459,058)

2

Interest Earnings Distributions - Actual Compared to TTO-Published Share and Compared to Cash Handled/Available Share

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Interest Eamed By All Districts Combined	Published TTO % Distribution	Expected Distribution Based Upon Published TTO %	Cash Handled/ Available % Distribution	Expected Distribution Based Upon Cash Handled/ Available %	Actual % Interest Share of All Districts Combined	Actual Distribution Recorded in Audited ISBE Reports*	Amount Over/(Under) Distributed Based Upon Published TTO %	Amount Over/(Under) Distributed Based Upon Cash Handled/ Available %
District 101									
FY2007-08	6,208,427	5.52%	342,702	5.38%	333,898	5.41%	535,826	(6,876)	1,928
FY2008-09	4,191,405	5.47%	229,236	5.39%	225,815	5.06%	212,245	(16,991)	(3,570)
FY2009-10	3,939,824	5.23%	206,128	5.40%	212,670	4.34%	171,176	(34,952)	(41,494)
FY2010-11	5,466,845	3.68%	201,446	4.94%	270,267	4.85%	256,333	48,887	(19,934)
FY2011-12	4,303,958	5.00%	215,019	4.96%	213,518	4.56%	196,145	(18,874)	(17,373)
Total for Years FY08 to FY12:								(28,806)	(90,443)
District 102									
FY2007-08	6,208,427	13.12%	814,500	11.78%	731,492	12.17%	755,616	(68,884)	24,124
FY2008-09	4,191,405	10.89%	466,306	11.74%	491,958	10.83%	453,814	(2,492)	(38,144)
FY2009-10	3,939,824	11.59%	466,716	11.42%	450,102	10.17%	400,546	(66,170)	(49,556)
FY2010-11	5,466,845	11.32%	618,652	11.02%	602,575	11.12%	607,829	(16,823)	5,254
FY2011-12	4,303,958	11.28%	485,493	10.77%	463,358	10.22%	441,827	(43,666)	(21,531)
Total for Years FY08 to FY12:								(172,034)	(79,853)
District 103									
FY2007-08	6,208,427	7.67%	476,346	8.72%	541,261	6.53%	408,941	(69,403)	(134,320)
FY2008-09	4,191,405	8.73%	365,723	8.47%	354,919	6.43%	269,629	(66,094)	(95,290)
FY2009-10	3,939,824	8.87%	349,546	8.35%	328,883	5.65%	222,790	(126,766)	(106,093)
FY2010-11	5,466,845	8.70%	475,703	8.14%	444,978	3.93%	214,872	(260,831)	(230,106)
FY2011-12	4,303,958	9.36%	403,048	8.24%	354,777	11.02%	474,246	71,198	119,469
Total for Years FY08 to FY12:								(481,890)	(436,338)
District 104									
FY2007-08	6,208,427	0.87%	54,105	6.18%	383,651	4.74%	294,129	240,024	(80,622)
FY2008-09	4,191,405	8.43%	353,432	6.96%	291,650	4.84%	202,951	(150,481)	(88,689)
FY2009-10	3,939,824	7.42%	282,420	6.75%	265,812	4.98%	196,211	(96,209)	(69,601)
FY2010-11	5,466,845	7.98%	436,403	5.90%	322,364	5.51%	301,884	(135,019)	(20,980)
FY2011-12	4,303,958	6.55%	281,875	6.09%	262,268	4.51%	194,288	(87,587)	(67,380)
Total for Years FY08 to FY12:								(229,272)	(336,782)
District 105									
FY2007-08	6,208,427	4.46%	276,957	6.52%	404,898	4.67%	290,111	13,154	(114,787)
FY2008-09	4,191,405	6.69%	280,598	6.72%	281,493	5.60%	234,723	(46,770)	(46,770)
FY2009-10	3,939,824	6.92%	272,824	6.86%	270,131	10.87%	428,100	155,276	157,969
FY2010-11	5,466,845	7.17%	391,875	10.11%	552,956	12.16%	684,861	273,016	111,935
FY2011-12	4,303,958	6.87%	295,785	8.75%	376,582	6.26%	269,612	(26,173)	(106,970)
Total for Years FY08 to FY12:								369,398	1,376

3

Interest Earnings Distributions - Actual Compared to TTO-Published Share and Compared to Cash Handled/Available Share

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Interest Earned By All Districts Combined	Published TTO % Distribution	Expected Distribution Based Upon Published TTO %	Cash Handled/Available % Distribution	Expected Distribution Based Upon Cash Handled/Available %	Actual % Interest Share of All Districts Combined	Actual Distribution Recorded in Audited ISBE Reports*	Amount Over/(Under) Distributed Based Upon Published TTO %	Amount Over/(Under) Distributed Based Upon Cash Handled/Available %
District 106									
FY2007-08	6,208,427	7.07%	438,935	5.27%	327,351	6.62%	411,265	(27,670)	83,914
FY2008-09	4,191,405	5.93%	248,664	5.27%	218,492	6.18%	259,104	10,246	40,612
FY2009-10	3,939,824	5.75%	226,562	5.05%	199,137	5.51%	217,251	(6,317)	18,114
FY2010-11	5,466,845	5.70%	311,548	4.62%	252,595	5.26%	287,670	(23,879)	35,075
FY2011-12	4,303,958	5.74%	247,052	4.48%	192,919	4.68%	201,695	(45,447)	8,686
						Total for Years FY08 to FY12:		(95,857)	186,401
District 107									
FY2007-08	6,208,427	6.97%	432,529	5.11%	317,000	6.08%	377,271	(65,266)	60,271
FY2008-09	4,191,405	4.02%	168,600	4.64%	194,375	5.29%	221,864	53,204	27,429
FY2009-10	3,939,824	3.97%	156,509	4.89%	192,677	2.21%	208,878	52,369	16,201
FY2010-11	5,466,845	4.30%	234,894	4.73%	258,582	6.10%	338,449	98,555	74,867
FY2011-12	4,303,958	4.27%	183,761	4.75%	204,498	6.42%	263,514	79,753	59,016
						Total for Years FY08 to FY12:		228,623	237,784
District 108									
FY2007-08	6,208,427	1.81%	112,252	1.80%	111,506	1.99%	123,587	11,935	12,081
FY2008-09	4,191,405	1.73%	72,338	1.91%	80,163	2.14%	89,858	17,920	9,695
FY2009-10	3,939,824	1.72%	67,795	1.92%	75,498	2.21%	87,173	49,376	11,685
FY2010-11	5,466,845	1.71%	93,376	1.89%	103,313	2.32%	126,905	83,526	23,592
FY2011-12	4,303,958	1.65%	71,639	1.94%	83,743	2.55%	109,767	88,128	26,324
						Total for Years FY08 to FY12:		119,891	83,378
District 109									
FY2007-08	6,208,427	13.36%	829,589	10.11%	627,850	10.19%	632,730	(196,859)	4,880
FY2008-09	4,191,405	9.33%	391,163	9.79%	410,313	10.41%	406,876	45,215	26,063
FY2009-10	3,939,824	9.44%	372,008	9.87%	388,928	10.97%	432,208	60,201	43,284
FY2010-11	5,466,845	9.45%	516,558	10.53%	575,729	11.73%	641,490	124,932	66,761
FY2011-12	4,303,958	10.18%	438,189	10.37%	446,215	11.85%	509,127	70,988	62,912
						Total for Years FY08 to FY12:		104,426	202,900
LTHS 204									
FY2007-08	6,208,427	20.09%	1,247,277	22.07%	1,370,182	22.09%	1,371,619	124,342	1,437
FY2008-09	4,191,405	21.85%	915,752	22.34%	936,265	24.32%	1,019,249	103,497	82,984
FY2009-10	3,939,824	22.60%	860,534	22.33%	879,767	21.30%	839,074	(61,460)	(40,693)
FY2010-11	5,466,845	22.35%	1,222,087	21.28%	1,163,497	15.36%	839,506	(382,581)	(323,981)
FY2011-12	4,303,958	21.65%	937,016	21.56%	927,829	17.40%	749,034	(182,982)	(178,795)
						Total for Years FY08 to FY12:		(389,185)	(459,058)

5

STATE OF ILLINOIS)
) SS:
COUNTY OF C O O K)

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

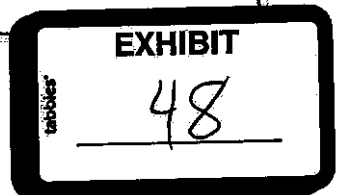
TOWNSHIP TRUSTEES OF)
SCHOOLS TOWNSHIP 38)
NORTH, RANGE 12 EAST,)
)
Plaintiff,)

-vs-

) No. 13 CH 23386
)

LYONS TOWNSHIP HIGH)
SCHOOL DISTRICT 204,)
)
Defendant.)

The discovery deposition of JAMES MARTIN,
taken before MAUREEN A. WOODMAN, a Certified
Shorthand Reporter and Notary Public in and for
the County of Cook and State of Illinois,
pursuant to 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 20
North Clark Street, Chicago, Illinois, on March
30, 2017, at the hour of 1:00 o'clock p.m.



1 APPEARANCES:
 2
 3 MILLER CANFIELD
 4 BY: MR. BARRY P. KALTENBACH
 5 225 West Washington Street
 6 Suite 2600
 7 Chicago, Illinois 60606
 8 312.460.4251
 9 Kaltenbach@millercanfield.com,
 10
 11 On behalf of the Plaintiff,
 12
 13 HOFFMAN LEGAL
 14 BY: MR. JAY HOFFMAN
 15 20 North Clark Street
 16 Suite 2500
 17 Chicago, Illinois 60602
 18 312.899.0899
 19 Jay@hoffmanlegal.com,
 20
 21 On behalf of the Defendant.
 22
 23
 24

1
 2 (Witness was duly
 3 sworn.)
 4 JAMES MARTIN,
 5 called as a witness herein, after having been
 6 first duly sworn, was examined and testified as
 7 follows:
 8 THE WITNESS: Yes.
 9 EXAMINATION
 10 BY MR. HOFFMAN:
 11 Q. Good afternoon, Mr. Martin. My name
 12 is Jay Hoffman. I am the attorney for the
 13 defendant in this case. The defendant is Lyons
 14 Township High School, and if it's okay with
 15 you, I'll refer -- we'll refer to that client
 16 of mine as either LT or District 204. Fair
 17 enough?
 18 A. Yes.
 19 Q. You are the expert for the Plaintiff
 20 in this case, which has a very long name, which
 21 some people refer to as the TTO. Is that
 22 acceptable to you?
 23 A. Yes, sir.
 24 Q. Thank you. Tell me how many

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 21 (NOT ATTACHED)
 22 (Retained by Attorney Hoffman)
 23
 24

1 depositions you've given, please?
 2 A. I'd say probably 10 or 12.
 3 Q. You are an old pro.
 4 I won't give you a lot of
 5 instructions here except to tell you that if I
 6 ask a question that you do not understand,
 7 please let me know that, so I can ask you a
 8 better question. Fair enough?
 9 A. Yes.
 10 Q. And you need to answer yes or no
 11 rather than uh-huh or uh-uh, because those
 12 latter two answers sound similar, and it's hard
 13 for our court reporter to get that information
 14 down. Okay?
 15 A. Yes.
 16 Q. Sir, where is your -- I see on your
 17 business card you have offices listed for
 18 Chicago and Bloomfield Hills, Michigan,
 19 correct?
 20 A. Yes.
 21 Q. What is your primary office?
 22 A. My personal primary office?
 23 Q. Yes, sir.
 24 A. Detroit.

1 Q. Okay. And how frequently are you in
 2 Chicago for business?
 3 A. **Approximately 15 days a month.**
 4 Q. And how was it that your firm came to
 5 represent the TTO as an expert in this case?
 6 A. **I don't know.**
 7 Q. You don't know who at your firm has a
 8 connection with somebody, either an attorney
 9 for or somebody working at or with the TTO?
 10 A. **Our firm does a lot of work with**
 11 **Miller Canfield. I don't know specifically how**
 12 **this case came in though.**
 13 Q. Okay. Who would know that?
 14 A. **Harry Cendrowski.**
 15 Q. Is he the senior partner on this
 16 matter? I see he billed time to this matter at
 17 various points.
 18 A. **He is another partner on the matter.**
 19 Q. And how was it that you ended up with
 20 the job of testifying?
 21 A. **I do more of forensic accounting type**
 22 **things, so sorting through the numbers and**
 23 **grinding out the details and that, so that's**
 24 **how I came to be the testifying expert on it.**

1 and billing that your firm has done on this
 2 matter?
 3 A. **I'd have to take a look at them first.**
 4 Q. Please do.
 5 A. **Sure looks like it is. I believe so.**
 6 Q. Great. I took the liberty of adding
 7 up the numbers for all of those invoices. I
 8 came up with a total of \$121,139.79. Does that
 9 sound about right to you? Let me show you my
 10 notes which have the list --
 11 A. **Sure, I see.**
 12 Q. -- the amounts. I understand you
 13 didn't do the math, but does that generally
 14 look correct to you?
 15 A. **It seems to be okay, yes.**
 16 Q. Thank you.
 17 I'd like to ask you a few
 18 questions about some of the items set forth in
 19 Martin Exhibit No. 1. If you turn to page two
 20 of that exhibit, sir, I'd appreciate it. The
 21 first date listed is July 14th of 2016. Do you
 22 see that?
 23 A. **Yes.**
 24 Q. Stop. Put the pen down.

1 Q. Okay. And in order to answer
 2 questions that I'm going to ask you here today,
 3 you're familiar with the work that Cendrowski
 4 and various other team members that you worked
 5 with did on this case so you can answer in a
 6 broad sense and not just as to what you saw and
 7 did, correct?
 8 A. **Yes.**
 9 MR. HOFFMAN: Let's mark this as Exhibit
 10 No. 1 and 2.
 11 (WHEREUPON, said
 12 documents were marked as
 13 Martin Deposition
 14 Exhibit Nos. 1 and 2 for
 15 Identification.)
 16 BY MR. HOFFMAN:
 17 Q. Sir, I've shown you two documents.
 18 One is Martin Exhibit No. 1. These are
 19 invoices that the TTO's counsel provided to us
 20 previously.
 21 Martin Exhibit 2 is an updated
 22 invoice.
 23 Is my understanding correct that
 24 Martin 1 plus Martin 2 set forth all the time

1 Let the record reflect it
 2 happens, we understand, but you are not allowed
 3 to write on the original exhibits. And one of
 4 my witnesses did it.
 5 You see how the first date listed
 6 is July 14th, 2016?
 7 A. **Yes, sir.**
 8 Q. Was the firm -- your firm retained on
 9 or about that date to perform services for
 10 Miller Canfield and the TTO in this case?
 11 A. **I assume so from this.**
 12 Q. Without looking at that, when was your
 13 firm hired?
 14 A. **I don't know. I have to look.**
 15 Q. Well, you got involved in it on July
 16 18th of 2016, correct?
 17 A. **Uh-huh.**
 18 Q. Yes?
 19 A. **Yes.**
 20 Q. You did uh-huh.
 21 A. **I know. You're right.**
 22 Q. Is that the first time you worked on
 23 this case, the July 18th, 2016, time entry for
 24 you, JPM?

1 **A. Yes.**
 2 Q. And do you know whether your firm had
 3 just started work on this case or are there
 4 earlier invoices than the one we're looking at?
 5 **A. No, this would be the start of – this**
 6 **would be the start of work.**
 7 Q. Okay. And I see that there's
 8 investigatory services listed by a person named
 9 Michael Maloziec, M-A-L-O-Z-I-E-C, and then
 10 there's litigation support with listings for
 11 both you and Michael. Do you see that?
 12 **A. Yes.**
 13 Q. What's the distinction there between
 14 investigatory services and litigation support?
 15 **A. It's really an internal – really**
 16 **internal code in the billing system.**
 17 **Practically it really doesn't mean that much.**
 18 Q. There's a reference to an on-site
 19 meeting on July 21st of 2016 under Michael's
 20 time entry. Were you at that meeting?
 21 **A. Yes, I was.**
 22 Q. And how many times did you or somebody
 23 from your firm physically go to the TTO's
 24 offices?

1 **A. I was physically there once. Mike was**
 2 **physically there twice.**
 3 Q. And you also met at Miller Canfield to
 4 talk to the TTO's lawyers, correct?
 5 **A. Yes.**
 6 Q. How many times do you remember doing
 7 that?
 8 **A. I'd say two or three.**
 9 Q. And there's a lot of references in the
 10 next few invoices for documentation that you
 11 and your colleagues reviewed. And if you look
 12 on the first page of the January 18th, 2017,
 13 invoice, there's a number of references to
 14 investment statements. Do you see that?
 15 **A. Yes.**
 16 Q. What are those investment statements?
 17 **A. The investment statements are**
 18 **underlying actual statements from CD accounts,**
 19 **from, you know, Merrill Lynch would be one.**
 20 **Like investment companies. Actual companies**
 21 **holding the investment – or the funds in**
 22 **investments.**
 23 Q. Why did your firm look at those
 24 documents?

1 **A. To get an overall understanding of how**
 2 **the transactions flowed in the trustee's office**
 3 **and to see how the funds were being accounted**
 4 **for.**
 5 Q. Did your firm analyze the investment
 6 statements in order to try to figure out how
 7 much interest the TTO actually earned on the
 8 pooled investments for the years relevant to
 9 the lawsuit?
 10 **A. Yes.**
 11 Q. And were you able to make that
 12 determination?
 13 **A. No.**
 14 Q. Why not?
 15 **A. The records weren't entirely complete.**
 16 **There were some gaps in there, but that**
 17 **was – we did schedule that out like that,**
 18 **so...**
 19 Q. We did schedule that out like that
 20 means what?
 21 **A. We did try to determine the actual**
 22 **interest income.**
 23 Q. And how incomplete were the records,
 24 either on a percentage basis or years or

1 months? Were there entire years in which there
 2 were missing records?
 3 **A. Not recently. There may have been in**
 4 **the early years.**
 5 Q. Remember, sir, we're concerned about
 6 both the early years and the late years, right?
 7 **A. Yes.**
 8 Q. The claim is for the fiscal year 1995
 9 that goes back to the calendar year 1994 and
 10 then carries through to mid 2012, correct?
 11 **A. Yes, sir Z.**
 12 Q. When you say not so much the later
 13 years, maybe some earlier years, I'm asking you
 14 about the entire time period, because there is
 15 a claim for approximately – roughly 20 years
 16 of interest being made against us. Do you get
 17 that?
 18 **A. Yes, sir.**
 19 Q. So let's go back and have you tell me
 20 how incomplete the records of investment
 21 statements, meaning the actual earnings the TTO
 22 made on the pooled investments were through
 23 this entire relevant time period.
 24 **A. Sure. Through the entire relevant**

1 time period, there were more missing documents
 2 in the early years, in the last several years,
 3 ten, fifteen years, they were much more
 4 complete.
 5 Q. When you say much more complete, were
 6 the more current years entirely complete or
 7 were they mostly complete?
 8 A. They were mostly complete. I'd say
 9 probably 90 percent.
 10 Q. And on a percentage basis, how would
 11 you characterize the completeness of the
 12 records in the first few years that are
 13 relevant to our analysis? Were some of of them
 14 missing entirely?
 15 A. I don't recall if there were any years
 16 missing entirely, but they were certainly a lot
 17 more spotty.
 18 Q. Rough percentage basis?
 19 A. In the '90s, maybe 40, 50 percent.
 20 Q. 40, 50 percent missing or present?
 21 A. Present.
 22 Q. The 40 would be the only thing that
 23 would matter.
 24 A. We'll make it 50.

1 firm's part, no accountant doing their job
 2 right based on the records that were given to
 3 you could determine the actual investment
 4 income earned by the TTO on the District's
 5 pooled funds for the relevant time period?
 6 MR. KALTENBACH: I'll object.
 7 BY MR. HOFFMAN:
 8 Q. Correct?
 9 MR. KALTENBACH: I'll object on form. It's
 10 vague. You can answer, Jim.
 11 THE WITNESS: Based on my analysis of it,
 12 we looked at all the records we were provided
 13 and tried to determine that and weren't able to
 14 do so.
 15 BY MR. HOFFMAN:
 16 Q. Okay. How much approximately -- let
 17 me start over. In your invoices there are
 18 many, many references to investment statements,
 19 and attempts that your firm made to try to get
 20 a complete picture of how much interest the TTO
 21 actually earned on investment income.
 22 Can you tell me about how much of
 23 your work was done in that area, meaning, you
 24 know, on a dollar or percentage of time basis

1 Q. About half there and half missing for
 2 the earlier years?
 3 A. For the earlier years.
 4 Q. So is it fair to say it was impossible
 5 for you or anyone else to determine with any
 6 degree of reasonable certainty how much
 7 investment income the TTO earned on the
 8 District's pooled investment funds for the
 9 entire relevant period?
 10 MR. KALTENBACH: I'll object to the form of
 11 the question. You can answer, Jim.
 12 THE WITNESS: Really was -- we weren't able
 13 to complete it.
 14 BY MR. HOFFMAN:
 15 Q. What I'm asking is: You spent a great
 16 deal of time and money trying to complete that
 17 analysis and you were unable to do so.
 18 Is it your belief that some other
 19 accounting firm could come in and do that
 20 analysis where you couldn't?
 21 A. Not if they were provided the same
 22 records that we were given.
 23 Q. So based on the records that you got,
 24 it wasn't through a lack of effort on your

1 A. No.
 2 Q. No idea? It was not the majority of
 3 the time you spent was trying to do that
 4 project?
 5 A. I don't know.
 6 Q. Okay. What's the -- I'm sorry. Turn
 7 to the March 23rd invoice, sir, please. Page
 8 one. Let's make that page two. There's a
 9 reference on page two of the March --
 10 A. Second page or the one that says two.
 11 Q. The one that says two at the bottom.
 12 There's a reference to an investment summary
 13 matrix about on the -- on Michael's entries on
 14 2/14/2017. Do you see that?
 15 A. Yes.
 16 Q. Is that the attempt to compile the
 17 investment money earned through reference to
 18 source documents?
 19 A. No.
 20 Q. What is that?
 21 A. This is trying to come up with the
 22 total fund balance.
 23 Q. What was the purpose of doing that?
 24 A. Well, again, it was to understand the

1 **accounting that the trustee's office did.**
 2 Q. Were you able to come up with a total
 3 fund balance for the entire relevant time
 4 period?
 5 A. No.
 6 Q. Why not?
 7 A. **For the same reasons, it was the**
 8 **same – the fund balance and the income --**
 9 **interest income is on the same statement.**
 10 Q. Is that because of a lack of
 11 documentation then?
 12 A. Yes.
 13 Q. And I see you have two entries on
 14 February 13th and February 14th for reviewing
 15 deposition transcripts.
 16 A. Yes.
 17 Q. And those total ten hours?
 18 A. Yes.
 19 Q. What deposition transcripts did you
 20 review, sir?
 21 A. **I reviewed -- in total I reviewed**
 22 **Kelly Bradshaw. I reviewed the one for**
 23 **Mr. Healy. I reviewed the one for Dr.**
 24 **Birkenmaier. And also for Mr. Thiessen.**

1 Q. And what was the purpose of your
 2 reviewing those deposition transcripts?
 3 A. **To try to understand how the**
 4 **accounting's function worked at the Trustee's**
 5 **Office.**
 6 Q. Was there anyone at the Trustee's
 7 Office during the time you were doing the work
 8 who was able to shed any light on that subject?
 9 A. **At the Trustee's Office?**
 10 Q. Let me ask you a better question.
 11 During your work in 2016 and
 12 2017, did you meet with any employee or
 13 representative of the TTO who had firsthand
 14 knowledge of how the investments worked or how
 15 interest was allocated to the districts during
 16 the relevant time period?
 17 A. Yes.
 18 Q. Who?
 19 A. **Kelly had an understanding at some**
 20 **level.**
 21 Q. Kelly who?
 22 A. **Kelly Bradford.**
 23 Q. Bradshaw?
 24 A. **Bradshaw.**

1 Q. She was the outside accountant – when
 2 you say Kelly, it was a little confusing to me.
 3 There is a gentleman we deposed named Dennis
 4 Kelly. You meant Kelly Bradshaw, right?
 5 A. Yes. I'm sorry.
 6 Q. And is it your belief that Kelly
 7 Bradshaw had firsthand experience working with
 8 the TTO on the interest income issues?
 9 A. **I don't know. I think she made a**
 10 **summary of things.**
 11 Q. But her testimony, not to beat around
 12 the bush, was she said that Healy was the only
 13 person at the TTO who was involved in interest
 14 issues, and that she was not personally
 15 involved, and she just went back to the records
 16 and did her analysis.
 17 Do you have any reason to doubt
 18 that testimony?
 19 A. **I have no idea what her involvement**
 20 **was.**
 21 Q. Well, did you meet with her or speak
 22 with her?
 23 A. Yes.
 24 Q. When?

1 A. **She was at the meeting on July 21st.**
 2 Q. Did you ever talk or speak with her
 3 after July 21st?
 4 A. **She was on the phone at the last**
 5 **meeting, which was on March 1st. Actually, I**
 6 **was on the phone, she was probably there.**
 7 **March 1st.**
 8 Q. Did Kelly Bradshaw ever tell you that
 9 she had any firsthand personal involvement in
 10 any of the interest issues, putting aside doing
 11 an analysis after Healy left?
 12 A. No.
 13 Q. Okay. You also reviewed – your firm
 14 also reviewed audit reports, correct?
 15 A. Yes.
 16 Q. What was the purpose of the review of
 17 audit reports?
 18 A. **Again, the audit reports included a**
 19 **fund balance total. And, again, that was**
 20 **another source of trying to understand the**
 21 **accounting that was done by the trustee's**
 22 **office.**
 23 Q. Were you able – ultimately was that
 24 analysis of the audit report fruitful in any

1 way to help your understanding?
 2 **A. Yes.**
 3 **Q. How so? What did you learn from**
 4 **reviewing the audit reports?**
 5 **A. Well, they had detail in there. There**
 6 **were notes and things about how the office**
 7 **functioned, about the responsibilities for**
 8 **accounting that were useful in there.**
 9 **Q. And what specifically?**
 10 **A. I don't recall specifically. It was**
 11 **more of a general understanding of how things**
 12 **worked.**
 13 **Q. So you never looked at the audit**
 14 **reports in order to track or analyze the**
 15 **distribution of investment funds to the**
 16 **District in any particular year overall, did**
 17 **you?**
 18 **A. No.**
 19 **Q. Why not?**
 20 **A. That didn't seem -- I don't know.**
 21 **That didn't seem relevant to the analysis I was**
 22 **performing.**
 23 **Q. What did the audit report say, if you**
 24 **recall, as to whether the TTO regularly paid**

1 **Q. Did anybody ever tell you, hey, I'm**
 2 **only giving you some but not others or on the**
 3 **other hand I'm giving you all of them?**
 4 **A. No.**
 5 **Q. Do you have any reason to believe that**
 6 **you're only getting some of the document**
 7 **production as opposed to all of them?**
 8 **A. No.**
 9 **Q. Did you go through all those**
 10 **documents?**
 11 **A. Yes.**
 12 **Q. You personally or you and your staff?**
 13 **A. I reviewed almost all of them, but**
 14 **between me and my staff we've been through them**
 15 **all, yes.**
 16 **Q. You also received a whole lot of**
 17 **meeting minutes, right?**
 18 **A. Yes.**
 19 **Q. And what was -- did you analyze those**
 20 **meeting minutes for any purpose?**
 21 **A. No.**
 22 **Q. Okay. You also received -- and I'm on**
 23 **page four now, the little tiny four. You**
 24 **received what are called paper sheets on**

1 out in each year the amount of money that it
 2 earned or some different amount?
 3 **A. I don't recall reading that in there.**
 4 **Q. Okay. We'll look at that later.**
 5 **Let's take a look at this Exhibit**
 6 **No. 3.**
 7 **(WHEREUPON, said**
 8 **document was marked as**
 9 **Martin Deposition**
 10 **Exhibit No. 3 for**
 11 **Identification.)**
 12 **Sir, Martin Exhibit 3 was**
 13 **provided to us by the attorneys for the TTO**
 14 **with a representation that this is the**
 15 **inventory of documents you received from the**
 16 **TTO with respect to this case; is that correct?**
 17 **A. Yes.**
 18 **Q. Great. So I just want to confirm a**
 19 **couple of things. You received, based on what**
 20 **it says toward the top of page one, all of the**
 21 **Plaintiff's document productions in the course**
 22 **of the case, correct?**
 23 **A. I don't know if this is all or not.**
 24 **These were all that we were given.**

1 quarterly distribution of interest. These are
 2 Healy handwritten notes relating to interest,
 3 correct?
 4 **A. Yeah. It was like a green bar, the**
 5 **old accounting ledger pads. The five-column**
 6 **pads.**
 7 **Q. We'll just call those documents the**
 8 **Healy notes, because you refer to them in the**
 9 **disclosure in a variety of different ways. I**
 10 **think it will be easier if we did it that way.**
 11 **Is that good with you?**
 12 **A. Yes.**
 13 **Q. And then you received many, many, many**
 14 **boxes of documents or groupings of documents**
 15 **relating to companies to which the TTO made**
 16 **investments, correct?**
 17 **A. Yes.**
 18 **Q. Those are all the investment**
 19 **statements we talked about earlier, right?**
 20 **A. Yes.**
 21 **Q. Turn to page 47, please. In the**
 22 **middle you have a listing of Dr. Birkenmaier**
 23 **provided audits for fiscal year 2006 to 2012**
 24 **for a number of the other districts. Do you**

1 see that?
 2 **A. Yes.**
 3 **Q. Do you know why you didn't get audit**
 4 **statements for earlier years prior to 2006?**
 5 **A. No.**
 6 **Q. In the next grouping you've got more**
 7 **statements, again these are starting in 2006.**
 8 **Do you know what these documents were?**
 9 **A. Not offhand. I'd have to go back and**
 10 **open the files.**
 11 **Q. Were the documents that had to do with**
 12 **other districts other than District 204, were**
 13 **some of those documents unavailable for**
 14 **years -- that were on the earlier end of the**
 15 **relevant time period for this case?**
 16 **A. I don't understand the question.**
 17 **Q. You were given a bunch of documents**
 18 **relating to other districts, right?**
 19 **A. Yes.**
 20 **Q. Were those other district documents**
 21 **complete or were they missing some years,**
 22 **particularly earlier years? Because that's**
 23 **what it looks like here.**
 24 **A. In total?**

1 **Q. Yes.**
 2 **A. In total we had them all for the**
 3 **interest general ledger account.**
 4 **Q. I'm not talking about just the general**
 5 **ledger accounts. I mean were -- you got other**
 6 **documents relating to districts like audit**
 7 **reports and other things, yes?**
 8 **A. Yes.**
 9 **Q. And were some of those documents**
 10 **relating to the other districts incomplete for**
 11 **the entire time period that is relevant to the**
 12 **case?**
 13 **A. Yes.**
 14 **Q. And describe the level of**
 15 **incompleteness of the records pertaining to the**
 16 **other districts.**
 17 **A. Well, like, for example, here in the**
 18 **audits you can see they go back to 2006.**
 19 **Q. Right. If you turn the page, you've**
 20 **got bank reconciliation packets, right?**
 21 **A. Yes.**
 22 **Q. And those go back only as far as 1999,**
 23 **correct?**
 24 **A. Yes.**

1 **Q. What impact did the lack of complete**
 2 **documents have on your analysis?**
 3 **A. For these documents?**
 4 **Q. Or any of the documents we just**
 5 **discussed, the documents relating to the other**
 6 **districts, the documents relating to**
 7 **reconciliations, other things.**
 8 **A. Yes. The documents I had were**
 9 **sufficient to complete my analysis.**
 10 **Q. So you just spot checked the other**
 11 **districts' years? How did you do it?**
 12 **A. We totalled other districts' years**
 13 **from the -- it was the journal entry reports.**
 14 **Q. The general ledger reports?**
 15 **A. Yes.**
 16 **Q. Who is Ken Getty?**
 17 **A. I'm sorry?**
 18 **Q. Ken Getty. GETTY.**
 19 **A. I don't know.**
 20 **MR. HOFFMAN: Does he work at your firm?**
 21 **MR. KALTENBACH: No.**
 22 **BY MR. HOFFMAN:**
 23 **Q. Sir, I'm marking Exhibit No. 4, this**
 24 **is Plaintiff's Rule 213(F)(3) Expert**

1 Disclosure-James P. Martin.
 2 (WHEREUPON, said
 3 document was marked as
 4 Martin Deposition
 5 Exhibit No. 4 for
 6 Identification.)
 7 You've seen this document before?
 8 **A. Yes.**
 9 **Q. And you worked with Barry Kaltenbach**
 10 **and/or people at his firm to prepare this?**
 11 **A. Yes.**
 12 **Q. And you read this document and it is**
 13 **correct and complete, yes?**
 14 **A. Yes.**
 15 **Q. Let's turn to page two, please. In**
 16 **the -- toward the middle of the page it reads,**
 17 **"Mr. Martin is expected to testify," and it**
 18 **goes on for the remainder of that paragraph,**
 19 **the last complete paragraph on page two. Where**
 20 **did you get that understanding of how the**
 21 **process at the Treasurer's Office worked?**
 22 **A. From in terms of pooling investments**
 23 **and investing on behalf of the districts?**
 24 **Q. Let's do this the hard way. It says**

1 here -- it talks about revenues for the school
 2 districts, right? And it makes a statement
 3 here, "The treasurer maintained a summary of
 4 the investments on a ledger and later an Excel
 5 workbook." Do you see that?
 6 **A. Yes.**
 7 **Q.** What is the basis for your
 8 understanding of that?
 9 **A. Those were the documents we were**
 10 **provided.**
 11 **Q.** And then goes on to talk about, "The
 12 treasurer maintained a general ledger for each
 13 district. This tracked each district's fund
 14 balances, e.g. education, transportation, et
 15 cetera. This was used to calculate the
 16 percentage of each district's ownership of the
 17 fiduciary fund total. This percentage was used
 18 to calculate the district's share of the
 19 fiduciary fund as well as to allocate
 20 investment income. Each quarter the treasurer
 21 estimated a total investment income amount,
 22 this amount was typically a round number."
 23 What is your -- what is the basis
 24 for that statement? Where did you get the

1 **A. Yes.**
 2 **Q.** Did you ever speak with Bob Healy?
 3 **A. No.**
 4 **Q.** Did anybody from your firm ever speak
 5 to Bob Healy?
 6 **A. No.**
 7 **Q.** Why not?
 8 **A. I don't know.**
 9 **Q.** What do you mean you don't know?
 10 Why wouldn't it be important for
 11 somebody from your firm to at least try to
 12 reach out to Bob Healy and ask him questions
 13 about what he did with respect to investment
 14 income?
 15 **A. We had his deposition transcript and I**
 16 **read that.**
 17 **Q.** Did that answer all the questions that
 18 you had?
 19 **A. As well as I would expect from another**
 20 **conversation with him would be.**
 21 **Q.** So you thought because of the
 22 deposition transcript you had for Bob Healy,
 23 there was no need to ask Bob Healy any further
 24 questions?

1 information to make that statement?
 2 **A. That was -- that's the information on**
 3 **the Healy notes.**
 4 **Q.** When you say this amount was typically
 5 a round number, wasn't it always a round
 6 number?
 7 **A. It was a round number, I think, almost**
 8 **every single time. I can't remember if there**
 9 **were two or two where it wasn't a round number.**
 10 **Almost always a round number.**
 11 **Q.** At least almost always, maybe always?
 12 **A. Yes.**
 13 **Q.** Then it says this calculation -- "The
 14 treasurer applied the district's ownership
 15 percentage to the estimated investment income
 16 to determine the investment income to be
 17 ascribed to each district." Do you see that
 18 statement?
 19 **A. Yes.**
 20 **Q.** Is that what the treasurer did?
 21 **A. That's what's on the Healy notes.**
 22 **Q.** So you're looking at the Healy notes
 23 and getting that information from the Healy
 24 notes, correct?

1 **A. Right. Yes.**
 2 **Q.** And then it states in this disclosure,
 3 "This calculation of investment income was used
 4 to create a journal entry input into each
 5 district general ledger. What is the source of
 6 that statement?
 7 **A. That's from the 205 reports. Let me**
 8 **get the right name of that, if I could, please.**
 9 **Q.** I know what the general ledger is, but
 10 that's not what this statement says. I know
 11 what the general ledger is. You don't need to
 12 tell me.
 13 How did you know how the
 14 information in Healy's notes were then made
 15 part of the general ledger?
 16 **A. Oh, because you can --**
 17 **Q.** Who told you that?
 18 **A. No one told me, but you can see the**
 19 **entries on the Healy notes as a journal entry**
 20 **on the general ledger sheets.**
 21 **Q.** You also state in this disclosure, "No
 22 formal reconciliation between the fiduciary
 23 fund and the district general ledgers appears
 24 to have been undertaken based on materials

1 Mr. Martin reviewed." Do you see that?
 2 **A. Yes.**
 3 Q. Do you have any understanding as to
 4 why there was no formal reconciliation?
 5 **A. No.**
 6 Q. What is the importance of a
 7 reconciliation between the fiduciary fund and
 8 the district general ledgers?
 9 **A. Well, just show that the amount in the**
 10 **general ledger actually tied to the investment**
 11 **fund balance.**
 12 Q. Okay. Would that have been good
 13 practice to -- for the TTO to use?
 14 MR. KALTENBACH: Objection. I object as
 15 beyond the scope. You can answer.
 16 THE WITNESS: I wasn't engaged to evaluate
 17 their internal control procedures.
 18 BY MR. HOFFMAN:
 19 Q. So you have no opinion even though
 20 you've been an accountant and an analyst
 21 for -- how many years, 20 years?
 22 **A. Long time. 30 years.**
 23 Q. 30 years. So you don't have any
 24 opinion whatsoever on whether it would have

1 been a good idea for the TTO to reconcile the
 2 fiduciary fund to the district general ledgers?
 3 MR. KALTENBACH: Same objection. Also
 4 argumentative.
 5 THE WITNESS: No, I wasn't engaged to look
 6 at their internal controls.
 7 BY MR. HOFFMAN:
 8 Q. Regardless of whether you were paid to
 9 do that or not, I'm asking right now whether
 10 you think that would have been something that
 11 would have been important and valuable in
 12 looking back on this?
 13 MR. KALTENBACH: Same objection.
 14 THE WITNESS: I have no opinion on that.
 15 BY MR. HOFFMAN:
 16 Q. Did you attempt to reconcile the
 17 fiduciary fund to the district general ledgers?
 18 **A. That would have been possible if we**
 19 **were able to complete the analysis of the fund**
 20 **balance summary, but...**
 21 Q. But because you couldn't complete the
 22 fund balance summary, it became impossible to
 23 do a reconciliation, right?
 24 **A. Yes.**

1 Q. Later on in the disclosure, you talk
 2 about the four quarters and how the treasurer
 3 calculated investment income amount for those
 4 four quarters, right?
 5 **A. You're referring to the --**
 6 Q. The photograph that starts on
 7 quarterly basis.
 8 **A. Yes.**
 9 Q. And there's 11 months listed there.
 10 Why is there a month missing?
 11 **A. The -- well, the fourth quarter of the**
 12 **fiscal year, so the second quarter of the year,**
 13 **April, May, June was only calculated on the**
 14 **April and May balance.**
 15 Q. What is the effect of that?
 16 **A. It was consistently applied, so as**
 17 **long as it was consistent, it really wouldn't**
 18 **have much effect.**
 19 Q. Well, did anybody -- was June
 20 considered in next year or was June ignored
 21 entirely?
 22 **A. June was really just not considered in**
 23 **the allocation calculations.**
 24 Q. And what impact would that have in

1 terms of whether the allocations were right?
 2 **A. Really wouldn't impact the allocations**
 3 **at all.**
 4 Q. Why not?
 5 **A. Because the allocations are just based**
 6 **on a percentage of the pool ownership. It was**
 7 **taking the average of those months to determine**
 8 **the average fund balance for that period.**
 9 Q. You state, "The manual calculation of
 10 investment income allocation was input into the
 11 general ledger books of each individual
 12 district as a journal entry." How do you know
 13 that?
 14 **A. Because you can trace the numbers from**
 15 **the Healy notes into the journal entry detail.**
 16 Q. You state that on page four, it says,
 17 "Based on his review analysis, as explained
 18 above, Mr. Martin is expected to opine that
 19 during the relevant time period, District 204
 20 was over allocated a total of \$1,427,442.04."
 21 Do you see that?
 22 **A. Yes.**
 23 Q. What is the -- that opinion does not
 24 have any relationship, does it, to whether

1 District 204 was actually paid its share of the
 2 interest that was actually earned by the TTO
 3 from the pooled investment fund?
 4 **A. I'm sorry. Could you --**
 5 Q. There is a difference between the
 6 allocation of the amounts listed in Healy's
 7 notes and the actual amounts of money that were
 8 earned by the TTO, a share of which belonged to
 9 District 204, correct?
 10 **A. Yes.**
 11 Q. So you don't have any opinion
 12 whatsoever as to whether based on the money
 13 that the TTO actually earned, District 204
 14 received either too much or too little
 15 investment income?
 16 **A. I'm sorry?**
 17 MR. HOFFMAN: You can repeat that back.
 18 (Said question was read
 19 back.)
 20 MR. KALTENBACH: I'll object. I don't
 21 think the witness took it as and I don't think
 22 it was a question, I think it was a statement
 23 that you're looking for a response to.
 24 BY MR. HOFFMAN:

1 Q. It's a question.
 2 **A. Could you repeat the question.**
 3 (Said question was read
 4 back.)
 5 THE WITNESS: Can you break that down.
 6 BY MR. HOFFMAN:
 7 Q. Sure. You've agreed that the amount
 8 of money -- the TTO earned money on the pooled
 9 investments, right?
 10 **A. Yes, it did.**
 11 Q. And District 204 was entitled to a
 12 share of the investment income earned, correct?
 13 **A. Yes, absolutely.**
 14 Q. And you were not able to analyze how
 15 much investment income the TTO made and
 16 therefore what share of that money District 204
 17 was entitled to get during the relevant time
 18 period; am I right?
 19 **A. Yes.**
 20 Q. So what you analyzed was the
 21 difference between Healy's handwritten notes
 22 relating to distributions and the general
 23 ledger entries relating to amounts credited to
 24 District 204, right?

1 **A. That's correct.**
 2 Q. Okay. So it is theoretically
 3 possible, isn't it, that if Healy's
 4 distribution numbers in each quarter were too
 5 low in relation to the amount of money the TTO
 6 actually earned on the investments, that
 7 District 204 could have been underpaid through
 8 this time period; isn't that true?
 9 **A. No.**
 10 Q. Why not?
 11 **A. Because of the -- the Healy notes**
 12 **included an estimate of the interest that was**
 13 **actually earned on investments.**
 14 **The actual investments once they**
 15 **were earned, if they were underdistributed, it**
 16 **would have flowed into the pool balance anyway,**
 17 **and they would be -- they would become part of**
 18 **the pool.**
 19 Q. Well, you don't know how much interest
 20 District 204 should have gotten from the fiscal
 21 years 1995 through 2012, do you?
 22 **A. You got to repeat the question,**
 23 **please.**
 24 Q. You don't know how much investment

1 income District 204 should have received based
 2 on money actually earned for the 1995 to 2012
 3 time period, do you?
 4 **A. How much they should have received**
 5 **based on the actual earnings?**
 6 Q. Yes.
 7 **A. I didn't have any analysis what the**
 8 **actual earning -- what the actual interest**
 9 **income or investment income was.**
 10 Q. It's okay to agree with a question I
 11 ask you.
 12 **A. I'm trying to be clear.**
 13 Q. I know you're clear.
 14 I know what the predicate is.
 15 You can go ahead and then make the logical
 16 connection that because you don't know how much
 17 interest was earned, you don't have any opinion
 18 as to how much District 204 should have
 19 received from -- during that time period in
 20 investment income?
 21 **A. Well, no, I would know that they**
 22 **should receive their proper share of what**
 23 **Mr. Healy had been calculated based on the**
 24 **estimate, which may be --**

1 Q. You don't know –
 2 MR. KALTENBACH: Hold on. Let him finish.
 3 THE WITNESS: Which may be different than
 4 that same percentage applied to the actual
 5 interest income during that period.
 6 BY MR. HOFFMAN:
 7 Q. But you have no way of knowing whether
 8 the numbers in Healy's notes bore any
 9 relationship whatsoever to the interest
 10 actually earned?
 11 MR. KALTENBACH: Objection. Form.
 12 BY MR. HOFFMAN:
 13 Q. Answer.
 14 A. What was the question?
 15 Q. Isn't it true that you have no way to
 16 know whether the numbers in the Healy notes as
 17 to investment interest to be distributed have
 18 any relationship to the amount of money that
 19 the TTO actually earned?
 20 MR. KALTENBACH: Same objection. Go ahead.
 21 THE WITNESS: That's true, yes, I agree
 22 with that.
 23 BY MR. HOFFMAN:
 24 Q. It says here – now, you go through

1 and you talk about the three adjustments you
 2 made, and basically if I understand this
 3 correctly, at the end of the day, you went back
 4 to Bradshaw's analysis, you made three
 5 adjustments to particular entries. You
 6 eliminated one of the columns and then that
 7 became the basis for your opinion; is that fair
 8 enough?
 9 A. No.
 10 Q. Okay. We'll get to that. It looks
 11 like exactly what you did. We'll talk about
 12 that.
 13 And then it says at the bottom of
 14 feigning four, "In forming his opinions on this
 15 matter, Mr. Martin did not assume the workbooks
 16 to be either accurate or inaccurate." What
 17 does that mean? When you say workbooks, are
 18 you talking about the Healy notes, general
 19 ledger or both?
 20 A. That's the Healy notes.
 21 Q. So you did not assume the Healy notes
 22 to be either accurate or inaccurate. What do
 23 you mean by that?
 24 A. Well, because they were based on an

1 estimate of what the interest income was for
 2 the quarter.
 3 Q. Okay. What impact in the real world
 4 would Healy's notes being inaccurate have?
 5 A. That the amount of interest earned by
 6 the districts would flow into the fund balance
 7 or come out of the fund balance.
 8 Q. What do you mean by that?
 9 A. Well, the fund balance was really all
 10 the investment, the pooled investments that
 11 would fluctuate over time, earn interest and
 12 things like that.
 13 If Healy were to estimate what
 14 the actual interest on that would be for a
 15 quarter and then ascribe that in the proper
 16 percentages to the districts, if the amount he
 17 was ascribing in total was too high, it was
 18 more than the actual interest, he would be
 19 pulling principal out of that and ascribing
 20 principal amounts.
 21 If the amount was too low,
 22 interest that was earned who flow and become
 23 part of the fund balance, the actual principal
 24 balance.

1 Q. Was all of the interest that the
 2 TTO – let's see. Let me ask you a better
 3 question. Are you aware that in 2013 the TTO
 4 communicated with the districts to tell them
 5 that they had located a fund that they
 6 described as undistributed investment income?
 7 A. No.
 8 Q. I'm showing you Thiessen
 9 exhibits – let's look at Thiessen Exhibit 8.
 10 And it says, I'll just read it, in the third
 11 paragraph, "However, in reviewing" – Thiessen
 12 Exhibit 8 is – you know who Michael Thiessen
 13 is?
 14 A. Yes.
 15 Q. It's something that Michael Thiessen
 16 and Dr. Bradley who preceded Dr. Birkenmaier as
 17 the treasurer wrote to all member districts.
 18 It says, "In reviewing prior year financial
 19 statements, there appears to be some
 20 undistributed funds. We have been actively
 21 communicating with our new auditors regarding
 22 the possibility of distributing these funds to
 23 the school districts. We want a better
 24 understanding and sign-off on the issue before

1 distributing these funds."
 2 Have you ever seen this document
 3 before, sir?
 4 **A. No.**
 5 Q. And Thiessen Exhibit No. 9 is a
 6 November 7th, 2013, letter from Dr. Birkenmaier
 7 to the districts. It says, "It has been
 8 determined that this interest income should be
 9 distributed to the township districts and
 10 agencies. We are therefore distributing
 11 \$500,000 in interest income from previous
 12 years. The calculation of revenue distribution
 13 will be based on," blah, blah, blah.
 14 Have you ever seen this document
 15 before, sir, this communication on
 16 undistributed investment income? Yes, no, I
 17 don't remember.
 18 **A. Not that I recall now.**
 19 Q. Okay. Both of Thiessen Exhibit 8 and
 20 9 were the subject of questions that I asked
 21 Mr. Thiessen and Dr. Birkenmaier in their
 22 depositions.
 23 Do you remember the testimony
 24 they gave on that subject?

1 **A. Vaguely, I think.**
 2 Q. And do you remember that Dr.
 3 Birkenmaier testified -- and I got her
 4 deposition, we can dig it out if I have to. Do
 5 you remember she testified that in 2013 they
 6 distributed \$500,000, but the actual amount in
 7 the fund was more like 1.2, 1.3 million, do you
 8 remember that testimony?
 9 **A. No.**
 10 Q. Does the fact that there is a -- and
 11 do you remember her testifying that she wasn't
 12 sure how much that fund amounts to now, but she
 13 believes it's about 1.7 million?
 14 **A. No.**
 15 Q. Does the fact that there is a
 16 significant amount of undistributed interest
 17 the TTO was holding based on the testimony of
 18 Dr. Birkenmaier have any impact on your
 19 opinions or analysis?
 20 **A. No.**
 21 Q. Why not?
 22 **A. Because, again, the fund, whether it's**
 23 **an undistributed income fund or in the**
 24 **investment principal fund, it still is owned in**

1 **the proportionate shares by all the underlying**
 2 **districts.**
 3 Q. Well, wouldn't that concern you if
 4 there was money that should have been
 5 distributed to District 204 and the other
 6 districts but the TTO didn't distribute it?
 7 **MR. KALTENBACH: Objection. Form. You can**
 8 **answer.**
 9 **BY MR. HOFFMAN:**
 10 Q. Would it concern you?
 11 **A. No.**
 12 Q. Why not?
 13 **A. That would just be a timing difference**
 14 **at that point in time.**
 15 Q. Is it your understanding that the TTO
 16 can choose to distribute interest or not
 17 distribute interest at any time as it chooses?
 18 **MR. KALTENBACH: Objection. Form and**
 19 **beyond the scope of his engagement. You can**
 20 **answer.**
 21 **THE WITNESS: That's really isn't within**
 22 **the scope of what I was looking at.**
 23 **BY MR. HOFFMAN:**
 24 Q. You don't know whether the TTO has to

1 distribute investment income or not to the
 2 districts, true?
 3 **MR. KALTENBACH: Same objections, plus**
 4 **argumentative.**
 5 **BY MR. HOFFMAN:**
 6 Q. You are shaking your head.
 7 **A. True.**
 8 Q. Okay. Let me show you a document that
 9 was previously marked as Thiessen Exhibit 10.
 10 It includes a document that was in TTO's
 11 document production in this case, which you
 12 received. This was an exhibit to the Thiessen
 13 deposition as well as the Dr. Birkenmaier
 14 deposition, and I asked him questions
 15 extensively about this document. Have you seen
 16 it before?
 17 **A. Not that I recall, no.**
 18 Q. Are you sure you read the depositions
 19 of Thiessen and Birkenmaier?
 20 **A. Yes.**
 21 Q. And you don't remember any discussion
 22 about -- in the transcript, if you look to the
 23 second page of Thiessen Exhibit 2 -- let me
 24 start over.

1 Look at the second page of
 2 Thiessen Exhibit 2, you'll see a one-sided
 3 request for posting entry for an audit
 4 adjustment-interest in June of 2011 in the
 5 amount of \$1,512,451.00. Do you see that?
 6 **A. Yes.**
 7 **Q. Do you know what that transaction was?**
 8 **A. Nope, I don't.**
 9 **Q. Did anyone in the TTO ask you to**
 10 **consider this document, or even if they didn't**
 11 **ask you to consider this document, possibly**
 12 **looking into the transaction that's described**
 13 **in this document to see how it affected**
 14 **interest?**
 15 **A. No, they did not.**
 16 **Q. Is it fair to say that this appears to**
 17 **be a request for an entry to the general ledger**
 18 **of the TTO -- by the way, you know who -- you**
 19 **recognize this as a TTO document on page two,**
 20 **don't you? It says Lyons Township School**
 21 **Treasurer and --**
 22 **A. Yes.**
 23 **Q. You see down at the bottom there's**
 24 **Laura Lee Conway's signature?**

1 **A. I don't know if that's hers.**
 2 **Q. Dr. Birkenmaier said it was. Do you**
 3 **agree with that? Do you have any reason to**
 4 **doubt it?**
 5 **A. I don't doubt it.**
 6 **Q. So what's a one-sided transaction?**
 7 **A. Well, a one-sided transaction would be**
 8 **made to one side of the general ledger, in this**
 9 **case, at least I believe that's what this form**
 10 **would do.**
 11 **Q. Tell me a little -- you're defining it**
 12 **using the term as somebody who's not in your**
 13 **field. If I was good with numbers, I wouldn't**
 14 **have gone to law school, right?**
 15 **A. Got you.**
 16 **Q. Tell me the significance of the**
 17 **transaction being one-sided, please.**
 18 **MR. KALTENBACH: I'm going to object as to**
 19 **being vague, and as the witness testified,**
 20 **beyond the scope. With that being said, you**
 21 **can answer.**
 22 **THE WITNESS: Yeah, it really is beyond the**
 23 **scope in sort of an academic --**
 24 **BY MR. HOFFMAN:**

1 **Q. Sir, I didn't ask you to make an**
 2 **objection as to scope.**
 3 **MR. KALTENBACH: Hold on. Jay, let him**
 4 **finish his answer.**
 5 At the start of the deposition,
 6 you usually ask a witness can we not talk over
 7 each other and now you're doing it.
 8 **MR. HOFFMAN: He is not a junior attorney.**
 9 **He is an accounting professional. He has no**
 10 **business adopting your objections as to scope.**
 11 **He's been an accountant for 30 years. He can**
 12 **tell me what a one-sided transaction is. You**
 13 **had your objection. It is on the record.**
 14 **BY MR. HOFFMAN:**
 15 **Q. Sir, I would respectfully ask you not**
 16 **to parrot your lawyer's objections. Simply**
 17 **answer the questions based on your knowledge**
 18 **and experience.**
 19 If you can't tell me what a
 20 one-sided transaction is, then tell me that.
 21 If you can, tell me that as well. Thank you.
 22 **MR. KALTENBACH: I'm going to object. I**
 23 **don't think that there's an actual question**
 24 **that's now pending. I also think it's**

1 argumentative.
 2 **BY MR. HOFFMAN:**
 3 **Q. Great. It says here.**
 4 **MR. KALTENBACH: Jay, knock off the**
 5 **commentary.**
 6 **MR. HOFFMAN: There is a question pending.**
 7 **MR. KALTENBACH: Knock off the commentary.**
 8 **MR. HOFFMAN: You are obstructing the**
 9 **deposition.**
 10 **MR. KALTENBACH: Knock off the commentary.**
 11 **BY MR. HOFFMAN:**
 12 **Q. Sir, this document at the very top**
 13 **says one-sided.**
 14 Based on your vast experience in
 15 the accounting field, what is a one-sided
 16 transaction and what is the significance of it?
 17 **A. Well, again, it's an**
 18 **academic -- you're asking a very academic**
 19 **accounting question, and there's a couple of**
 20 **ways that could be. One is that the**
 21 **accounting, just pure GAAP accounting, like**
 22 **generally accrual account is based on two**
 23 **entries that are always in balance, there's a**
 24 **debit and credit amount.**

1 A one-sided entry would be an
 2 entry that would affect just one side of that,
 3 one debit or one credit, without the
 4 corresponding -- without the corresponding
 5 opposite side of that, that has the unfortunate
 6 effect of making the general ledger not
 7 balance, so the trial balance doesn't come out
 8 if you make a one-sided entry; however, that is
 9 still done in certain circumstances where there
 10 would be a correction needed or some other
 11 thing that you are trying record. For example,
 12 a lot of general ledger systems require a
 13 one-sided entry at the end of the period, at
 14 the end of the year, in order to close out the
 15 income statement into the balance sheet at the
 16 end of the year. That would be a one-sided
 17 entry to do so.

18 Another example of a one-sided
 19 entry would be, for example, making an entry
 20 where it's -- depends on the context, and I
 21 don't know the context of this particular form
 22 or what they use this form for, but it could be
 23 a subledger only entry without affecting the
 24 general ledger balance as well, because that's

1 sometimes referred in certain accounting
 2 circles as being a one-sided entry, too,
 3 because you are affecting the subledger without
 4 affecting the control total of the general
 5 ledger.

6 Q. Great. I knew you knew the answer and
 7 that's what I wanted from you. Thank you.

8 Tell me whether you're aware of
 9 audit adjustments for interest amounts being
 10 made to District 204's accounts in 2011 or any
 11 other year?

12 A. Not specifically, no.

13 Q. And am I correct that this is a
 14 reduction in the District 204's fund balance of
 15 approximately \$1.5 million?

16 MR. KALTENBACH: Same objection as before.
 17 BY MR. HOFFMAN:

18 Q. Am I correct?

19 A. I have no idea what this entry would
 20 be doing.

21 Q. Would it help you to see the general
 22 ledger, which is Thiessen Exhibit No. 11? It
 23 may help, it may not help. You tell me.
 24 You'll see at the very top listed as page 24,

1 you see there's -- it says Jay J/E, journal
 2 entry, audit adjustment interest negative
 3 \$1,512,451.

4 A. No, I don't see that.

5 Q. Right here. It says page 24 at the
 6 top here. I'm sorry about that. You got it?

7 A. Oh, yes.

8 Q. Do you know what that journal entry
 9 means?

10 A. No, I don't.

11 Q. Do you see on the second page of this
 12 document, which is listed as page 22, about
 13 two-thirds of the way down there's a similar
 14 listing of journal entry audit adjustment
 15 interest in a negative amount of \$1,512,451?

16 A. Yes.

17 Q. Do you know what that -- this is for
 18 District 204's account. Do you know what
 19 that -- what that entry is for?

20 A. No, I don't.

21 Q. Now, when you read the Thiessen and
 22 Birkenmaier deposition transcripts, did that
 23 cause you to have any questions about this one
 24 and a half million dollar debit for an audit

1 adjustment on interest that was discussed in
 2 the deposition transcripts?

3 A. No.

4 Q. Why not?

5 A. Because I was really talking about the
 6 fund balance, not about the allocation of
 7 interest.

8 Q. Look on page one of Thiessen Exhibit
 9 No. -- Thiessen Exhibit 10, please. And you
 10 see that there's a -- it has the \$1,512,451
 11 adjustment for 204, right?

12 A. Yes.

13 Q. And then it has a positive number of
 14 \$1,742,417. Did you see that?

15 A. Oh, up here, uh-huh.

16 Q. Yes?

17 A. Yes.

18 Q. And you see it's got a hundred next to
 19 it. And that's the TTO's account, right?

20 A. Yes.

21 Q. And so didn't you have any questions
 22 about why there was a gain to the TTO and a
 23 reduction in District 204's funds relating to
 24 interest of about a million and a half dollars

1 in June of 2011?
 2 MR. KALTENBACH: Same objection as before.
 3 THE WITNESS: No.
 4 BY MR. HOFFMAN:
 5 Q. Why not?
 6 A. I don't know what the -- I don't know
 7 what the context of these entries are.
 8 Q. Well, how would you find out?
 9 A. Well, I mean I'd have to research it
 10 further.
 11 The note here says it's a 2010
 12 adjustment but self corrected in -- I don't
 13 know what that is. 2011.
 14 Q. Whose handwriting is that based on
 15 your review of the documents?
 16 A. I don't know.
 17 Q. What does that note mean, do you know?
 18 A. Well, that would mean these are just
 19 an accrual. That it was to make the 2010
 20 ledger correct. I'm assuming anyway. It would
 21 be to adjust it per what the auditors had found
 22 during the conduct of their audit, that they
 23 felt it should have been recorded one way or
 24 another.

1 MR. HOFFMAN: Move to strike the last
 2 answer containing an assumption, lack of
 3 foundation.
 4 BY MR. HOFFMAN:
 5 Q. Sir, I'd like to caution you not to
 6 make assumptions or guesses, because they are
 7 not evidence.
 8 So bottom line is, you don't know
 9 what this document Thiessen Exhibit No. 10 or
 10 11, what these entries represent, do you?
 11 A. That's correct.
 12 Q. And if this is a reduction of a
 13 million a half dollars as an adjustment for
 14 interest based on audits done in 2011, this
 15 number is big enough to wipe out the entire
 16 damage claim of the TTO on interest, which is
 17 about 1.4 million, correct?
 18 A. Well --
 19 MR. KALTENBACH: Same objection as before.
 20 You can answer.
 21 THE WITNESS: I don't know what the reason
 22 that that sheet represents, so I don't really
 23 know what their -- what they were suggesting
 24 that should be made for.

1 BY MR. HOFFMAN:
 2 Q. Isn't it important to know that?
 3 A. It doesn't affect the analysis that I
 4 perform, no.
 5 Q. Isn't the analysis you performed to
 6 try to figure out if District 204 got too much
 7 or too little interest?
 8 A. Yes, versus what the other districts
 9 received, yes.
 10 Q. This journal entry, Thiessen Exhibit
 11 No. 10, is not uniform as to all the other
 12 districts, it specifically affects District
 13 204, doesn't it?
 14 MR. KALTENBACH: Same objection as before.
 15 THE WITNESS: The one line on there is
 16 affecting District 204, yes.
 17 BY MR. HOFFMAN:
 18 Q. As reflected in the first page, it
 19 lists other districts, but the amount's very
 20 small, right?
 21 A. Yes.
 22 Q. And your testimony is that this is
 23 unimportant to your analysis?
 24 A. That's correct.

1 MR. KALTENBACH: It's been about an hour.
 2 Do you want to --
 3 MR. HOFFMAN: I WANT to ask him another
 4 question.
 5 BY MR. HOFFMAN:
 6 Q. When I deposed Mike Thiessen, I asked
 7 him about the same figure, and he looked on
 8 Thiessen Exhibit No. 11, and he found a number
 9 that was roughly similar in size, and so his
 10 testimony was that that the general entry for
 11 audit adjustment for interest could somehow
 12 offset this \$1,587,295.84 entry for July 2010
 13 expenses. Do you see that?
 14 A. Yes, I see it.
 15 Q. Based on your understanding of the
 16 documents and the general ledger, do you have
 17 any reason to believe that that negative entry
 18 for District 204 expenses for that month has
 19 any relationship to the negative \$1.5 million
 20 number for an audit adjustment for interest?
 21 MR. KALTENBACH: Same objection.
 22 THE WITNESS: I have no idea.
 23 BY MR. HOFFMAN:
 24 Q. Does it seem logical those two numbers

1 would be connected given that -- does it seem
 2 logical that those two numbers would be
 3 connected given that the numbers are different
 4 and that one relates to interest and one
 5 relates to expenses?
 6 MR. KALTENBACH: Hold on a minute, Jim.
 7 Same objection.
 8 MR. HOFFMAN: Settle down.
 9 MR. KALTENBACH: Jay, don't tell me to
 10 settle down.
 11 MR. HOFFMAN: Don't interrupt people when I
 12 am asking a question. You are objecting before
 13 a question is out of my mouth.
 14 MR. KALTENBACH: Your voice was trailing
 15 off, and I wanted to get the objection out
 16 before the witness answered, which I, generally
 17 speaking, try to do.
 18 BY MR. HOFFMAN:
 19 Q. May I get an answer to my question,
 20 please?
 21 THE WITNESS: Could you read the question,
 22 please.
 23 (Said question was read
 24 back.)

1 THE WITNESS: I have no idea.
 2 MR. HOFFMAN: Okay. Take a break.
 3 (Recess.)
 4 BY MR. HOFFMAN:
 5 Q. On page four we talked about your
 6 opinion as to an overallocation of
 7 \$1,427,442.04.
 8 A. Okay.
 9 Q. Right?
 10 A. Yes.
 11 Q. And that differs from the amount that
 12 was in Bradshaw's analysis, correct?
 13 A. Yes, it does.
 14 Q. And so I just want it clear on the
 15 record that your -- and -- Barry, you can fill
 16 us in on this, that this amount stated in the
 17 disclosure is the TTO position on damages for
 18 its interest claim in this case?
 19 MR. KALTENBACH: That's correct, and I sent
 20 you an e-mail to that earlier this week
 21 confirming that.
 22 THE WITNESS: Actually, reading this, if I
 23 can make a correction to a prior answer.
 24 BY MR. HOFFMAN:

1 Q. Sure.
 2 A. Just this last sentence here at the
 3 bottom, I think I misread that the first time
 4 where it said the workbooks. I think I said it
 5 was the Healy notes, but it actually is the
 6 Kelly Bradshaw workbooks.
 7 Q. So your reference was actually to
 8 Bradshaw's workbooks?
 9 A. Right.
 10 Q. So Bradshaw's workbooks captured
 11 information from Healy's notes as well as the
 12 general ledger, right?
 13 A. From Healy's notes and the general
 14 ledger, yes.
 15 Q. And so you didn't go back and trace
 16 the numbers in Bradshaw's report to see whether
 17 she had correctly pulled the numbers from
 18 Healy's notes or the general ledger, right?
 19 A. Oh, no. That's not right. I did
 20 both.
 21 Q. Did you?
 22 A. Yes. Absolutely.
 23 Q. For \$120,000, I would hope you did.
 24 A. Yes.

1 Q. So why are you saying that you did not
 2 assume that Bradshaw's workbooks were accurate
 3 or inaccurate, what does that mean?
 4 A. Well, I mean she wrote numbers down,
 5 but I would never assume them to be correct or
 6 incorrect. I had to verify -- I did my own
 7 work on that.
 8 Q. You went back and tick and traced it
 9 as they say?
 10 A. Oh, yes. I created a separate sheet
 11 where it actually balanced out the -- all the
 12 interest entries on the general ledgers.
 13 Q. And had Bradshaw made any mistakes
 14 that you found?
 15 A. Well, I don't know if it was mistakes.
 16 She misinterpreted -- she interpreted some of
 17 the entries differently than I did.
 18 Q. And did you speak with Ms. Bradshaw
 19 about that?
 20 A. Yes.
 21 Q. And did she persuade you at any of her
 22 interpretations, or did you decide that your
 23 interpretations which differed from Ms.
 24 Bradshaw's were correct?

1 **A. Well, it wasn't intended to be a**
 2 **persuasive thing. I was asking her why she**
 3 **didn't pick up a couple of the entries that**
 4 **were in there.**
 5 **She interpreted them differently**
 6 **than I did, and I didn't change my opinion on**
 7 **that.**
 8 Q. And these are the three changes that
 9 you describe in the middle of page four of the
 10 disclosure, yes?
 11 **A. Exactly.**
 12 Q. Did you make any assumption as to the
 13 correctness or incorrectness of the Healy
 14 notes?
 15 **A. No. Treated those as a business**
 16 **record that were correct at that time.**
 17 Q. And why would you treat Mr. Healy's
 18 notes as being correct given that he's a class
 19 X felony who stole more than a million and a
 20 half dollars from the districts?
 21 **A. They were the records that were**
 22 **available from that time.**
 23 Q. Do you feel that Healy was a
 24 trustworthy and reliable professional in light

1 of his criminal record and history of theft?
 2 MR. KALTENBACH: Same objection as before,
 3 scope and form.
 4 THE WITNESS: I wasn't really engaged to
 5 opine on Mr. Healy's conduct.
 6 BY MR. HOFFMAN:
 7 Q. Let's dispense with the it's not
 8 within the scope. I'm asking you a question as
 9 an accountant and a professional.
 10 And the question is: Do you have
 11 any concerns relying on Healy's handwritten
 12 notes as being what should have been
 13 distributed given Healy's history of theft from
 14 the funds that the TTO held for the districts?
 15 **A. No.**
 16 Q. Doesn't concern you at all?
 17 **A. No, not relying on the Healy's notes,**
 18 **no.**
 19 Q. You are relying on the Healy's notes
 20 as for what distributions should have been
 21 made, right?
 22 **A. That's correct.**
 23 Q. Okay. Are you relying on the Healy
 24 notes as to what amounts they state should be

1 allocated to each district?
 2 **A. Yes.**
 3 Q. So whatever amount Healy put in his
 4 handwritten notes as to the allocation to each
 5 district, is the amount that you believe should
 6 have been paid to each district in that
 7 quarter?
 8 **A. Not exactly. It really is the**
 9 **proportion of the entries. It's the proportion**
 10 **of the amounts.**
 11 **Again, as we talked about**
 12 **earlier, it's not that the amounts that are in**
 13 **there equal the actual interest. It's the**
 14 **proportion of the amounts by district.**
 15 Q. So fair enough.
 16 What I'm saying is: In each of
 17 Healy's handwritten notes there was -- I
 18 understand they weren't all exactly the same,
 19 but generally what they have is they have a
 20 statement of the fund balances of each
 21 district, the amount that he's going to
 22 distribute as a total of all of the allocations
 23 that he makes amongst the districts, correct?
 24 **A. Yes.**

1 Q. And in one quarter it may be that he's
 2 going to -- he writes down \$10 million for the
 3 distribution and then he writes down a specific
 4 number for each of the districts in his notes,
 5 correct?
 6 **A. Well, \$10 million would be**
 7 **extraordinarily large. I don't recall any that**
 8 **were quite that large, but that's the way it**
 9 **would work though.**
 10 Q. Would you feel more comfortable with a
 11 number of one million?
 12 **A. Yes.**
 13 Q. Terrific.
 14 So in any given quarter, if he
 15 intended to distribute a million dollars total
 16 in interest, he also had specific numbers as to
 17 the amount that two go to each district,
 18 correct?
 19 **A. Yes.**
 20 Q. And did you rely on the specific
 21 numbers that Healy set forth in his notes as to
 22 the amount that each district should have been
 23 allocated in that quarter?
 24 **A. Yes.**

1 Q. So it wasn't just taking the total of
 2 a million dollars for that particular quarter,
 3 figuring out a percentage allocation and using
 4 that number, you actually used the number that
 5 Healy came up with on his sheet, right?
 6 A. Yes.
 7 Q. Okay. Now, in some of the sheets
 8 there were little side calculations where, for
 9 one or more of the districts, he did an
 10 additional analysis as to interest income. Do
 11 you remember seeing those?
 12 A. Not specifically, no.
 13 Q. I don't need to ask you what you did
 14 in that circumstance, do I?
 15 MR. KALTENBACH: Objection. Argumentative
 16 and form.
 17 BY MR. HOFFMAN:
 18 Q. You say you don't remember seeing any
 19 Healy handwritten notes in which there was a
 20 little sidebar or adjacent analysis on finances
 21 for one or more of the districts in addition to
 22 the straight allocation of a distribution,
 23 right?
 24 A. Not offhand, no.

1 Q. So if I ask you what you did when
 2 there was a little sidebar like that, what are
 3 you going to tell me?
 4 MR. KALTENBACH: I'm going to object. I
 5 think that -- form of the question.
 6 BY MR. HOFFMAN:
 7 Q. So you don't remember there being any
 8 separate calculation in Healy's notes in any
 9 given quarter, therefore you don't remember
 10 having to deal with the problem of what do I do
 11 when there's a little side calculation set
 12 forth?
 13 A. Yeah, I'm not familiar with those
 14 notes you're describing, so...
 15 Q. Did you personally go through all of
 16 Healy's notes?
 17 A. Yes.
 18 Q. And you don't remember seeing in any
 19 of them a side calculation relating to one or
 20 more districts in addition to the total
 21 distribution across the districts that they all
 22 have?
 23 A. Not as I sit here today, no.
 24 Q. Sir, this is one of the documents we

1 received from your counsel.
 2 It's an Excel spreadsheet that we
 3 printed out on paper and the title is Other
 4 Districts' Comparison, right?
 5 A. Yes.
 6 (WHEREUPON, said
 7 document was marked as
 8 Martin Deposition
 9 Exhibit No. 5 for
 10 Identification.)
 11 BY MR. HOFFMAN:
 12 Q. Is there a document you created?
 13 A. This was created by actually Mike
 14 Maloziec, but I'm familiar with what this is
 15 and what he did on it.
 16 Q. What is it and what did he do?
 17 A. He took the general ledger journal
 18 entries for interest ascribed to other
 19 districts, other than 204, and compared that to
 20 the Healy notes.
 21 Q. For what periods of time did he
 22 perform this analysis?
 23 A. Well, he didn't get all the way
 24 through with this. As you can see, there's

1 some that are the -- where they're blank.
 2 Basically it is the ones that show the big
 3 difference on the right he didn't get to yet.
 4 The ones that don't have the full fund balance
 5 filled in. But it was really from 2005 through
 6 2012.
 7 Q. So why wasn't there any comparison
 8 done prior to 2005?
 9 A. Well, I mean, again, this was
 10 to -- this was just to show that the districts
 11 weren't also getting ascribed additional funds,
 12 but we just started it with 2005 to 2012, just
 13 a starting point.
 14 Q. Why did you pick 2005?
 15 A. 2005 was a breaking point it seemed
 16 from the district that looked like there was
 17 like a system that was implemented or something
 18 because there were two sets of reports, there
 19 was a set prior to that and then a set after
 20 that.
 21 Q. Did you not have this data for 2004
 22 and earlier years?
 23 A. Yes, we did.
 24 Q. So when you say it is a break point,

1 what do you mean by that?
 2 **A. There was one set of reports would go**
 3 **through 2005 and then 2005 was another set of**
 4 **reports. Either stored in different archive or**
 5 **from a different system or something.**
 6 Q. And so you for districts -- the very
 7 top is an analysis of one particular quarter
 8 for all the districts, October 31st, 2011,
 9 right?
 10 **A. Yes.**
 11 Q. And then you go through and for
 12 Districts 101, 102 you run from late 2005
 13 through mid 2012, correct?
 14 **A. Yes.**
 15 Q. And then for all of the other
 16 districts, you do late 2005 through early 2008,
 17 correct?
 18 **A. I'm not following where you are.**
 19 Q. Turn to the second page, middle.
 20 Starting with District 103, that runs -- you
 21 got data that runs from 10/1/05 through
 22 1/31/08. Do you see that?
 23 **A. Yes, sir.**
 24 Q. And then all of the remaining

1 Q. Well, are districts supposed to be
 2 getting extra interest?
 3 **A. They're not supposed to get interest**
 4 **out of proportion with what the other districts**
 5 **receive.**
 6 Q. What did you interpret the extra in
 7 the general ledger to mean?
 8 **A. I didn't interpret it. We noted it**
 9 **for follow up.**
 10 Q. Did you follow up on that?
 11 **A. Certainly will at the correct time,**
 12 **yes.**
 13 Q. You're being deposed now, and your
 14 expert report was due March 15th. When would
 15 the correct time be?
 16 **A. Well, this would be -- again, the**
 17 **purpose of this analysis was to show that the**
 18 **other districts weren't also getting interest**
 19 **out -- weren't getting additional interest at**
 20 **the time that 204 was.**
 21 Q. You just told me in the tenth line, or
 22 thereabouts, about the tenth row, there's extra
 23 interest, according to the general ledger, paid
 24 to District 109, right?

1 districts only go through that same time
 2 period, just late 2005 through the first month
 3 of 2008.
 4 **A. Yes.**
 5 Q. And it was your opinion that this was
 6 a sufficient sample to prove your point?
 7 **A. Yes.**
 8 Q. And let me ask you, why are some of
 9 the cells highlighted in yellow?
 10 **A. Those were things that were on there**
 11 **that we had a question for follow-up on. So,**
 12 **for example, there's an entry, you can see the**
 13 **note over there, you know, just, for example,**
 14 **the first one for District 109, if you look at**
 15 **the GL, there's an entry that says extra. Some**
 16 **of these other ones say interest without being**
 17 **quarterly interest.**
 18 Q. Let's start with that one. When you
 19 say there's something that says extra, what is
 20 that?
 21 **A. If you look at the GL for District 109**
 22 **for 2011, again, each one of those is a 15-page**
 23 **report, but in all the detail in there, there**
 24 **is one entry that says extra.**

1 **A. Well, no, I don't know if that's extra**
 2 **interest paid to them. There's an entry that**
 3 **says extra that I didn't know what it was.**
 4 Q. Did you attempt to find out?
 5 **A. Not yet, no.**
 6 Q. When are you planning on doing that?
 7 **A. At some point we'll report that to the**
 8 **trustee's office.**
 9 Q. Why didn't you do it before today so
 10 that we could talk about it?
 11 **A. I don't know.**
 12 Q. You spent \$120,000 in fees on this.
 13 How come there's work that still has to be
 14 done?
 15 **MR. KALTENBACH: I object as argumentative.**
 16 **BY MR. HOFFMAN:**
 17 **Q. You can answer.**
 18 **A. Well, I guess we'd have to report that**
 19 **to the trustee's office.**
 20 Q. How much extra did -- how much is the
 21 amount described as extra, whatever that means,
 22 for 109 and -- for District 109 on the
 23 10/31/2011 quarter, what's the extra amount?
 24 **A. I don't know. I'd have to pull that**

1 sheet to see.
 2 Q. Was it a large amount of money? This
 3 is highlighted, it's noted as a problem, you
 4 say you're going to follow up with it, yet at
 5 the same time you're testifying that none of
 6 the other districts got more than they
 7 deserved.
 8 A. Well --
 9 Q. I want to know. I want to know how
 10 much. How much money are we talking about
 11 approximately?
 12 MR. KALTENBACH: I'm objecting as a series
 13 of compound questions.
 14 BY MR. HOFFMAN:
 15 Q. How much money are we talking about in
 16 this quarter for District 109 as an extra
 17 payment, roughly?
 18 A. Roughly it would be the 57,000.
 19 Q. And you have no understanding why
 20 there would be an entry in the general ledger
 21 for District 109 for this quarter stating there
 22 was an extra 57,000, you don't know?
 23 A. That's correct.
 24 Q. And let's say you follow up on this,

1 as you say you will, how are you going to do
 2 that? Whom are you going to ask? What are you
 3 going to do?
 4 A. I would ask the trustee's office to
 5 say here is an entry that we came across during
 6 our analysis of the 204 misallocations, that
 7 possibly is another misallocation as well, and
 8 they can resolve that accordingly.
 9 Q. But whom would you speak with to get
 10 more information given that Healy's in jail,
 11 and he was the only one involved in the
 12 interest determinations in 2011?
 13 A. Well, I wouldn't really investigate
 14 that. I would point that out as another
 15 anomaly to the -- it was something we noted in
 16 our analysis that's, again, not related to the
 17 scope of the 204 analysis, but we noted it, and
 18 I just noted it on our summary here.
 19 Q. How many other similar sort of
 20 anomalies did you find?
 21 A. There's a few.
 22 Q. Okay. And further down on page one of
 23 Martin Exhibit 5, there's another highlighted
 24 cell, and it has a negative 49,383.38. This is

1 for a quarter in 2007 for District 101. What's
 2 the significance of that?
 3 A. Well, that's again the difference
 4 between the total, according to the GL we were
 5 provided, and the Robert Healy sheet.
 6 Q. Does that indicate that for this
 7 quarter, District 101 received \$49,000 too
 8 little?
 9 A. That could be one possible thing for
 10 this.
 11 Q. Well, what's your -- having looked at
 12 all these records and investigated this as
 13 thoroughly as you did, what's your belief and
 14 opinion as to what this \$49,000 figure
 15 represents?
 16 A. Well, I didn't investigate this that
 17 thoroughly.
 18 Again, this sheet was prepared
 19 because in those periods where District 204 was
 20 being ascribed interest out of formula against
 21 the other districts, I was trying to determine
 22 that there wasn't just some other mass interest
 23 payment that was properly ascribed to all the
 24 other districts.

1 Q. How could District 101 in the quarter
 2 ending 4/31/2007 get about \$49,000 too little
 3 when, say, District 103 in the same quarter got
 4 what you regard as the right amount of
 5 interest? In other words, the general ledger
 6 and Healy's notes match up for District 103 for
 7 that quarter but not for District 101. How do
 8 you explain that?
 9 A. I don't have an explanation.
 10 Q. Doesn't that suggest for some quarters
 11 and some districts, the allocation did not go
 12 according to the -- the notes -- the amounts in
 13 the Healy notes, the actual general ledger
 14 entries don't match up for districts other than
 15 District 204?
 16 A. No, I wouldn't conclude that.
 17 Q. Well, isn't that exactly what this
 18 line says for this quarter for District 101?
 19 And it doesn't -- it's not shown up in other
 20 districts for that quarter, right?
 21 A. I didn't see it in any other quarter.
 22 Q. Take a look. The 4/31/07 quarter
 23 where you note an underpayment to District 101
 24 of 49,000. You don't note underpayments to any

1 other districts in that quarter, do you?
 2 **A. Nope, I don't see any.**
 3 **Q. How do you explain that then?**
 4 **A. I don't explain that.**
 5 **Q. Did you read in Bob Healy's deposition**
 6 **transcript the statement he made that**
 7 **he -- strike that. We'll get to his deposition**
 8 **later.**
 9 **Let's go to page -- these pages**
 10 **aren't numbered, but -- the numbers are very**
 11 **small and I'm old. Go to page four. For**
 12 **District 106.5 on the far column, you see that**
 13 **\$200,000 number?**
 14 **A. Yes.**
 15 **Q. What is that?**
 16 **A. I think that's just a typo or**
 17 **something, because it should be the difference**
 18 **between those two things. It's just a stray**
 19 **number, I think.**
 20 **Q. It's a stray number. Okay.**
 21 **And then on page six for District**
 22 **109, the very first quarter, why is there a**
 23 **highlighted -- why is there a highlighted cell**
 24 **for 67,878, and then it says interest on**

1 reserve 10,806? What is that?
 2 **A. On the general ledger sheet there's a**
 3 **line that says interest on reserve.**
 4 **Q. Yes.**
 5 **A. For that amount.**
 6 **Q. Was that amount something you included**
 7 **or didn't include?**
 8 **A. That amount -- that amount is not**
 9 **included here.**
 10 **Q. Why is that amount not included?**
 11 **Because for District 204 you included things**
 12 **that just said interest even if it didn't say**
 13 **quarterly interest, didn't you?**
 14 **A. No, I think in 204 it was all items**
 15 **that said quarterly interest or -- quarterly**
 16 **interest or additional interests that were**
 17 **noted as being in the quarterly columns.**
 18 **Q. You understand the districts got**
 19 **interest from a variety of different sources,**
 20 **right?**
 21 **A. Yes.**
 22 **Q. If something just said interest for**
 23 **District 204, or one of the other districts in**
 24 **the general ledge, you would not include that,**

1 right?
 2 **A. It would depend on the context of what**
 3 **the line actually said.**
 4 **Q. What if it just said interest?**
 5 **A. Again, I would have to look at**
 6 **specific cases.**
 7 **Q. I'm asking you about your methodology,**
 8 **and I'd like a straight answer. What did you**
 9 **include in your methodology? I know you**
 10 **included quarterly interest. Did you include**
 11 **some line item in the general ledger where it**
 12 **just said interest?**
 13 **MR. KALTENBACH: I object as argumentative**
 14 **and compound. You can answer.**
 15 **THE WITNESS: I'd have to look at specific**
 16 **cases or not. It would depend on going through**
 17 **the general ledger detail and seeing what the**
 18 **line entry said.**
 19 **BY MR. HOFFMAN:**
 20 **Q. Let's say it says interest transfer.**
 21 **What did you do with a line entry that says**
 22 **that and only that?**
 23 **A. Interest transfer, I would see if**
 24 **there was offset somewhere else in the document**

1 **in that month.**
 2 **Q. Would you regard a positive number for**
 3 **interest transfer as being quarterly interest**
 4 **from the investment income?**
 5 **A. Again, if it wasn't offset somewhere,**
 6 **it should have -- if an interest transfer**
 7 **should have been offset within those periods.**
 8 **Q. That wasn't my question. My question**
 9 **is: As a general ledger entry for an interest**
 10 **transfer, is that included in your quarterly**
 11 **interest analysis or excluded?**
 12 **A. I can't answer in general on that. It**
 13 **would depend on -- would depend on the actual**
 14 **entry within the general ledger.**
 15 **Q. What if it only say interest transfer**
 16 **and nothing else? How would you know that was**
 17 **quarterly interest?**
 18 **A. Well, again, it would be looking at**
 19 **the -- it would be looking at the entries there**
 20 **and seeing the context of the entries.**
 21 **Q. Okay. There's two more highlighted**
 22 **cells on page six for District 109. One talks**
 23 **about an additional interest of 9,566. What's**
 24 **that what about?**

1 **A. That, again, was a line in there that**
 2 **said additional interest.**
 3 Q. How come you didn't include it and add
 4 it to the 73,110 figure that's highlighted?
 5 **A. Well, because it's noted in the**
 6 **right-hand column.**
 7 Q. But if there was an additional
 8 interest -- you certainly had no problem adding
 9 it to District 204's total when you thought
 10 there was additional interest paid to them.
 11 Why didn't you do it for 109?
 12 **A. I'm not calculating an amount of**
 13 **differential for District 109.**
 14 Q. So how can you come up with 73,110 as
 15 the sum of Healy's note -- as the sum of the
 16 general ledger entries when, in fact, it's
 17 9,566 higher?
 18 Why did you make the numbers
 19 match when, in fact, they don't match?
 20 **A. Again, it's noted in the right-hand**
 21 **column that that is an amount that's shown on**
 22 **that ledger sheet for that quarter.**
 23 Q. Why didn't you add the additional
 24 interest to the general ledger total?

1 **A. Because it's in this column on the**
 2 **right as an entry.**
 3 Q. With a question mark? Why does it
 4 have a question mark?
 5 It says additional -- if it's
 6 additional interest, it's additional interest,
 7 right? Why is there a question mark?
 8 MR. KALTENBACH: Hold on. Objection.
 9 Compound.
 10 BY MR. HOFFMAN:
 11 Q. Why is there a question mark next to
 12 the 9,566 in additional interest for District
 13 109?
 14 **A. Because those are items to be followed**
 15 **up. Those are questions that were -- came to**
 16 **our attention during the analysis.**
 17 Q. But you never actually did follow up
 18 on that, did you?
 19 **A. Not yet, no.**
 20 Q. And then additional interest of 35,534
 21 for District 109 and the quarter ending October
 22 31st, 2007, do you see that?
 23 **A. Yes.**
 24 Q. Is that another instance in which

1 there was additional interest paid to District
 2 109 in a particular quarter based on the
 3 general ledger entries and your analysis
 4 comparing it to Healy's notes?
 5 **A. I don't know.**
 6 Q. How come you don't know for District
 7 109, but you have no doubt about District 204's
 8 overpayments?
 9 **A. Again, I wasn't looking at calculating**
 10 **the sum differential for District 109.**
 11 Q. I'm looking at that one particular
 12 quarter entry. The amounts in the general
 13 ledger are \$35,534 larger than the amount in
 14 Healy's notes, correct? That's what this
 15 means, yes?
 16 MR. KALTENBACH: Objection. Compound.
 17 BY MR. HOFFMAN:
 18 Q. Correct?
 19 MR. KALTENBACH: Objection. Compound.
 20 MR. HOFFMAN: It is not compound.
 21 MR. KALTENBACH: Don't argue with me.
 22 MR. HOFFMAN: You are interrupting. You're
 23 trying to obstruct this deposition. I'm sick
 24 of it. It is not a compound question. Knock

1 it off.
 2 BY MR. HOFFMAN:
 3 Q. Answer the question.
 4 MR. KALTENBACH: Hold on. Jay, do not
 5 yell. Do not raise your voice and yell.
 6 MR. HOFFMAN: Barry, you are constantly
 7 objecting. They are meritless objections.
 8 Knock it off.
 9 MR. KALTENBACH: Jay, I'll assert an
 10 objection if I believe it is appropriate. And
 11 if you think I'm doing that, take it to Judge
 12 Hall.
 13 Ask your question. Don't raise
 14 your voice and yell.
 15 BY MR. HOFFMAN:
 16 Q. Sir, am I correct that the general
 17 ledger entries for District 109 for the quarter
 18 10/31/2007 total \$35,534 more than the \$92,123
 19 reflected in Healy's notes?
 20 **A. No.**
 21 Q. So where is the \$34,534 in additional
 22 interest coming from?
 23 **A. The general ledgers have a whole lot**
 24 **of other transactions in there, as well.**

1 **This was just showing that**
 2 **there's one line in there that says additional**
 3 **interest 35,534. And marked for follow-up as**
 4 **something that came to our attention during**
 5 **this analysis.**

6 Q. Based on your review of a small subset
 7 of the records -- so you looked at less than
 8 two and a half years of the 1995 through 2012
 9 period for District 109, right?

10 **A. Well, we looked at '5, '6 and -- yeah,**
 11 **half of '5, '6 and '7.**

12 Q. You didn't look at half of '5, did
 13 you? You looked at one quarter?

14 **A. One quarter of '5.**

15 Q. That's not half, is it?

16 **A. No, it's a quarter.**

17 Q. And then you didn't look at half of
 18 2008 either, you looked at one quarter, right?

19 **A. Yes.**

20 Q. So you looked at 2006, 2007 and one
 21 quarter in 2005 and 2008, correct?

22 **A. Yes.**

23 Q. So that would be ten quarters, if my
 24 math is right, right?

1 BY MR. HOFFMAN:

2 Q. Isn't it true, sir -- I know there are
 3 a lot of interest statements. This is your
 4 analysis. You went through the general ledger,
 5 and you felt you were able for District 204 to
 6 determine which interest payments were
 7 quarterly interest payments from the investment
 8 pool and which were something else, right?

9 **A. Yes.**

10 Q. So you were able to do -- to make that
 11 same judgment and distinction for the other
 12 districts and their general ledger entries,
 13 too?

14 **A. I didn't do that for the 109 entries,**
 15 **no.**

16 Q. Somebody did this for the 109 entries,
 17 and three of the ten quarters they found
 18 additional interest payments that exceeded Bob
 19 Healy's notes, didn't they?

20 MR. KALTENBACH: Objection. Asked and
 21 answered.

22 MR. HOFFMAN: It wasn't answered.

23 MR. KALTENBACH: I don't need the
 24 commentary, Jay.

1 **A. Yes, sir.**

2 Q. And in three of those ten quarters for
 3 District 109 that you looked at, you found
 4 additional interest payments ranging from \$9500
 5 to \$35,000, correct?

6 **A. We found transactions that were marked**
 7 **in the ledger with those descriptions there in**
 8 **those amounts.**

9 Q. Did you -- that didn't answer my
 10 question. That evaded my question.

11 Isn't it true that for three of
 12 the ten quarters you looked at for District
 13 109, you found interest payments that exceeded
 14 the numbers in Bob Healy's notes as reflected
 15 in the general ledger payments?

16 **A. The general ledger has a lot of other**
 17 **interest that's not just interest of those,**
 18 **there's interest on other funds, on cash**
 19 **balances and everything else and every period.**

20 Q. That's not what I asked you. I'd
 21 appreciate a straight answer to a straight
 22 question.

23 MR. KALTENBACH: I object to the
 24 commentary.

1 THE WITNESS: No. We noted them as this is
 2 an entry that's in there with this description
 3 and this amount.

4 BY MR. HOFFMAN:

5 Q. I can read, but I'm asking you what it
 6 means.

7 Isn't it true, sir, that in three
 8 of the ten quarters that your firm looked at,
 9 there were additional interest payments beyond
 10 the amounts in Healy's notes reflected in the
 11 general ledger for District 109? Answer that
 12 question.

13 MR. KALTENBACH: Hold on. Objection. Asked
 14 and answered. Objection. Form of the
 15 question.

16 BY MR. HOFFMAN:

17 Q. You can answer.

18 **A. These are three transactions that we**
 19 **noted as this description and this amount in**
 20 **there. I didn't investigate the basis for them**
 21 **or come to any conclusion.**

22 Q. How would you investigate the basis
 23 for them?

24 **A. I would need to look at the other**

1 entries in there. Look at the context of it.
 2 Q. Well, did District 109, yes, no, or I
 3 don't know, receive an overallocation of
 4 interest during the period that you looked at?
 5 A. I don't know.
 6 Q. So doesn't that necessarily mean, sir,
 7 that you do not have an opinion as to whether
 8 the other districts were under or overallocated
 9 interest during the period relevant to this
 10 lawsuit?
 11 A. No.
 12 Q. How can you have an opinion that all
 13 of the other districts were underallocated
 14 interest if you don't know whether, for
 15 example, District 109 was overallocated
 16 interest during the ten quarters you studied?
 17 A. I didn't form a conclusion on District
 18 109's entries.
 19 Q. But yet you're voicing an opinion that
 20 all of the other districts were underallocated
 21 money on interest because District 204 was
 22 overallocated, aren't you?
 23 A. Yes.
 24 Q. How can you possibly reach that

1 Q. Okay. And how did you -- there's one
 2 highlighted row on the second page. Why is
 3 that row highlighted?
 4 A. Is that highlighted in the sheet?
 5 Q. This is exactly as I received it, sir.
 6 Question is: Why is that highlighted?
 7 A. I think that was one of the rows that
 8 had a question that was a difference from -- I
 9 don't know. I don't know why that's
 10 highlighted, actually.
 11 Q. Okay. I appreciate your candor.
 12 Now, who prepared this?
 13 A. I did.
 14 Q. And tell me how you pulled
 15 these -- where did you get these numbers from?
 16 A. Those are from the -- I don't remember
 17 the name of that form.
 18 Q. The general ledger?
 19 A. General ledger 205 reports. I can't
 20 remember what they're called.
 21 Q. I'll help you. Are they called the C5
 22 Reports?
 23 A. Yes. Exactly.
 24 Q. It's Bradshaw Exhibit No. 7. They're

1 conclusion if you have no opinion as to whether
 2 during the time period you studied District 109
 3 they were under or overallocated interest?
 4 A. Those are really two completely
 5 unrelated things.
 6 MR. HOFFMAN: Okay. Let's take a couple of
 7 minutes.
 8 (Recess.)
 9 MR. HOFFMAN: Back on the record.
 10 Mark this as Exhibit No. 6.
 11 (WHEREUPON, said
 12 document was marked as
 13 Martin Deposition
 14 Exhibit No. 6 for
 15 Identification.)
 16 BY MR. HOFFMAN:
 17 Q. We marked as Martin Exhibit No. 6 a
 18 spreadsheet that we obtained from your Counsel.
 19 It says Summary Interest Income in the name of
 20 the Excel spreadsheet. Can you tell me what
 21 this document is, please?
 22 A. Yes. This is the summary of the
 23 interest allocations from the general ledger
 24 for District 204 by year.

1 also C5-1510?
 2 A. Yes.
 3 Q. These were the reports you used to get
 4 that?
 5 A. Yes.
 6 Q. And so tell me the -- in going through
 7 the general ledger, and we talked about this in
 8 general before, in going through the general
 9 ledger, there's a number of entries in the
 10 general ledger that are related to interest,
 11 correct?
 12 A. Yes.
 13 Q. And some of them were pertinent to
 14 your analysis and some of them were not, right?
 15 A. Yes.
 16 Q. Tell me by description which ones were
 17 pertinent to your analysis and which ones were
 18 not?
 19 A. Sure. That's mostly related to the
 20 education fund, because the other funds it's
 21 pretty much just the allocated interest in most
 22 cases.
 23 But the education fund gets a lot
 24 of other interest things coming in or things

1 that are marked interest and things. And I was
2 looking for the ones that said quarterly
3 interest on there. And then evaluating for
4 other large items on there, if there was
5 another large entry, seeing if it was like a
6 transfer, sometimes interest transfer from one
7 fund to another, those would not be included if
8 it was moving it from, oh, I don't know, just
9 for example, working cash education, they would
10 cancel each other out.

11 But it was trying to see which
12 ones would relate back to the Healy report.

13 Q. So you included -- and you never spoke
14 to any of the individuals at the TIO who
15 actually made these journal entries, did you?

16 A. No.

17 Q. So on the very first one here on
18 Bradshaw Exhibit No. 7, we can see there's a
19 quarter and -- there's a series of entries on
20 this first page for the general ledger report.
21 And so tell me which of these you used to put
22 into your summary interest income?

23 A. It should be the quarterly interest,
24 quarterly distribution of interest, quarterly

1 distribution and the quarterly distribution
2 here.

3 Q. So the four quarterly distributions?

4 A. Yes.

5 Q. So if there are other records of
6 interest that's paid, you did not include that,
7 except you said if it was a large number and
8 you couldn't track it back to something else.
9 What do you mean by that?

10 A. I mean that in some periods if you
11 look at the detail there's a -- you know,
12 there's an interest says interest transfer.
13 Sometimes it was -- and there was also some
14 posting entries and corrections where things
15 would be reversed out that were all washed out.
16 So something washed out against another entry,
17 it was offset by another entry, I guess, it
18 wasn't included.

19 Q. When there is a correction made in one
20 quarter that applied to a prior quarter, did
21 you ever see any instances of that happening in
22 the general ledger?

23 A. I don't recall offhand actually.

24 Q. Well, in keeping with your approach,

1 what would you have done with an entry in
2 quarter number two that corrected an interest
3 payment attributable to quarter number one?
4 How would that work?

5 A. Well, theoretically it would be on
6 this sheet, if I -- if I picked it up.

7 Q. I don't know what this sheet is.

8 A. If I -- when I was typing the entries
9 on to Martin Exhibit 6, that would just create
10 an out-of-balance between period to period. It
11 would reverse from one period to another.

12 Q. I didn't follow any of that.

13 Let me ask you this question a
14 better way.

15 A. Sure.

16 Q. According to your methodology, and
17 there are instances of this occurring by the
18 way, in quarter number two, if there's a
19 general ledger journal entry that has a
20 correction for quarterly interest paid
21 attributable to quarter number one, did you
22 attribute the correction to quarter number one
23 or quarter number two?

24 A. I don't recall.

1 Q. In keeping with how this would make
2 sense, would that go to quarter one or quarter
3 two or really doesn't matter in your opinion?

4 A. It really wouldn't matter. If it were
5 not picked up correctly, you would see a
6 difference between -- like the comparison to
7 the Healy number, it would be offset by the
8 opposite number the following quarter.

9 Q. Didn't you try to come up with an
10 accurate record for each quarter?

11 A. Yes.

12 Q. So if there was an entry that was
13 correcting quarter number one that was written
14 in quarter number two, wouldn't it make more
15 sense to put the corrected journal entry,
16 attribute that to quarter number one for
17 purposes of your summary in Martin Exhibit 6?

18 A. Yes.

19 Q. In how many instances in producing
20 Martin Exhibit 6 did you find differences
21 between your numbers and the numbers in Ms.
22 Bradshaw's calculations?

23 A. Right, that be would the column on the
24 right on page two, that would be -- appears

1 there, so it was in 2005 and 2006.
 2 Q. And they were minor differences in
 3 2007 and 2008, as well?
 4 A. Yes, that's true.
 5 Q. Are those the differences you describe
 6 in your disclosure statement that we looked at
 7 earlier?
 8 A. Yes.
 9 MR. HOFFMAN: Mark this as Exhibit No. 7.
 10 (WHEREUPON, said
 11 document was marked as
 12 Martin Deposition
 13 Exhibit No. 7 for
 14 Identification.)
 15 BY MR. HOFFMAN:
 16 Q. Sir, can you tell me what Martin
 17 Exhibit No. 7 is? We received this from your
 18 Counsel as a series of spreadsheets containing
 19 a workbook that was entitled Interest to
 20 Allocation Analysis II.
 21 A. Yes.
 22 Q. Was there an Interest to Allocation
 23 Analysis I?
 24 A. I'm assuming --

1 Q. Is this a more current version?
 2 A. I'm assuming it was. I named it that
 3 because that was the one that was being
 4 referred to in prior depositions.
 5 Q. I see. So Ms. Bradshaw had an
 6 analysis number one, analysis number two, and
 7 number two corrected number one, so you just
 8 worked off of her number two?
 9 A. Right, rather than come up with a
 10 wildly different format.
 11 Q. I understand. That makes sense.
 12 So in looking at Bob Healy's
 13 notes, were there any -- were there ever any
 14 quarters during the relevant time period in
 15 which Bob Healy's notes for given quarter were
 16 missing?
 17 A. I don't recall that. I think we had
 18 the paper sheets for all of them.
 19 Q. Were there ever any quarters in which
 20 the general ledger information was missing?
 21 A. No.
 22 Q. The summary page contains your summary
 23 for each fiscal year of what you claim to be
 24 the overallocation to District 204, right?

1 A. Yes.
 2 Q. And do you have any knowledge as to
 3 how or why District 204 received any of these
 4 alleged overallocations?
 5 A. How or why?
 6 Q. Yes, how and why.
 7 A. I don't know why. I wouldn't be -- I
 8 could talk about how.
 9 Q. Well, tell me how.
 10 A. Well, the Healy notes describe the
 11 percentage ownership that each district owns of
 12 the fund balance, and that was traced to the
 13 analysis here to show, yes, here's the thing
 14 there.
 15 Except for those periods where
 16 the amounts that they were ascribed for
 17 interest don't match what was on those sheets.
 18 Q. But I guess maybe I can ask a better
 19 question.
 20 You are of the opinion that
 21 Healy's notes state how much interest District
 22 204 should have received and that the general
 23 ledger states how much District 204 did
 24 receive, right?

1 A. Yes.
 2 Q. And my question is:
 3 Somewhere -- you're saying that somewhere
 4 between Healy's handwritten notes and the
 5 general ledger entries, District 204's numbers
 6 in certain years increased and in some years
 7 decreased, right?
 8 A. Yes, there were other entries, for
 9 example.
 10 Q. Right. So my question is: Do you
 11 know -- and some of those years go back to 1995
 12 and 1997 and 1998 and 2000, correct?
 13 A. Yes.
 14 Q. And I guess what I'm saying is: Do
 15 you know as a factual matter how it came to
 16 occur that these alleged overallocations or in
 17 some instances underallocations were made?
 18 A. That would be the person making the
 19 journal entries. I don't know why they would
 20 have made those entries when they did that.
 21 Q. Do you understand my question? I
 22 thought it was pretty understandable.
 23 A. Not exactly.
 24 Q. The documents show what you claim to

1 be an over or an underallocation in about half
 2 of the years that you looked at, right?
 3 **A. Yes.**
 4 **Q. My question is: For example, do you**
 5 **have any idea why in 1995 District 204 was**
 6 **allegedly overallocated a little over \$5,000?**
 7 **A. No, I don't know why that was done,**
 8 **no.**
 9 **Q. And would your answer be the same for**
 10 **each year in which you see an over or an**
 11 **underallocation?**
 12 **A. Yes, I have no idea why those entries**
 13 **were made.**
 14 **Q. Okay. And isn't that something that**
 15 **you thought was important to ask either Bob**
 16 **Healy or somebody else who might have knowledge**
 17 **about this?**
 18 **A. No.**
 19 **Q. Did you ever speak with a woman named**
 20 **Cheryl Sudd, S-U-D-D?**
 21 **A. Not that I recall.**
 22 **Q. Do you know who she is?**
 23 **A. No.**
 24 **Q. She was Kelly Bradshaw's predecessor**

1 as an outside accountant for --
 2 **A. Oh.**
 3 **Q. You don't remember Bob Healy talking**
 4 **about Sheryl Sudd in his deposition testimony?**
 5 **A. Not specifically, no.**
 6 **Q. Okay. Did you ever try to contact any**
 7 **of the auditors at Baker Tilly?**
 8 **A. No.**
 9 **Q. Why not?**
 10 **A. Well, that wouldn't be something that**
 11 **would typically be done.**
 12 **Q. Why not?**
 13 **A. Because we wouldn't have any -- I**
 14 **wouldn't have as an expert in this litigation**
 15 **any standing to contact the auditors about**
 16 **their work product or their engagement with the**
 17 **Trustee's Office.**
 18 **Q. Would you ever ask your client to get**
 19 **information from Baker Tilly in a situation**
 20 **like this?**
 21 **A. No.**
 22 **Q. Why not?**
 23 **A. I just wouldn't be -- wouldn't be a**
 24 **typical procedure.**

1 **Q. Okay. Fair enough.**
 2 **In the Bradshaw analysis number**
 3 **two, which was marked at her deposition as**
 4 **Bradshaw Exhibit No. 3, let me have you look at**
 5 **at that. You're familiar with that document?**
 6 **A. Yes.**
 7 **Q. So you see like -- your format follows**
 8 **hers and has a column for RH calculation versus**
 9 **general ledger plus or minus a thousand dollars**
 10 **per quarter, right?**
 11 **A. Yes.**
 12 **Q. And why did you continue to use the**
 13 **cutoff of a thousand dollars per quarter as**
 14 **significant?**
 15 **A. It's -- anything less than that would**
 16 **be kind of a nominal amount, just for**
 17 **simplicity sake.**
 18 **Q. You were capable of calculating it,**
 19 **weren't you?**
 20 **A. Oh, yes.**
 21 **Q. Why didn't you?**
 22 **A. Just for a summary analysis that would**
 23 **be -- just for the sake of brevity really.**
 24 **Q. This isn't a summary analysis, this is**

1 the exact amount of money in Martin Exhibit 7
 2 that the TTO is demanding that LT pay to it,
 3 right?
 4 **A. Yes.**
 5 **Q. Why didn't you -- as long as you had**
 6 **all the data input, why didn't you go through**
 7 **for each quarter and determine precisely what**
 8 **the claimed over or underallocation was so you**
 9 **could come up with an exact amount? Why didn't**
 10 **you do that?**
 11 **A. Just --**
 12 **MR. KALTENBACH: Objection. Asked and**
 13 **answered.**
 14 **BY MR. HOFFMAN:**
 15 **Q. Why didn't you do that?**
 16 **MR. KALTENBACH: Same.**
 17 **THE WITNESS: Just below a thousand dollars**
 18 **is -- you know, I guess we certainly could**
 19 **have, but just below a thousand dollars would**
 20 **be, you know, smaller entries and things like**
 21 **that.**
 22 **BY MR. HOFFMAN:**
 23 **Q. Well, weren't you trying to come up**
 24 **with the most accurate number possible?**

1 I mean you spent \$120,000 to come
2 up with something, and yet you have a concern
3 about brevity. I don't understand why.
4 MR. KALTENBACH: Objection. Argumentative.
5 BY MR. HOFFMAN:
6 Q. You can answer.
7 A. I didn't --
8 Q. You spent \$120,000 in fees and months
9 and months working on this, yet you said you
10 ignored quarters that had anything less than a
11 thousand dollar difference for purposes of
12 brevity.
13 So my question is: Why is
14 brevity important?
15 A. There could be things related to
16 posting, posting entry errors, you know, small
17 transaction, things like that, just to cut it
18 down to the larger material transactions.
19 Q. Well, some of those entries could have
20 been negative amounts that would have lowered
21 this \$1.4 million figure, correct?
22 A. It's possible, I suppose.
23 Q. Okay. In Bradshaw's analysis, there's
24 an additional column for additional differences

1 relating to system reports versus RH figures
2 used, and that totals out to \$97,070.12. Do
3 you see that?
4 A. Yes.
5 Q. And that column is not part of your
6 analysis, correct?
7 A. That's correct.
8 Q. Why did you eliminate that part of
9 Bradshaw's analysis?
10 A. Because I didn't agree with the
11 approach on that.
12 Q. Explain to me why.
13 A. Okay. Well, this, as it says, is
14 differences related to a system report versus
15 the figures that he used on the Healy notes.
16 Q. Right.
17 A. Those systems were just, I don't know
18 why they were -- why they were different or
19 what the source of the difference in that was,
20 but since they were applied in the Healy notes
21 in the same proportion to all the districts,
22 the error would be really meaningless to the
23 allocation of funds.
24 Q. Well, her analysis claimed that

1 -- what she tried to do was she tried to
2 correct Healy's handwritten notes with
3 additional documents relating to fund balances,
4 right?
5 A. Yes, that's my understanding anyway.
6 Q. And those documents were, in fact,
7 documents I am about to put in front of you,
8 which are Bradshaw Exhibit No. 8, which you've
9 seen before, right?
10 A. Yes.
11 Q. Okay. So earlier when you said you
12 weren't sure what documents she used to get
13 this additional column, these documents,
14 Bradshaw 8, these were the additional --
15 A. I believe so.
16 Q. You believe so or yes?
17 Is there any uncertainty?
18 Because you did read her deposition transcript,
19 right?
20 A. Oh, yes, sir.
21 Q. So your conclusion was that we can
22 rely on Healy's -- we can rely on the figures
23 in Healy's notes relating to fund balance
24 amounts, right?

1 A. That's right.
2 Q. And why did you feel that those
3 amounts were amounts you could rely on when Ms.
4 Bradshaw felt that they needed to be adjusted
5 as she did?
6 A. Right. Well, I wasn't opining whether
7 or not they needed to believe adjusted or not.
8 What I was saying, and the reason I excluded
9 this was, if there is a difference between
10 Healy's sheets or the Healy notes and some
11 other report, that under the methodology by
12 which they allocated interest, the error would
13 be attributed in the correct proportion to all
14 the districts and it wouldn't be a damage
15 amount.
16 Q. So how did she come up with a \$97,000
17 figure with those adjustments if -- so the
18 \$97,000 was too much you're saying? It was
19 unjustified?
20 A. Right. I don't believe -- in my
21 opinion, it shouldn't have been treated as a
22 damage. It might have been an error, but it
23 would have been an error applied evenly to all
24 the districts.

1 Q. And then if you turn to page two of
 2 Martin Exhibit No. 7, you have a two-page
 3 spreadsheet entitled Interest Allocation
 4 Compare System Reports to GL and RH
 5 Calculations. Do you see that?
 6 A. Yes.
 7 Q. And this is a spreadsheet you created,
 8 correct?
 9 A. Um, well this is based on the Bradshaw
 10 Exhibit 2.
 11 Q. Okay. So you used her spreadsheet,
 12 but you made changes to it, correct?
 13 A. Yes.
 14 Q. I just want to know who -- because
 15 there are different spreadsheets in this
 16 workbook as we're noting, and I'm just looking
 17 at this particular one, and this is something
 18 you took from Bradshaw's work, made adjustments
 19 do it, and it now is your work, correct?
 20 A. Yes.
 21 Q. Okay. So the column that's listed as
 22 A, or there is an A on top of it -- so I'm on
 23 the second page of Martin Exhibit No. 7, and
 24 there's a column entitled 204 FB Per RH and

1 that's E, so the column that says E, times the
 2 rate, the percentage, that's the 8 percent B
 3 column. The first interest column here, the
 4 big gray one.
 5 Q. Then you come up with a total,
 6 calculated interest allocation, and that's what
 7 you say is the interest allocation per Healy's
 8 notes?
 9 A. Yeah, the one that has the G at the
 10 top.
 11 Q. And does that number in all instances
 12 match the calculation that Healy, himself, made
 13 in taking the percentages, applying it to the
 14 total distribution and getting the number for
 15 204?
 16 A. Yes.
 17 Q. And you didn't use the calculated
 18 interest allocation per reports column, right?
 19 A. The H, no, that was that report one
 20 again.
 21 Q. And column F was the allocation per
 22 TTO general ledger, correct?
 23 A. Yes.
 24 Q. And that was the -- and then column I

1 that's fund balance, right?
 2 A. Per Robert Healy, right.
 3 Q. And then you get a percentage A times
 4 B, and that's the percent of the fund balance
 5 that belongs to District 204, correct?
 6 A. Yes.
 7 Q. And then there's a second set of fund
 8 balances. It says Fund Balance Per Reports --
 9 Total Average Fund Balance Per Reports. That's
 10 the additional column that Bradshaw used that
 11 you did not use?
 12 A. Yes.
 13 Q. So you didn't use C or D or the
 14 product of C times D, right, the percentage?
 15 A. Those ones there are the ones I did
 16 not use.
 17 Q. Got it. And then the income column is
 18 the amount of money that was written in Healy's
 19 notes for distribution, correct?
 20 A. Total income on the Healy notes, yes.
 21 Q. Okay. And what is the calculated
 22 interest allocation, is that the -- what is
 23 that?
 24 A. So that is -- that's at the top,

1 is the difference between Healy's notes and the
 2 general ledger, correct?
 3 A. Yes.
 4 Q. And that became -- is that the number
 5 that then became the basis for your summary
 6 amounts on page one?
 7 A. Well, somewhat. It's the same logic,
 8 but I use this page in the back, not this
 9 actual schedule.
 10 In the electronic one it's the
 11 third tab, not the second tab.
 12 Q. So the third worksheet is called
 13 Interest Allocation Compare RH Calculation to
 14 General Ledger Selected Quarters with plus or
 15 minus 1,000 difference, right?
 16 A. Yes.
 17 Q. This is a document you prepared?
 18 A. Yes.
 19 Q. And this --
 20 MR. KALTENBACH: You guys are not looking
 21 at the same page.
 22 THE WITNESS: I'm sorry. This one here.
 23 BY MR. HOFFMAN:
 24 Q. Sorry. Let's start over.

1 So the second tab was -- let's go
 2 back.
 3 The first page of Martin 7 is a
 4 summary page, right?
 5 **A. Yes.**
 6 Q. And then the second and third pages
 7 are -- we were just talking about, they are the
 8 ones where you took Bradshaw's numbers, you
 9 adjusted them and checked them, and you used
 10 some of the information on this worksheet but
 11 not all of it?
 12 **A. I didn't use this at all. Some were**
 13 **redundant. This is a shortened version of this**
 14 **one actually.**
 15 Q. Let's get to that.
 16 So the two pages -- the next two
 17 pages, two and three of this document, we
 18 already talked about.
 19 Page four of this document is
 20 what, where it says compare RH calculation to
 21 general ledger?
 22 **A. This is, I think, her comparing it to**
 23 **the report.**
 24 Q. Okay. This is not a document you

1 correct?
 2 **A. Yes.**
 3 Q. What is it?
 4 **A. This is the by quarter interest --**
 5 **comparison interest allocated to 204 versus**
 6 **what was on the Healy notes.**
 7 Q. Okay. And this is a document that you
 8 created, correct?
 9 **A. Yes. I modified the one I was given,**
 10 **but, yes, this is my thing now.**
 11 Q. And the three red boxes are the
 12 box -- are the quarters for which you made
 13 changes to Bradshaw's numbers?
 14 **A. Yes.**
 15 Q. Okay. And there are some of these
 16 rows in which there's no data, and what does
 17 that mean in those rows?
 18 **A. That means there was an entry in**
 19 **the -- in the ledger that wasn't supported by**
 20 **an amount that's in the Healy sheets. Or Healy**
 21 **notes. Sorry.**
 22 Q. What is the spreadsheet that is the
 23 next spreadsheet where it is a quarterly
 24 interest allocation analysis School District

1 created?
 2 **A. No.**
 3 Q. Do you know what the if then number
 4 one and if then number two columns mean on the
 5 right-hand side?
 6 **A. I think she was creating a filter, but**
 7 **I'm not sure.**
 8 Q. Isn't -- it seems obvious to me that
 9 they are to track overpayments or
 10 underpayments, yes?
 11 **A. Was that a question?**
 12 Q. Yes.
 13 **A. I don't know. I don't know what she**
 14 **was trying to set up with that.**
 15 Q. Fine. Then the next worksheet is two
 16 pages long, and it says Compare System Reports
 17 to GL and RH Calculations, and it's got a
 18 couple of red boxes in it. Is this a
 19 simplified version of the second spreadsheet
 20 that we looked at previously? What is this?
 21 **A. This spreadsheet or this one here?**
 22 Q. We're looking at a spreadsheet that
 23 has three red boxes in the middle in Martin
 24 Exhibit No. 7, and it's two pages long,

1 No. 204, and it's a two-page -- strike that.
 2 Three pages, and it's the last three pages of
 3 Martin Exhibit No. 7?
 4 **A. This is, I believe, her calculating**
 5 **the difference between the reports and the**
 6 **Healy notes, which again I didn't use in**
 7 **damages.**
 8 Q. So this last spreadsheet is a Bradshaw
 9 spreadsheet, the one with the two yellow rows,
 10 and you didn't create this and you didn't use
 11 it?
 12 **A. Correct.**
 13 Q. Thank you. And on the first page of
 14 Exhibit No. 7 there's two numbers in red. Is
 15 that because these are the two years in which
 16 you made changes to Bradshaw's column in her
 17 spreadsheet or her summary?
 18 **A. Yes, exactly.**
 19 Q. Okay. Thank you, sir.
 20 Did you personally look at the
 21 audit reports for the TTO during the relevant
 22 time period?
 23 **A. Well, I looked at some years. I**
 24 **didn't look at all the years.**

1 Q. What was the purpose at looking at the
 2 audit reports?
 3 You testified earlier it was to
 4 get background information about how the system
 5 worked; is that right?
 6 A. Exactly right. How they did
 7 accounting, what their procedures were, things
 8 like that.
 9 Q. Did you see in some of the years, in
 10 particular in '95 through 2007, that there were
 11 statements in the TTO audit reports for the
 12 amount of money they took in for interest on
 13 the pooled investments and the amount of money
 14 they distributed out or at least the net of
 15 those two numbers?
 16 A. No.
 17 Q. But you read these but you didn't
 18 notice those entries?
 19 A. I didn't read those -- I did not read
 20 the audit reports that far back.
 21 Q. How far back did you go?
 22 A. 2008.
 23 Q. It's funny, that's exactly the year
 24 where that information ceases to be on the

1 audit reports.
 2 A. Really?
 3 Q. Yes. Is that coincidence or did
 4 somebody tell you to start looking at them in
 5 2008?
 6 A. No, I think I looked at the ones that
 7 were on the website.
 8 Q. Okay. Let's take a -- let's take a
 9 look at 2007. I'll hand that to you. I can
 10 get you the right page. It's pretty easy.
 11 MR. KALTENBACH: Is there an exhibit number
 12 on it?
 13 MR. HOFFMAN: Yes. So this is TTO
 14 Deposition Exhibit No. 19. That's from Susan
 15 Birkenmaier's deposition.
 16 BY MR. HOFFMAN:
 17 Q. Let me get to the page. We're looking
 18 at the 2007 audit report, page 13. And
 19 statement of revenue expenditures and changes
 20 in fund balance for the governmental fund in
 21 the TTO audit, right? We're looking at the
 22 same page?
 23 A. Oh, yeah.
 24 Q. I want to make sure you're looking at

1 the same page.
 2 A. Yes, this one.
 3 Q. You see under receipts, the very first
 4 line has earnings on investments and then a
 5 negative number for earnings on investments
 6 distributed to school districts and then a line
 7 for net earnings on investments?
 8 A. Yes, I see that.
 9 Q. Okay. And you see that there's a
 10 comparison in this statement for the numbers
 11 for 2007 fiscal year to the numbers for 2006
 12 fiscal year, correct?
 13 A. Yes, that's the column over here.
 14 Q. In each year the TTO retained a little
 15 over a million dollars in each of those years
 16 in net earnings on investments, correct?
 17 A. That's what it shows on here, yes.
 18 Q. Okay. And do you know of any reason
 19 why the -- did anybody from -- do you remember
 20 reading in the deposition of Dr. Birkenmaier a
 21 discussion about these net earnings on
 22 investment figures in the audit reports?
 23 A. Vaguely.
 24 Q. I mean did reading that make you

1 interested in going back and looking at the
 2 audit reports and seeing what they had to say
 3 about investment earnings?
 4 A. No.
 5 Q. Why not?
 6 A. Well, again, this is related to the
 7 amount that was -- the difference between the
 8 actual earnings and the distribution earnings.
 9 Q. Right. And so what you're saying, if
 10 the TTO over this two-year fiscal period held
 11 on to over \$2 million in investment income
 12 earned, it doesn't affect your analysis because
 13 it would just be money that would be payable to
 14 all of the districts proportionately?
 15 A. In their proper proportion, yes. Same
 16 proportion by all the districts, according to
 17 their proportions, yes.
 18 Q. So I guess my question is: If this \$2
 19 million, for example, is still sitting in an
 20 account at the TTO, would that be money that
 21 District 204 would be entitled to receive and
 22 should be offset against the \$1.4 million
 23 damage claim that you came up with?
 24 A. I have no idea.

1 Q. Well, is there money at the TTO today
 2 that's attributable to past investment income
 3 funds that belong to the districts?
 4 A. I don't know.
 5 Q. Would that be important to your
 6 analysis? Because wouldn't that be an offset
 7 as to money you claim was overallocated to
 8 District 204?
 9 A. No.
 10 Q. Why not?
 11 Are you assuming that the TTO
 12 some day eventually will distribute this money
 13 it's holding to District 204, is that the basis
 14 of your assumption?
 15 A. I have no idea if they are going to
 16 distribute it or not.
 17 Q. Don't you think based on everything
 18 you know about the TTO, isn't it true that when
 19 they make money on their investments, that are
 20 the districts' pool fund, that they have an
 21 obligation to pay that money in proportionate
 22 shares to the district?
 23 MR. KALTENBACH: I object to the extent
 24 it's asking the witness to offer a legal

1 opinion, but you can answer.
 2 BY MR. HOFFMAN:
 3 Q. If you don't know the answer, and you
 4 don't understand how the TTO works, you can
 5 tell me that, but I'd like an answer to my
 6 question. Read it back.
 7 (Said question was read
 8 back.)
 9 Q. Don't you think
 10 based on everything you
 11 know about the TTO,
 12 isn't it true that when
 13 they make money on their
 14 investments, that are
 15 the districts' pool
 16 fund, that they have an
 17 obligation to pay that
 18 money in proportionate
 19 shares to the district?
 20 THE WITNESS: I have no idea about the
 21 obligations of the Trustee's Office to
 22 pay -- to pay the interest when earned.
 23 BY MR. HOFFMAN:
 24 Q. And your analysis doesn't account for

1 any money at the TTO or any money that the TTO
 2 might have today that is undistributed
 3 investment income, correct?
 4 A. That's correct.
 5 Q. And you do remember a discussion in
 6 Dr. Birkenmaier's deposition about a fund
 7 totalling approximately \$1.7 million that
 8 relates back to those 2013 memos we looked at
 9 where there's money that may be unallocated
 10 interest income, do you remember that
 11 testimony?
 12 A. I remember the testimony.
 13 Q. And did you do anything to follow up
 14 on those amounts to see if there's credits that
 15 District 204 might be entitled to that would
 16 impact upon your analysis?
 17 A. No.
 18 Q. Why not?
 19 A. Because that would not impact my
 20 analysis.
 21 Q. Because your analysis is strictly
 22 limited to comparing these two sets of
 23 documents during the 1995 to 2012 time period,
 24 right?

1 A. Not exactly, no.
 2 Q. Okay. Why not? Why do you say not
 3 exactly?
 4 A. My analysis is about the income that
 5 was ascribed to 204 that was out of proportion
 6 with the other districts.
 7 Q. If the TTO still owes money to
 8 District 204 relating to interest income,
 9 wouldn't that be relevant to your analysis?
 10 A. No.
 11 Q. Do you recall in Healy's testimony
 12 that he said that he prepared conservative and
 13 preliminary figures in his notes, and he handed
 14 all the information over to Cheryl Sudd and to
 15 the auditors to come up with final interest
 16 allocations to the districts?
 17 A. Yes, I remember him saying that.
 18 Q. And that's different than the
 19 procedure that you described in your
 20 disclosure, isn't it?
 21 A. I don't know.
 22 Q. What do you mean you don't know?
 23 In your disclosure you describe a
 24 procedure where somebody simply takes Healy's

1 notes and manually enters them in without any
 2 further changes or analysis or anything in the
 3 general ledger, right?
 4 **A. Again, I can only see the entries that**
 5 **actually end up in the general ledger.**
 6 Q. That's not the question I asked. And,
 7 frankly, you didn't answer the question.
 8 In the disclosure you describe a
 9 procedure at the Treasurer's Office during the
 10 relevant time period where somebody, whom by
 11 the way you don't name, and we'll get to that
 12 in a second, somebody takes Healy's notes and
 13 simply inputs that in the general ledger,
 14 right?
 15 **A. Yes.**
 16 Q. And who is the person who did that?
 17 **A. Does the entry?**
 18 **A. Yes.**
 19 **A. I don't know. I didn't note that.**
 20 Q. Okay. So your understanding is that
 21 the Healy notes are the final statement of what
 22 each district should get, and then it's just
 23 simply a matter of mechanically taking those
 24 numbers putting them into the general ledger,

1 of the question.
 2 BY MR. HOFFMAN:
 3 Q. Why is it different?
 4 MR. KALTENBACH: Same.
 5 THE WITNESS: Because my analysis is based
 6 on the review of the general ledger records,
 7 which show the four entries for interest, one
 8 quarterly entry for the interest four times a
 9 year.
 10 BY MR. HOFFMAN:
 11 Q. Didn't Healy testify that his
 12 handwritten notes were preliminary and
 13 conservative estimates, and that they were
 14 subject to later development by Sudd and the
 15 auditors?
 16 **A. Yes, he did.**
 17 Q. Why would you accept his numbers as
 18 the numbers that absolutely should have been
 19 paid to the districts in each quarter?
 20 **A. Because that showed the allocation of**
 21 **the interest and the proper proportions to all**
 22 **the underlying districts.**
 23 Q. You also saw Healy's testimony that he
 24 never overallocated interest to any district at

1 right?
 2 **A. Yes, it should be.**
 3 Q. But that's not what Healy said in his
 4 deposition, was it?
 5 **A. No, he said there was a true-up at the**
 6 **end of the year.**
 7 Q. What Healy said in his deposition was
 8 that the accurate -- that his numbers were
 9 conservative and preliminary in his notes, and
 10 that the exact and accurate figures were what's
 11 stated in the general ledger; isn't that what
 12 Healy said?
 13 **A. That's what he said in his deposition.**
 14 Q. Why didn't you pick that up as how you
 15 described the procedure in your disclosure?
 16 **A. Because I picked up the entries that**
 17 **were in the general ledger.**
 18 Q. That's not my question. My question
 19 is: How come Healy's testimony about this
 20 process and how it worked, which is the only
 21 factual information you have, is different from
 22 how you described the procedure in the
 23 disclosure?
 24 MR. KALTENBACH: Objection as to the form

1 any time, right?
 2 **A. Yes, I think he said that.**
 3 Q. And are you saying that is incorrect,
 4 that testimony is incorrect?
 5 **A. I'm saying that the numbers he had in**
 6 **his notes are not the numbers that are**
 7 **reflected in the end general ledger numbers.**
 8 MR. KALTENBACH: Let's take a two-minute
 9 break.
 10 MR. HOFFMAN: Sure. No problem.
 11 (Recess.)
 12 BY MR. HOFFMAN:
 13 Q. Sir, I've got a couple of more
 14 detail-oriented questions for you about your
 15 analysis. And in the event you do need to
 16 reference to any of the general ledger reports,
 17 which is Bradshaw No. 7, it's right in front of
 18 you, in the event you need to refer to any of
 19 the Healy handwritten notes, there's Bradshaw
 20 Exhibit No. 5 and 6, and those are right in
 21 front of you as well.
 22 Mark this as Exhibit No. 8.
 23 (WHEREUPON, said
 24 document was marked as

1 Martin Deposition
 2 Exhibit No. 8 for
 3 Identification.)
 4 BY MR. HOFFMAN:
 5 Q. So, we have Martin Exhibit No. 8,
 6 right?
 7 A. Yes.
 8 Q. And this is a general ledger for the
 9 period that includes first half of 1995. And
 10 as I read your report, the TTO alleges that
 11 District 204 was overpaid by \$5,000 for
 12 quarterly interest.
 13 When we look at the general
 14 ledger, what I found was an interest transfer
 15 on page 12 in the amount of \$5,000.
 16 So my question to you is: Am I
 17 looking at the right general ledger entry that
 18 is the basis for your opinion? And then if
 19 yes, how did you determine that that \$5,000 was
 20 quarterly interest?
 21 That's actually one question I
 22 asked you that is compound.
 23 And why don't we start with, is
 24 this the right journal entry that you found an

1 extra \$5,000 payment, or is it some other
 2 general ledger for this year?
 3 A. Sure. Could I see the exhibit --
 4 Q. You can look at any other exhibit you
 5 want to look at.
 6 MR. KALTENBACH: Martin 6?
 7 THE WITNESS: Oh, yeah, Martin 6.
 8 BY MR. HOFFMAN:
 9 Q. And I'll look at that with you.
 10 A. No, that's not -- I don't pick that
 11 one up.
 12 Q. Where does that \$5,000 come from?
 13 MR. KALTENBACH: Objection to form.
 14 THE WITNESS: Where does it come from?
 15 BY MR. HOFFMAN:
 16 Q. Well, here you got \$5,000 for that
 17 year.
 18 A. I understand.
 19 Q. So which quarter of fiscal year 1995
 20 does the alleged \$5,000 overpayment occur, how
 21 about that?
 22 A. Oh, that's in quarter -- let's see.
 23 So it looks like the second quarter 4/30.
 24 -- let's see, are the Healy notes here

1 somewhere?
 2 Q. Right here.
 3 A. Thank you.
 4 Q. So you're looking for the second
 5 quarter of 1995, correct?
 6 A. Yes, this line here that's the --
 7 Q. We're looking at --
 8 A. 260,567.
 9 Q. 265 -- 260,567, is what?
 10 A. That's the amount of -- that's the
 11 amount of the general ledger total. And on
 12 here we can see --
 13 Q. Let me ask you this: In looking at
 14 Martin Exhibit No. 8, which is the general
 15 ledger for that time period, so the only
 16 interest payments that went into that were the
 17 general ledger entries described as quarterly
 18 distribution of interest, correct?
 19 A. Yeah, it would be -- so you can see
 20 here --
 21 Q. No, I'm asking you -- pay attention to
 22 my question, please.
 23 On Martin Exhibit No. 8, there's
 24 all kinds of --

1 MR. KALTENBACH: Don't reprimand him.
 2 BY MR. HOFFMAN:
 3 Q. Here's my question: On Martin Exhibit
 4 No. 8, there's lots of journal entries related
 5 to interest, correct?
 6 A. Yes.
 7 Q. And so the only ones that you pulled
 8 were the ones -- and then put on your
 9 spreadsheet Martin Exhibit No. 6, were the
 10 quarterly distribution of interest entries,
 11 correct?
 12 A. Pulled the ones on Martin Exhibit 6,
 13 are the ones that are on there. They're the
 14 ones from this sheet here.
 15 Q. Which ones? That's what I'm trying to
 16 ask you. You're not paying attention to the
 17 question, with all due respect, sir.
 18 Is it the ones that say quarterly
 19 distribution of interest, is that the ones you
 20 picked?
 21 A. Well, let's see.
 22 Q. You don't know without checking the
 23 math?
 24 I mean in terms of the theory of

1 it, I want to know -- how you went about doing
2 this. And so if you're going to go through and
3 add them all up, that implies to me you're not
4 sure whether you did this right or not.

5 So my question is, sir: What was
6 the theory you used in going back and checking
7 the general ledger entries looking for
8 quarterly distributions of interest?

9 MR. KALTENBACH: Objection. Asked and
10 answered. You can answer again.

11 MR. HOFFMAN: I don't know that I got a
12 clear answer.

13 THE WITNESS: Yes, I picked up the ones
14 that say quarterly distribution of interest.

15 BY MR. HOFFMAN:

16 Q. So the one like on page 12, interest
17 transfer, that was not included?

18 A. Specifically I can -- we can see.

19 Q. I'm not saying it was. And then the
20 ones that say interest earned 1993 or interest
21 earned '94, interest earned is also another
22 general description that we got -- general
23 ledger description, none of those were part of
24 your capture, correct?

1 Exhibit No. 8, tell me on page one which of the
2 journal entries you would collect as a
3 quarterly distribution of interest?

4 A. There's the quarterly distribution of
5 interest for 171. Quarterly distribution of
6 interest for 172. Quarterly distribution for
7 177 and quarterly distribution of interest for
8 297.

9 Q. So where there was a description that
10 talked about interest but it didn't
11 specifically reference a quarterly interest,
12 you left it alone?

13 A. That's right.

14 Q. And we looked at one page, but there
15 are many pages like this. Does that theory
16 apply to the other pages as well?

17 A. Yes.

18 Q. That's all I'm asking you.

19 A. Okay.

20 MR. HOFFMAN: Mark this as Exhibit No. 9.
21 (WHEREUPON, said
22 document was marked as
23 Martin Deposition
24 Exhibit No. 9 for

1 A. Specifically on this page, none of
2 those are captured on Martin Exhibit 6.

3 Q. That's not what I asked you. I'm
4 asking the methodology you used, not just this
5 one page or series of pages for this short
6 period of time.

7 Do you understand my question?
8 I'm asking you how you went back and what
9 numbers you went to in the general ledger, and
10 you're going to do a little math problem. I'm
11 not asking you a math problem. I'm asking you
12 based on the descriptions in the general ledger
13 that you've got in front of you, Martin Exhibit
14 No. 8, which of these general ledger
15 descriptions were in on your analysis and which
16 were out in?

17 MR. KALTENBACH: Objection. Compound. You
18 can answer if you understand.

19 THE WITNESS: I don't understand, because
20 you're asking a general-approach question and
21 then detailed questions about specific
22 transactions. And --

23 BY MR. HOFFMAN:

24 Q. Let me ask you, looking at Martin

1 Identification.)

2 BY MR. HOFFMAN:

3 Q. This is another general ledger entry.
4 You'll see on page 11 there's an entry for
5 quarterly interest attributable to October,
6 November and December of 1997 in the amount of
7 \$4,675?

8 A. Yes.

9 Q. And then this entry is actually made
10 on 3/31 of 1998, correct?

11 A. Yes.

12 Q. So this is one of the ones that has an
13 entry in one quarter relating to a prior
14 quarter? Remember we talked about that?

15 A. Yes.

16 Q. So to which quarter did you attribute
17 this \$4,657 in interest?

18 A. All right. Actually I don't pick up
19 that number.

20 Q. Do you pick it up in any other
21 quarter?

22 A. I don't think so.

23 Q. So as far as you know, this quarterly
24 interest entry 10, 11, 12 and 1997 for \$4,675,

1 this is one that you didn't pick up, correct?
 2 **A. This is not picked up.**
 3 Q. Do you know why? I thought you were
 4 picking up the quarterly interest numbers.
 5 **A. This was from a different quarter.**
 6 **And at the time I would say it shouldn't have**
 7 **been in there, so let me check. I don't think**
 8 **I do pick that up.**
 9 Q. Well, let's turn to Martin Exhibit No.
 10 7, page two.
 11 **A. Okay.**
 12 Q. And if you go to the row for
 13 4/30/1998, and you scroll across the column I,
 14 as in India, you have an amount of alleged
 15 overpayment to District 204 of \$4,674.68, don't
 16 you?
 17 **A. Which --**
 18 Q. 4/30/1998. Across the column I. You
 19 claim an overpayment to District 204 of
 20 \$4,674.68. Isn't that within 32 cents of this
 21 entry that I'm asking you about? Is that
 22 coincidence?
 23 MR. KALTENBACH: Objection. Compound
 24 question.

1 MR. HOFFMAN: Please.
 2 MR. KALTENBACH: Jay, don't make commentary
 3 on a very succinct objection.
 4 MR. HOFFMAN: Please.
 5 BY MR. HOFFMAN:
 6 Q. Do you understand my question?
 7 **A. Oh, yeah. I'm just checking into it.**
 8 Q. Okay.
 9 Sir, let the record reflect we
 10 have been sitting here for several minutes.
 11 Are you able to answer my question after
 12 looking through these materials or not?
 13 **A. Oh, yes.**
 14 Q. I don't have an unlimited amount of
 15 time.
 16 **A. I'm just trying to see, because...**
 17 Q. So what are you finding there?
 18 **A. Well, if I didn't pick it up on this**
 19 **sheet, it would actually be -- it's actually**
 20 **the wrong way. So it's not a similar number.**
 21 **It's actually an inverse of the number. Not**
 22 **the same number.**
 23 Q. You're saying it doesn't matter if you
 24 didn't pick it up. I'm asking whether you

1 picked it up or not based on your review?
 2 **A. No, I did not.**
 3 Q. So that journal entry where you
 4 thought you missed that one, you missed that
 5 one?
 6 **A. I didn't miss it, I didn't pick it up.**
 7 Q. What's the difference between
 8 missing -- not missing something and not
 9 picking it up?
 10 **A. I didn't overlook it, so...**
 11 Q. You didn't include it in your
 12 analysis, then under your theory it should have
 13 been included in your analysis, so you did
 14 overlook it, didn't you?
 15 **A. No. Again, I was picking up the**
 16 **quarterly interest numbers. It was something**
 17 **from a prior period. At the time I chose not**
 18 **to pick that one up.**
 19 Q. So that was a conscious decision you
 20 made to ignore that journal entry?
 21 **A. Yes.**
 22 Q. Why did you decide to ignore that
 23 journal entry?
 24 **A. Because in that case it wasn't clear**

1 **what that was.**
 2 Q. Okay. Great. Now I'd like to show
 3 you something else so you can kind of clean up
 4 your work space here, please.
 5 Let's mark this as Exhibit No.
 6 10.
 7 (WHEREUPON, said
 8 document was marked as
 9 Martin Deposition
 10 Exhibit No. 10 for
 11 Identification.)
 12 BY MR. HOFFMAN:
 13 Q. Martin Exhibit No. 10 is one of the
 14 handwritten sheets from Bob Healy's notes,
 15 right?
 16 **A. Yes.**
 17 Q. Great. In which quarter does this
 18 apply to?
 19 **A. This is the quarter -- it says it's**
 20 **December 1997.**
 21 Q. In the upper-right-hand corner
 22 somebody hand wrote that in, but I'm pretty
 23 sure that was Gretchen Kubasiak. I don't want
 24 you to rely on that. But I want you to look at

1 it and figure it out on your own.

2 Do you see -- do you know what
3 quarter this was for?

4 **A. Yes, December 1997.**

5 Q. See the last page of this document,
6 it's a fax from William F. Gurrie Bob Healy,
7 right?

8 **A. Yes.**

9 Q. Do you know who Bob H was who sent it?

10 **A. No.**

11 Q. Went from Bob H to Bob H obviously,
12 but he was -- William F. Gurrie was Baker
13 Tilly -- what became part of Baker Tilly.

14 **A. I understand that was a predecessor
15 firm.**

16 Q. Look to the third page of this
17 document, and there is an interest reallocation
18 dated June 30th, 1997.

19 Tell me what this is and what
20 significance it had for your analysis?

21 You told me you went through all
22 of Healy's handwritten notes and this was in
23 the handwritten notes.

24 **A. Yeah, I don't know what he's**

1 **A. Yes.**

2 Q. And then there is a quarterly interest
3 column, right?

4 **A. Yes.**

5 Q. And you see some of those numbers have
6 been whited out and restated, right? Like in
7 district 104 and 106.

8 **A. I have no idea.**

9 Q. Some of the lines are gone. You don't
10 think that's a white-out issue?

11 **A. I have no idea.**

12 Q. You see there is additional column
13 that says W.F. Gurrie adjustment, ADJ?

14 **A. Yes.**

15 Q. That's ADJ would mean adjustment,
16 right, in context?

17 **A. Assume so.**

18 Q. And you see how two of the districts
19 have negative adjustments, including 204, which
20 is a very big one and 109, which is a small
21 one, and then all the others have an increase
22 in that year. Do you see that?

23 **A. Yes.**

24 Q. Do you know why William F. Gurrie

1 **suggesting here.**

2 Q. Why was the auditor suggesting
3 interest reallocations where there's an actual
4 amount for each district for each of these
5 three quarters, and then an adjusted amount and
6 then a total difference?

7 **A. I have no idea why he is suggesting
8 that.**

9 Q. Do you see that the auditor had 204
10 during this year getting 101 -- over \$101,000
11 less based on proposed adjustment?

12 **A. I have no idea if that's what he's
13 saying here.**

14 Q. Isn't the number on the right that
15 says total difference and amount that exceeds
16 \$101,000, isn't it apparent?

17 **A. Column on the right has \$101,000.**

18 Q. And if you look on page one, Healy's
19 handwritten notes, you see there's -- the usual
20 column for the districts on the left side,
21 right, correct?

22 **A. Yes, the district numbers here.**

23 Q. And then there's an average fund
24 balance column?

1 suggested that adjustment?

2 **A. I have no idea.**

3 Q. You see that for District 204, William
4 F. Gurrie suggested interest adjustment
5 according to Healy's handwritten notes would
6 take the quarterly interest from \$618,182 down
7 to \$516,752, right?

8 **A. That's what it appears to represent,
9 yes.**

10 Q. That's what the numbers say?

11 **A. That's what the numbers say, yes.**

12 Q. So my question is: In looking at
13 Healy's handwritten notes, how did you deal
14 with this William F. Gurrie adjustment to
15 Healy's figure?

16 **A. Let's take a look.**

17 Q. Okay. What document do you need to
18 look at in order to figure that out? Are you
19 looking at Martin 7?

20 **A. Yes.**

21 Q. And which page?

22 **A. The one with the red -- that one
23 there.**

24 Q. The fifth page, right?

1 A. Yes, sir.
 2 Q. Thank you.
 3 A. So I pick up the 618,181, the
 4 unadjusted number.
 5 Q. And where is -- what is the date for
 6 that quarter?
 7 A. That's 1 -- the date on here is
 8 1/31/98, so that would be end of the second
 9 quarter.
 10 Q. So in looking at Martin Exhibit No.
 11 10, why did you choose to use the \$618,000 and
 12 not the \$516,000 number?
 13 A. Well, just for consistency, because
 14 not all the forms had that one.
 15 Q. Wherever there was a column for an
 16 adjustment by William Gurrie, or anyone else,
 17 you ignored that and went with the first line
 18 calculation Mr. Healy did, right?
 19 A. In this case I used the unadjusted
 20 number.
 21 Q. Not just this case. I'm saying
 22 whenever -- you're saying that sometimes these
 23 adjustments occurred. And when there was
 24 adjustment you ignored it and went with the

1 Q. Well, we looked at an earlier
 2 adjustment from the auditor of one and a half
 3 million dollars. Do you remember looking at
 4 that?
 5 Remember there was an audit
 6 adjustment-interest for over one and a half
 7 million dollars that we looked at?
 8 A. That was the fax from Bob to Bob.
 9 Q. It was -- it was a document that was
 10 used in Thiessen's deposition and Dr.
 11 Birkenmaier's deposition, do you remember that?
 12 A. Yes, we looked at that.
 13 Q. So that was another instance where an
 14 auditor is making an adjustment to the interest
 15 events, right?
 16 A. Well, purportedly, yes. I don't know
 17 if that's what he was suggesting or not, but...
 18 Q. Well, isn't it important to know
 19 whether Healy adopted his auditor's suggestion
 20 as to changing the amount of interest?
 21 A. Not for purposes of this analysis, no.
 22 Q. Why not?
 23 A. Because any adjust -- if he had
 24 adopted these in the general ledger, they'd be

1 first calculation by Healy, right?
 2 A. Well, in this case I did. I have to
 3 look at the other ones.
 4 Q. I'm not just asking about this case.
 5 My question was very clear. You can say I
 6 don't know. I don't expect you to know the
 7 answer to everything. You told me a second ago
 8 that there were other instances than the one
 9 we're looking at where there were adjustments
 10 in Healy's notes, right?
 11 Is this the only example of an
 12 adjustment in the entire set of Healy's notes?
 13 And if it is, tell me that.
 14 A. I don't know. I have to look.
 15 Q. So what was your -- so your practice,
 16 though, it was to ignore any adjustments and
 17 just simply go with the straight calculation of
 18 quarterly interest that Healy did, even if
 19 there were subsequent adjustments, right?
 20 A. That's right.
 21 Q. Okay. And my question is: Wouldn't
 22 it be important for you to understand why these
 23 adjustments were included here?
 24 A. Not necessarily, no.

1 in the general ledger.
 2 Q. But how do you know -- for example,
 3 you see in District 109, do you see that
 4 there's a double asterisk next to 109 on Martin
 5 Exhibit 10, and you go down to the bottom and
 6 it says 2 million?
 7 A. Yes.
 8 Q. What does that 2 million represent?
 9 A. I have no idea.
 10 Q. Well, isn't it possible that Healy was
 11 paying more interest in some quarters and less
 12 interest in other quarters based on an
 13 understanding he had with District 109?
 14 A. I have no idea.
 15 Q. Do you see there's a single asterisk
 16 next to District 106 where there is a negative
 17 number of \$693,063.51?
 18 A. Yes.
 19 Q. What does that figure represent?
 20 A. I have no idea.
 21 Q. Well, is it important?
 22 A. It's not important for this analysis,
 23 no.
 24 Q. Well, you made the opinion that all

1 the other districts got uniformly underpaid
2 interest for this relevant time period because
3 District 204 was overpaid, right?

4 **A. I made the opinion that District 204**
5 **received interest out of formula with the**
6 **percentages that were -- should have been**
7 **ascribed to them versus what the other**
8 **districts should have gotten.**

9 Q. That's not my question. That wasn't
10 what I asked you.

11 What I asked you was: You
12 earlier articulated in this deposition an
13 opinion that the other districts got shorted in
14 an equal and proportionate amount because
15 District 204 got too much for the entirety of
16 this period, right?

17 **A. That's what the effect of that would**
18 **be, yes.**

19 Q. But that's not the effect of it if the
20 other districts were not getting paid in a
21 proportionate amount or way; isn't that true?
22 If the other districts got paid
23 disproportionately, like you claim 204 did,
24 then your opinion would be incorrect as to the

1 hours, but I won't object to you going a little
2 longer.

3 BY MR. HOFFMAN:

4 Q. Page four. On page four, sir, you
5 talk about corrections that you made, right?

6 **A. You mean here in the middle paragraph?**

7 Q. First large paragraph.

8 **A. Yes.**

9 Q. You talk about the entry for 6/30/04
10 should be \$147,979,000?

11 **A. Yes.**

12 Q. But you see that further down in the
13 paragraph you don't make an adjustment to
14 fiscal year 2004. Can you explain why not?

15 **A. No, I don't. That's odd.**

16 Q. And this is one of the three
17 corrections you made to Bradshaw, and you're
18 unable to verify -- why don't you tell me what
19 you're finding, sir. You understand the
20 question, right?

21 **A. Oh, yes.**

22 Q. Go ahead and tell me what you're
23 finding and what you're looking at.

24 **A. Well, tracing from Martin 4 to**

1 other districts?

2 **A. Well, no. Those districts would need**
3 **to be adjusted as well theoretically. But for**
4 **those periods where I have identified a**
5 **misallocation in 204, the other districts got**
6 **exactly the percentage that's detailed on the**
7 **Healy notes.**

8 Q. Well, they certainly don't -- that's
9 not what's indicated on this document Martin
10 Exhibit No. 10, is it, based on the Gurrie
11 adjustments?

12 **A. I have no idea what's indicated by the**
13 **Gurrie adjustments.**

14 Q. So you have no idea whether Healy
15 intended to follow these Gurrie adjustments or
16 not, do you?

17 **A. I have no idea if he implemented**
18 **those.**

19 Q. And you have no idea why Gurrie was
20 recommending these adjustments, do you?

21 **A. No, I don't.**

22 Q. Okay. Let's take a look at the
23 disclosure again.

24 MR. KALTENBACH: I think we're over three

1 **calculations on Martin 7 to see how that would**
2 **be, so...**

3 Q. Okay. We're looking at your
4 correction for the entry for 6/30/04 which you
5 say should be \$147,979, right?

6 **A. Yes.**

7 Q. Yet, you don't make an adjustment to
8 fiscal year 2004 later on in the disclosure.
9 And the question is why?

10 **A. I think it was just omitted from**
11 **the -- this paragraph here.**

12 Q. Is that what you think or -- is that
13 what you know?

14 **A. That's what I know.**

15 Q. I don't want you to guess.

16 **A. There should be a line in here that**
17 **says the new amount.**

18 Q. So --

19 **A. It was just an oversight.**

20 Q. So tell me how this disclosure should
21 read in order to be correct based on your
22 analysis of the records you just looked at?

23 **A. Right. The disclosure in terms of the**
24 **total, the total damage amount, for lack of a**

1 **better thing, is correct, the 1,427,442,**
 2 **because that's the correct total from here. It**
 3 **just should say -- again, this was showing the**
 4 **corrections made to the prior version of this,**
 5 **so it should show -- it should be the total of**
 6 **those four.**

7 Q. You're talking -- as you're looking at
 8 the documents, you're uttering words, and I
 9 don't mean that in an unkind way, but the court
 10 reporter isn't writing down what you are saying
 11 because it sounds like you're thinking out loud
 12 and so that's fine with me.

13 Let the record reflect that I am
 14 sitting here patiently waiting for the witness
 15 to review his documentation, and I've asked him
 16 about one of the three changes that he's made
 17 to Bradshaw's analysis and whether it's right
 18 or not.

19 A. Oh, no, it's right.

20 Q. It is?

21 A. Yes.

22 Q. How do you know that?

23 A. Because the entry for 6/30/04 went
 24 into fiscal year 2005.

1 Q. Say that again.

2 A. Entry for 6/30/04 is included in the
 3 fiscal year 2005.

4 Q. And, in fact, is it correct, though,
 5 that the entry for 6/30/2004 should be 147,979,
 6 or is that 6/30/04 date wrong?

7 A. Repeat the question.

8 Q. Is the 6/30/2004 date in the entry
 9 that you corrected correct or incorrect?

10 A. 6/30/04?

11 Q. Yes, on page four of the disclosures
 12 that you helped prepare. And you made three
 13 changes. You and you your firm worked on this
 14 project for a number of months and incurred
 15 \$120,000.

16 MR. KALTENBACH: Just ask your question.
 17 BY MR. HOFFMAN:

18 Q. And ultimately at the end of the day
 19 you made three corrections to an existing
 20 analysis.

21 Sir, with all due respect, I'm
 22 asking you whether you can tell me about the
 23 third correction whether it's accurate? If
 24 it's accurate, tell me that. If it's

1 inaccurate, tell me how it should be changed.

2 A. It is accurate.

3 Q. Thank you. And you're confident about
 4 the other two changes you made as well?

5 A. Yes.

6 Q. Thank you. You're still looking at
 7 the document. Do you want me to wait?

8 A. No, I'm good.

9 MR. KALTENBACH: Well, I typed -- I mean
 10 obviously the witness -- it's a disclosure
 11 counsel drafted, so I actually want to take a
 12 break and confer with the witness if there is
 13 not a question pending.

14 MR. HOFFMAN: No, this is ridiculous.
 15 BY MR. HOFFMAN:

16 Q. What is the statement -- look, if this
 17 is a typo, then you can tell by looking at the
 18 underlying documents whether it's an error or
 19 not, can't you?

20 A. The numbers are correct.

21 Q. Okay.

22 A. Just looking at the dates and that.

23 Q. All right. Look away.

24 A. I believe the dates are correct

1 though.

2 Q. Great. Then do you feel the need to
 3 talk to your lawyer at this point?

4 MR. KALTENBACH: You can ask him the
 5 question. I can ask to take a break and talk
 6 to my witness.

7 MR. HOFFMAN: Of course you can. Do you
 8 want to do that?

9 MR. KALTENBACH: Yes. I want to make sure
 10 there is not a question pending.

11 MR. HOFFMAN: Take a break. Talk to your
 12 witness.

13 (Recess.)

14 MR. HOFFMAN: The floor is yours, Barry.

15 MR. KALTENBACH: I think Mr. Martin will
 16 testify to what the typo is.

17 BY MR. HOFFMAN:

18 Q. Go ahead.

19 A. Let's see, in the paragraph starting,
 20 Based upon his review and analysis explained to
 21 Bob" in Martin 4, on the seventh line it says
 22 number three, the differences are number three,
 23 the entry for 6/30/04 should say the entry for
 24 10/31/04. And why it's not addressed in the

1 changes below because that's in the fiscal year
2 2005.

3 Q. And you said you went through Martin
4 Exhibit No. 4, your disclosures, and apparently
5 you just missed that, right?

6 A. Right, I just missed that date.

7 Q. How confident are you about the
8 correctness of the other two changes that are
9 described in here?

10 A. Yeah, the numbers are absolutely
11 correct. That was just a mistyped date.

12 Q. Okay. Got it. Two out of three ain't
13 bad as they say, right?

14 Let's take a look at the -- when
15 you say the entry for 6/30/06 should be
16 \$569,952, the number one of the three changes
17 described on page four of Martin Exhibit No. 4.

18 A. Yes.

19 Q. Okay. So with reference to the
20 general ledger, what -- describe that change to
21 me and tell me whether -- let's mark
22 this -- why is that -- why did you make that
23 change?

24 A. Oh, again, those changes go back

1 Exhibit No. 11 for
2 Identification.)

3 BY MR. HOFFMAN:

4 Q. So we got the general ledger for the
5 6/30/2006 quarter, right?

6 A. Yes.

7 Q. So you're making reference on page one
8 to the journal entry transfer
9 interest -- specify which page?

10 A. I'm sorry. On page one, there's a
11 journal entry booked twice 31 -- this actually
12 was a big correction. There's 315 and 315,
13 those would cancel.

14 Q. So those cancel out.

15 A. On page one. Then in the back it's
16 then rebooked. Okay.

17 Then on page number ten of this
18 report, I think those are ten. You can see it
19 comes in -- comes in again.

20 Q. It says transfer interest retro on
21 BDRES, right?

22 A. Yes.

23 Q. You take that to mean board resolution
24 or what? What do you take that to mean?

1 to -- these changes go back to what's described
2 in Martin Exhibit 6, which is the difference
3 between the general ledger -- there's a column
4 on the right that shows the difference between
5 the Healy notes and the general ledger.

6 Q. My specific question is: As for that
7 entry for 6/30/06, what did Bradshaw miss
8 specifically?

9 A. Oh, that was a -- she interpreted a
10 journal entry differently.

11 Q. Which one?

12 A. On 6/30/06?

13 Q. Yes, which one?

14 A. It was a general entry for 31503, that
15 would have been in the 2006 second quarter, so
16 6/30/06.

17 Right, it was the transferred
18 interest entry. There's a transferred interest
19 entry. You can see it here and then in the
20 back.

21 MR. HOFFMAN: Let's mark this as 11.
22 (WHEREUPON, said
23 document was marked as
24 Martin Deposition

1 A. I'm not sure.

2 Q. That would be my guess, but you have
3 no idea?

4 A. I don't know. I was just following
5 the entries that transferred this.

6 Q. What does transfer interest mean?
7 Well, you see on this page ten, you see the --
8 the entries on page two cancel out. But on
9 page ten there's an interest --

10 A. There's three on that page.

11 Q. Right. There's a journal entry
12 interest reversed of negative 31,500, right?

13 A. Reversing one of these, I'm assuming.

14 Q. And then there's one that stays
15 interest 31,500, and there is another one that
16 says transfer interest retro on BDRES 31,500,
17 right?

18 A. Yes.

19 Q. So you don't know which one the final
20 journal entry reversed of those two 31,500
21 entries, do you?

22 A. No.

23 Q. Do you know what transfer interest
24 retro on BDRES means?

1 **A. No, not specifically.**
2 Q. Do you know where it says the entry
3 for the same number it just says interest, how
4 do you know that the entry that just says
5 interest is quarterly interest?
6 **A. Um, I don't know. At the time that's**
7 **what I determined that to be.**
8 Q. I'm asking you as of today.
9 How do you know that the \$31,500
10 in ledger entry that says interest and nothing
11 else is a quarterly interest payment?
12 Let the record reflect that we're
13 waiting while the witness reviews Martin
14 Exhibit No. 11 and other documents in this
15 case.
16 **A. I picked that one up because it**
17 **started in page one of Martin Exhibit 11 and**
18 **then it was reversed to and it ended up in the**
19 **other -- in that last fund there.**
20 Q. But the entry on page one of Martin
21 Exhibit 11 says transfer interest retro on
22 board res, right?
23 **A. Yes.**
24 Q. But it doesn't say anything about

1 **A. Yes.**
2 Q. Do you know what fund zero is for?
3 **A. No.**
4 Q. I'm not about to tell you. I'm asking
5 you if you know. It doesn't matter what I
6 know.
7 **A. I don't know.**
8 **This here is the first time which**
9 **is why I picked it up as interest.**
10 Q. My question is: You testified earlier
11 that you picked up interest entries on the
12 general ledger that said quarterly interest
13 payment. Now we're looking at one that says
14 interest transfer on BDRES and another place it
15 just says interest and it has this amount which
16 you picked up. Why are you picking up that
17 amount? You still haven't answered my
18 question.
19 **A. Because I determined it was quarterly**
20 **interest.**
21 Q. How?
22 **A. By the description and the context in**
23 **the files.**
24 Q. What is the description and the

1 quarterly interest, does it?
2 **A. Not on that entry specifically.**
3 Q. So my question is: Why did you
4 include the \$31,500 amount which in Martin
5 Exhibit No. 11 is described as transfer
6 interest retro on BDRES?
7 **A. It was actually the --**
8 Q. Or variously at another point just
9 simply interest. Why is that included in your
10 quarterly interest analysis? That's my
11 question. I asked it to you ten minutes ago,
12 and I'm asking you again now.
13 **A. Sure. It's actually -- actually**
14 **that's the transfer that moves that to the**
15 **other fund. I picked it up because it started**
16 **off in this fund under the --**
17 Q. Started off in which fund?
18 **A. Started off in -- the title here is**
19 **zero fund.**
20 Q. Started off in the zero fund?
21 **A. The fund name is the -- here this one**
22 **has a zero. Typically the fund name.**
23 Q. Page one, the zero fund on page one of
24 Martin 11?

1 context of the files that tell you it's
2 quarterly interest? I want to know. Tell me.
3 **A. Well, again, because it was**
4 **transferred from here, the first page, is why I**
5 **determined it was quarterly interest.**
6 Q. The transfer from the first page in
7 the zero account, which you don't know what it
8 stands for, why would that suggest that it's
9 quarterly interest? Why?
10 **A. Because originally it came in as an**
11 **entry for interest.**
12 Q. Where? Show me.
13 **A. Right here. And then --**
14 Q. It says interest, but it doesn't say
15 anything about quarterly interest. There's lot
16 of entries that say interest. We already
17 determined that, right?
18 **A. Yes, we did.**
19 Q. So this 31,500, are you willing to
20 admit you made a mistake, and that the 31,500
21 should not have been included in your analysis,
22 because none of these entries that have that
23 number say anything about quarterly interest?
24 **A. I would have to go back and review the**

1 **documentation.**
 2 Q. What documentation? It's all right in
 3 front of you. What other documentation is
 4 there? You relied on the general ledger
 5 reports, which are sitting right in front of
 6 you, and you relied on Healy's interest sheets,
 7 which are sitting right in front of you, too.
 8 I've shown you a portion of the
 9 general ledger statements. You can look at the
 10 corresponding entire thing. It is right in
 11 front of you.
 12 Are you, sir, willing to admit
 13 you made a mistake in adding the 31,500 that we
 14 just looked at as quarterly interest because
 15 none of the descriptions in Martin Exhibit 11,
 16 the general ledger, make any reference to that
 17 amount of money being quarterly interest?
 18 **A. Not without reviewing the documents**
 19 **further.**
 20 Q. Review them. I'm going sit here and
 21 wait again while you do that, because I am
 22 entitled an answer. And my expert is entitled
 23 to an answer, too.
 24 **A. Yes.**

1 Q. So take your time and look at whatever
 2 you want to look at to make that determination.
 3 You've already looked at that document about
 4 eight times.
 5 MR. KALTENBACH: Hold on. Jay, ask a
 6 question. If you're going to --
 7 MR. HOFFMAN: Fine, I asked a question.
 8 MR. KALTENBACH: Stop lecturing on the
 9 record.
 10 MR. HOFFMAN: Fine. Look at it and then
 11 let me know.
 12 THE WITNESS: It's my opinion it should be
 13 in there.
 14 BY MR. HOFFMAN:
 15 Q. Why?
 16 **A. Because that's my opinion.**
 17 Q. I know it's your opinion, but I'm
 18 entitled to ask you why it's your opinion.
 19 **A. Because the description on the**
 20 **entries.**
 21 Q. But the description on the entries
 22 don't say anything about quarterly interest, do
 23 they?
 24 **A. They don't say quarterly specifically,**

1 **no.**
 2 Q. And there's lots of entries that say
 3 interest, but you didn't pick those up either,
 4 right?
 5 **A. No.**
 6 Q. So my question is: Why did you -- you
 7 made three changes to Bradshaw's analysis and
 8 one of them was you added in this \$31,500 in
 9 interest, which is described as an interest
 10 transfer retro on BDRES, which you don't even
 11 know what that means. And why is that
 12 quarterly interest. And the answer can't be
 13 just because.
 14 MR. KALTENBACH: Hold on. Jay, you are
 15 arguing with the witness.
 16 What is the question you're
 17 asking him?
 18 THE WITNESS: Can I ask a question? Do you
 19 have this for 2005?
 20 Thank you.
 21 MR. HOFFMAN: Let the record reflect that
 22 the witness is looking at Bradshaw Exhibit No.
 23 7, which is the entire collection of general
 24 ledger reports.

1 BY MR. HOFFMAN:
 2 Q. For the record, Mr. Martin, why don't
 3 you tell us what documents you're looking at?
 4 **A. I was looking at the C5 report for**
 5 **fiscal year 2005, the year prior to this.**
 6 Q. C5 is the general ledger?
 7 **A. Yes. The general ledger for fiscal**
 8 **year for 2005, the year prior to.**
 9 Q. Just want it on the record what you're
 10 looking.
 11 **A. Year prior to Martin Exhibit 11. I**
 12 **was seeing if this was a transfer from the**
 13 **prior year.**
 14 Q. Take your time. Take as much time as
 15 you want. I don't want to rush you.
 16 **A. Yeah, it's this entry here. The one**
 17 **that says interest.**
 18 Q. So you're looking at what exactly?
 19 **A. I'm sorry. I should go back to the**
 20 **other one.**
 21 Q. Martin Exhibit 11?
 22 **A. I'm sorry.**
 23 Q. Hold on a second. So you're looking
 24 at the --

1 **A. I was looking at the same thing**
 2 **from --**
 3 **Q. Bradshaw Exhibit No. 7, all of the**
 4 **general ledgers?**
 5 **A. Right.**
 6 **Q. So you don't need to look at anything**
 7 **else in Bradshaw Exhibit 11.**
 8 Put these two back in order so we
 9 don't mess up Bradshaw 7, because otherwise
 10 that would be bad. Thank you.
 11 Okay. I'll take that back. And
 12 go ahead in look -- now that you've had time,
 13 you're back on Martin Exhibit No. 11.
 14 **A. Martin Exhibit 11, page number 10,**
 15 **this entry that says interest 31,500, appears**
 16 **to me to be an additional interest payment that**
 17 **should be included as a damage.**
 18 **Q. Why does something that says transfer**
 19 **interest retro on BD RES, why do you take that**
 20 **as a quarterly interest payment?**
 21 **A. I don't. That is not -- that's**
 22 **cancelling the negative here. That's the**
 23 **reversal. It's this interest here.**
 24 **Q. The one that says only --**

1 BDRES. Now we know it is the one that just
 2 says interest, right?
 3 **A. Yes.**
 4 **Q. So my question to you is very direct,**
 5 **which is, why would you assume that an amount**
 6 **of money described in the general ledger only**
 7 **as interest without any other description would**
 8 **be a quarterly interest payment, given that**
 9 **previously you testified that you ignored**
 10 **general ledger entries that didn't specifically**
 11 **say quarterly interest?**
 12 **MR. KALTENBACH: Objection. Asked and**
 13 **answered. You can answer again.**
 14 **THE WITNESS: Well, it's picking up the**
 15 **initial interest amounts that were described in**
 16 **204, the ones that were out of formula.**
 17 **BY MR. HOFFMAN:**
 18 **Q. You didn't answer my question, sir,**
 19 **with all due relevance.**
 20 **MR. KALTENBACH: Jay, don't argue with the**
 21 **witness.**
 22 **Mr. HOFFMAN: I'm not arguing with the**
 23 **witness. I can say what I want to say. Stop**
 24 **it.**

1 **A. Just the word interest, yes. I take**
 2 **that as add -- I assume that as additional**
 3 **interest payment that was prescribed to them.**
 4 **Q. Why would you assume that 31,500**
 5 **general ledger described as interest would be a**
 6 **quarterly interest payment?**
 7 **MR. KALTENBACH: Objection. Asked and**
 8 **answered.**
 9 **THE WITNESS: Well, it could be an extra**
 10 **interest payment, too, on interest amount.**
 11 **BY MR. HOFFMAN:**
 12 **Q. You are not answering my question.**
 13 **I'm not asking you to speculate. I'm not**
 14 **asking you to say what it could be.**
 15 I'm asking you a very specific
 16 question which you have not answered to this
 17 point.
 18 **A. I believe it is an additional --**
 19 **MR. KALTENBACH: Hold on.**
 20 **BY MR. HOFFMAN:**
 21 **Q. Here's my question: Why -- and before**
 22 **you weren't sure whether you were picking up**
 23 **the line item that said interest or the line**
 24 **item that said transfer interest BDRES, retro**

1 **MR. KALTENBACH: Stop raising your voice.**
 2 **MR. HOFFMAN: You know as well as I do that**
 3 **he is not answering this question.**
 4 **MR. KALTENBACH: He actually has answered**
 5 **the question. You are not understanding his**
 6 **answer is the problem.**
 7 **BY MR. HOFFMAN:**
 8 **Q. Maybe I don't understand your answer.**
 9 **If I don't understand it, do you think the jury**
 10 **is going to be able to understand it?**
 11 I mean let me ask you this
 12 question: How many times have you testified in
 13 front of a jury? You can answer that.
 14 **A. None.**
 15 **MR. KALTENBACH: I think it's funny, Jay.**
 16 **I have been generous --**
 17 **MR. HOFFMAN: Just a second. I'm going to**
 18 **get an answer to this question before we leave.**
 19 **MR. KALTENBACH: You got an answer.**
 20 **BY MR. HOFFMAN:**
 21 **Q. A jury is composed of a group of**
 22 **people who are not experts.**
 23 **A. Yes.**
 24 **Q. And you're an expert. So if you want**

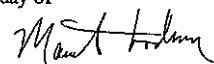
1 them to understand what you did, you have to
 2 explain it in a way that's understandable to a
 3 normal layperson.
 4 MR. KALTENBACH: Don't comment.
 5 MR. HOFFMAN: I'm a layperson.
 6 MR. KALTENBACH: He is lecturing you.
 7 MR. HOFFMAN: No, I'm not.
 8 BY MR. HOFFMAN:
 9 Q. You testified earlier that in going
 10 through the general ledger, you picked up
 11 general ledger entries that say quality
 12 interest payments, and that's what you put in
 13 your report. And now we find an instance where
 14 you have a general ledger entry that says only
 15 the word interest, and you put that in your
 16 report.
 17 So my question is: Why did you
 18 put that general ledger entry into your report
 19 given it says only the word interest?
 20 How did you determine it was a
 21 quarterly interest payment?
 22 I've asked the question numerous
 23 times, and you haven't given me a straight
 24 answer.

1 How do you know that the \$31,000
 2 described only as interest in the general
 3 ledger is interest from the investment pool and
 4 not some other source, given that there's
 5 interest payments that come in from multiple
 6 sources, not just the investment pool.
 7 A. It is a typical for size, the other
 8 invest -- the other pools other than
 9 investments aren't typically that large. But
 10 that, I believe, is one of the additional
 11 interest payments that was ascribed to 204.
 12 Q. And that's based on the size of the
 13 number, the 31,500?
 14 A. And my analysis of all the account
 15 statements, yes.
 16 MR. HOFFMAN: We're done. That's it. Do
 17 you have any questions?
 18 MR. KALTENBACH: No.
 19 THE COURT REPORTER: Do you want a copy?
 20 MR. KALTENBACH: Yes, thanks.
 21 THE COURT REPORTER: Do you know what
 22 format you want?
 23 MR. KALTENBACH: Just a PDF is fine.
 24 (WHEREUPON, the deposition

1 MR. KALTENBACH: Hold on. My objection is
 2 that is beyond a normal compound question. It
 3 is significantly compound. I'm not -- Jim, you
 4 can answer the question.
 5 BY MR. HOFFMAN:
 6 Q. Go ahead.
 7 A. The amounts that's the damage are the
 8 amounts that were ascribed during the quarterly
 9 interest process and then also additional
 10 interest payments that were ascribed to 204
 11 that were out of percentage formula with the
 12 other districts.
 13 I believe that is one of the
 14 additional interest payments that should be
 15 included as an overpayment to 204.
 16 Q. Is that because of the size, the
 17 amount? Is it the amount, the 31,500 looks
 18 large to you so you think that it's a quarterly
 19 interest payment?
 20 MR. KALTENBACH: Objection.
 21 BY MR. HOFFMAN:
 22 Q. Or an investment income payment?
 23 Maybe I should ask you a better
 24 question.

1 was adjourned at 4:54 p.m.)
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1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF COOK)
 3 IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
 COUNTY DEPARTMENT - CHANCERY DIVISION
 4
 TOWNSHIP TRUSTEES OF)
 5 SCHOOLS TOWNSHIP 38)
 NORTH, RANGE 12 EAST,)
 6)
 Plaintiff,)
 7)
 -vs-) No. 13 CH 23386
 8)
 LYONS TOWNSHIP HIGH)
 9 SCHOOL DISTRICT 204,)
)
 10 Defendant.)
 11 I hereby certify that I have read the
 foregoing transcript of my deposition given at
 12 the time and place aforesaid, and I do again
 subscribe and make oath that the same is a
 13 true, correct and complete transcript of my
 deposition given as aforesaid, with
 14 corrections, if any, appearing on the attached
 correction sheet(s).
 15
 Please check one:
 16 _____ I made no corrections
 Number of Correction
 17 sheets attached
 18
 JAMES MARTIN
 19
 20 SUBSCRIBED AND SWORN TO
 before me this day
 21 of A.D., 2017
 22
 23 Notary Public
 24

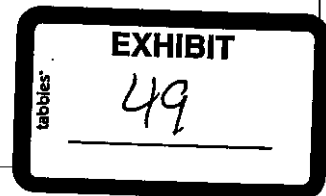
1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF COOK)
 3 I, MAUREEN A. WOODMAN, Certified Shorthand
 4 Reporter and Notary Public in and for the
 5 County of Cook and State of Illinois, do hereby
 6 certify that JAMES MARTIN was first duly sworn
 7 to testify the whole truth and that the above
 8 deposition was recorded stenographically by me,
 9 and was reduced to typewriting under my
 10 personal direction.
 11 I further certify that the said deposition
 12 was taken at the time and place specified.
 13 I further certify that I am not a relative
 14 nor employee or attorney nor counsel of any of
 15 the parties, nor a relative or employee of such
 16 attorney nor counsel nor financially interested
 17 directly nor indirectly in this action.
 18 In witness whereof, I have hereunto set my
 19 hand and affixed my seal of office at Chicago,
 20 Illinois, this 4th day of April
 21 A.D., 2017. 
 22
 23 MAUREEN A. WOODMAN, C.S.R.
 24 License No. 084-002740

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

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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 MARTIN TERPSTRA, 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 1:30 p.m. on May 24, 2017.



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 ALSO PRESENT:
21 MR. JAMES P. MARTIN,
22 CENDROWSKI CORPORATE ADVISORS
23
24 REPORTED BY: JO ANN LOSOYA
25 LICENSE #: 084-002437
26
27
28
29
30

Page 4

1 (Witness sworn.)
2 WHEREUPON:
3 MARTIN TERPSTRA,
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. Could you please state your name for the
9 record, sir?
10 A. Martin Terpstra, T-E-R-P-S-T-R-A.
11 Q. Mr. Terpstra, I take it you have been
12 deposed before?
13 A. Yes.
14 Q. I'm not going to cover all the rules
15 then. If at any time you need a break, and I know
16 you're kind of losing your voice a little bit,
17 please let us know. We will be happy to take a
18 break. Just answer the question that is pending
19 before we take a break. Is that okay?
20 A. Absolutely.
21 (Document marked as Deposition
22 Exhibit No. 1.)
23 BY MR. KALTENBACH:
24 Q. I'm handing you what is marked Exhibit 1

Page 3

1 EXAMINATION
2 Witness Page Line
3 ALBERT KUNICKIS
4 By Mr. Kaltenbach 4 7
5
6 *****
7 EXHIBITS
8 Deposition Exhibit Page Line
9 Exhibit No. 1..... 4 22
10 Exhibit No. 2..... 8 22
11 Exhibit No. 3..... 13 7
12 Exhibit No. 4..... 18 2
13 Exhibit No. 5..... 54 13
14 Exhibit No. 6..... 77 3
15 Exhibit No. 7..... 110 19
16
17 ***ORIGINAL EXHIBITS RETAINED BY COUNSEL***
18
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20
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24

Page 5

1 which is a document that Mr. Hoffman emailed to me,
2 I don't know, maybe a week or two ago. Is this the
3 engagement agreement between your company, and
4 Mr. Hoffman's law firm regarding your expert
5 services in this litigation?
6 A. Yes.
7 Q. Is this the entire agreement?
8 A. Yes.
9 Q. What was your assignment, sir, when you
10 were hired?
11 A. My assignment was to review and evaluate
12 documents that were provided to us. We were going
13 to try to see if we could determine certain amounts
14 of interest, paid and allocated, and then the
15 understanding was that at a certain point in time we
16 would be responding to an opposing expert report.
17 Q. Are you familiar with Cendrowski
18 Corporate Advisors?
19 A. Yes.
20 Q. Do you have an opinion as to the quality
21 of work product of that firm does?
22 A. I have no opinions.
23 Q. You don't know anything bad about them?
24 A. No.

Page 6

1 Q. Are you familiar with my client expert,
 2 and our expert, James Martin?
 3 A. No, I haven't met Jim before. I know
 4 Harry.
 5 Q. Harry Cendrowski?
 6 A. Yes.
 7 Q. How is it you came to be engaged by
 8 Mr. Hoffman?
 9 A. Mr. Hoffman knows one of my partners.
 10 Q. Who is that individual?
 11 A. Tim Bowling, B-O-W-L-I-N-G.
 12 Q. Do you know how it is that Mr. Hoffman
 13 and Mr. Bowling know each other?
 14 A. I believe they go hunting together.
 15 Q. And Mr. Hoffman might be a hunter. Do
 16 you know whether Mr. Bowling has performed expert
 17 services for Mr. Hoffman's law firm before?
 18 A. I'm not aware of it.
 19 MR. HOFFMAN: By the way, the answer is
 20 no.
 21 MR. KALTENBACH: Thanks. I can't ask you
 22 that. I didn't want to.
 23 MR. HOFFMAN: And also I go hunting with
 24 Tim, that's true, too.

Page 7

1 BY MR. KALTENBACH:
 2 Q. I believe that.
 3 Have you ever performed services for
 4 Mr. Hoffman before?
 5 A. No.
 6 Q. Have you ever -- do you know anyone at --
 7 the defendant in this case I think is Lyons Township
 8 High School District 204. Is it okay if we refer to
 9 that as either LT or District 204?
 10 A. Correct, yes.
 11 Q. The plaintiff is a one long one as well.
 12 It is Township Trustees of Schools and then there's
 13 some geographic things thrown in. Is it okay if we
 14 refer to that as the TTO?
 15 A. Correct.
 16 Q. Great. Do you know anyone -- I don't
 17 mean like a student, do you know any faculty or
 18 staff or administration at District 204?
 19 A. I do not.
 20 Q. Have you ever testified for District 204
 21 before?
 22 A. I have not.
 23 Q. Have you ever performed services for them
 24 before?

Page 8

1 A. I have not.
 2 Q. Within Plante Moran, how is it that you
 3 are the testifying expert as opposed to one of the
 4 other professionals there?
 5 A. I'm in the forensic and valuation
 6 services group and most such matters generally find
 7 their way to our department.
 8 Q. How about -- there were some other names
 9 I saw in the invoices. I think one of them was
 10 Kimberly Kean I think did some work on this, I think
 11 Randall Wilson is another name. Do those names ring
 12 some bells with you?
 13 A. Yes.
 14 Q. How is it it was you as opposed to
 15 Mrs. Dean or Mr. Wilson?
 16 A. I'm at the top of the food chain.
 17 Q. Okay. Fair enough.
 18 A. And those things usually travel upwards.
 19 Q. And let's just go ahead and actually do
 20 this now. It will be easier.
 21 (Document marked as Deposition
 22 Exhibit No. 2.)
 23 BY MR. KALTENBACH:
 24 Q. Mr. Terpstra, you have been handed

Page 9

1 Exhibit No. 2, which is a printout of some invoices
 2 from your firm that Mr. Hoffman sent me at the same
 3 time he sent me the engagement letter. I do note --
 4 I think the last billable entry on here was April 30
 5 of this year. So they probably go through last
 6 month. Are these copy -- are these accurate
 7 invoices?
 8 A. Yes, they are.
 9 Q. And is this all of the work that Plante
 10 Moran has done, excepting work after April 30?
 11 A. Correct.
 12 Q. With respect -- I know there's various
 13 people that have different hourly rates within the
 14 invoices. In the event you testify at trial, does
 15 your hourly rate increase?
 16 A. It does not.
 17 Q. Is it scheduled or anticipated anyone's
 18 hourly rate will change between, let's say, the rate
 19 charged on April 30 and the possible trial of this
 20 matter?
 21 A. As a rule, our firm rates change on
 22 July 1st each year.
 23 Q. So, if this continues past July 1st, they
 24 may change?

Page 10

1 A. Yes.
2 Q. Those would be ordinary course of
3 business changes, however?
4 A. Those would be strictly ordinary course
5 of business. As a rule, we revise our rates on
6 July 1.
7 Q. And I think you said this in your report.
8 I just want to clarify. Your fee is in no way
9 contingent upon the outcome of this lawsuit?
10 A. It is not.
11 Q. Have all of these invoices been paid to
12 your knowledge?
13 A. To the best of my recollection, all but
14 the most recent ones.
15 Q. Which presumably just got sent out within
16 the last couple of weeks?
17 A. I would say the last two, the most recent
18 and the one before that.
19 Q. You expect that those last two will be
20 paid, however?
21 A. Absolutely. In fact, I received an email
22 today that they will be.
23 Q. Okay. I'm sure Mr. Hoffman appreciates
24 that.

Page 11

1 Your attorney emailed me last night
2 some additional documents. We will look at those if
3 we need to during the course of the deposition.
4 Beyond that, did you bring anything else to the
5 deposition that relates to your testimony today?
6 A. Strictly a copy of my report and the
7 exhibits thereto, and the documents that I believe
8 we emailed to you last evening, in case you didn't
9 have them or in case you didn't print them out yet.
10 Q. I did print those out and we do have them
11 today. If at some point you need to refer -- you
12 would like to refer to those, please let me know and
13 we will use those.
14 Is the copy of the report that you
15 brought with you, is it marked up or annotated in
16 any way?
17 A. It is not.
18 Q. Your report includes as an exhibit your
19 current curriculum vitae, correct?
20 A. It does. I did not print a copy of that.
21 I kind of know who I am. I'm not suffering an
22 identity crisis today.
23 Q. Is that CV current and correct?
24 A. Yes.

Page 12

1 Q. Okay. And I just want to clarify a few
2 things. I guess you received your bachelor's degree
3 in what year?
4 A. 1975.
5 Q. And then you received your master's in
6 was it '98?
7 A. 1998. I took 20 years off in between
8 graduating undergrad and then going back for a
9 master's.
10 Q. Okay. You are currently licensed as a
11 CPA in Illinois; is that correct?
12 A. I am.
13 Q. Are you licensed in any other
14 jurisdictions?
15 A. I am not.
16 Q. When did you receive your CPA license in
17 Illinois?
18 A. I passed the CPA exam in 1976, and I
19 don't recall exactly when I got the license. But it
20 was a long time ago.
21 Q. I ran your name through the Illinois
22 Department of Financial and Professional Regulation
23 database, and it says that your license was received
24 effective March 16 of 1988. Does that sound right

Page 13

1 to you?
2 A. That sounds about right.
3 Q. Okay. Let's just -- I don't want to --
4 it's not fair to read off a document. Let's mark
5 this as Exhibit 3, real quick.
6 (Document marked as Deposition
7 Exhibit No. 3.)
8 BY MR. KALTENBACH:
9 Q. I know this is a print out that I made,
10 but it's the search result for Martin W. Terpstra,
11 and it shows a city, state, and zip as Orland Park,
12 Illinois, 60462-2883. Is that where you live?
13 A. Yes, it is.
14 Q. And by chance, is that your license
15 number, 065018949?
16 A. I believe it is.
17 Q. Okay. Great. Do you know off the top,
18 do you happen to know, when did the IDFP take over
19 licensing of CPAs?
20 A. Not offhand.
21 Q. Has your license ever been suspended or
22 revoked?
23 A. It has not.
24 Q. Have you ever been disciplined with

Page 14

1 respect to being a CPA?
2 A. I have not.
3 Q. Have you ever been sued for malpractice?
4 A. I have not.
5 Q. Has a firm at which you have done work
6 for been sued for malpractice in connection with the
7 work that you have done?
8 A. Not that I'm aware of.
9 Q. It happens. I know we kind of made light
10 about this before we began, but have you ever been
11 convicted of a felony?
12 A. I have not.
13 Q. Have you ever been within the last ten
14 years convicted of a misdemeanor?
15 A. I have not.
16 Q. Have you ever personally been a party to
17 a lawsuit before?
18 A. Possible.
19 Q. I don't care about things like, you know,
20 traffic tickets or moving violations, unless maybe
21 it's a DUI, parking tickets I'm not going to count.
22 So with that kind of caveat, does that change your
23 answer at all?
24 A. Then it would be a no.

Page 15

1 Q. Roughly how many times have you given
2 deposition testimony?
3 A. More than 50, less than 60.
4 Q. Have all of those been as an expert?
5 A. I believe so.
6 Q. Have you ever had a court decline to
7 accept you as an expert?
8 A. No.
9 Q. I don't necessarily want to cover every
10 tiny bit of your employment history. I would like
11 to get a feel for it beyond what's in your CV.
12 You're currently working for Plante Moran, correct?
13 A. Correct.
14 Q. And when did you start working for Plante
15 Moran?
16 A. We joined Plante Moran July 1st, 2012,
17 via merger.
18 Q. What company were you with that merged in
19 to Plante Moran?
20 A. Blackman Kallick.
21 Q. And when did you start with Blackman
22 Kallick?
23 A. September, 2006.
24 Q. And then what did you do prior to

Page 16

1 Blackman Kallick?
2 A. Prior to Blackman Kallick, I joined
3 Altschuler Melvoin and Glasser in April of 1975.
4 And I was with Altschuler Melvoin and Glasser under
5 various names until I left in -- I think my last day
6 was there September 1st of 2006.
7 Q. And you went to straight to Blackman?
8 A. Right. And Altschuler became part of the
9 American Express Tax and Business Services on
10 January 1st of 1999, and then, American Express sold
11 all of its accounting firms to H&R Block, which
12 owned RSM McGladrey at the time, and I became an
13 employee then of RSM McGladrey, although I remained
14 a partner of Altschuler Melvoin and Glasser, and
15 then the audit practices of Altschuler and McGladrey
16 and Pullen it was at the time merged subsequent to
17 my departure.
18 Q. Okay. So I read some testimony that you
19 gave in a bankruptcy case, and I know that in that
20 case you mentioned that you were a managing director
21 of American Express Tax and Business Services; is
22 that correct?
23 A. That is correct.
24 Q. In that case, my recollection is you

Page 17

1 testified that you received your -- that you became
2 a CPA in 1976. I'm wondering if you can explain to
3 me that versus the fact that at least according to
4 the IDFPR it shows you getting your license in 1988?
5 A. I said I passed the CPA as I testified
6 just a minute ago -- I passed the CPA exam in 1976.
7 Q. You passed the exam in '76, and is it
8 your understanding then at that point, you could
9 refer to yourself as a CPA?
10 A. That was my understanding at the time.
11 Q. Okay. Has that understanding changed at
12 all?
13 A. And the firm certainly had CPA on my
14 business cards all those years.
15 Q. You actually -- and I don't know when
16 they began the licensure process off the top of my
17 head, but you actually got your license in '88?
18 A. I believe so.
19 Q. Okay. I have got some copies of your
20 expert report here, and we are going to spend some
21 time walking through this and looking at the
22 exhibits as I'm sure you can imagine.
23 If you could mark that as 4.
24

Page 18

1 (Document marked as Deposition
 2 Exhibit No. 4.)
 3 MR. KALTENBACH: We have got copies of
 4 what your counselor sent to us last night. If at
 5 any point you want to refer to that in addition to
 6 the exhibits in here, please let me know, and we'll
 7 do that.
 8 MR. HOFFMAN: Barry, just for the record,
 9 I'd like to note at this juncture that in preparing
 10 for the deposition, out of an abundance of caution,
 11 Mr. Terpstra and I recognized that there were
 12 documents that he and his firm used to prepare
 13 certain of the exhibits attached to his expert
 14 report and that those documents were provided by the
 15 TTO to LT in document production in this case.
 16 Nevertheless, as a courtesy to all involved, we
 17 thought it best to send you a copy of that subset of
 18 documents and so we did.
 19 MR. KALTENBACH: That's absolutely
 20 correct. I think they have all been produced by us.
 21 Okay.
 22 BY MR. KALTENBACH:
 23 Q. So, Mr. Terpstra, Exhibit 4, then, is a
 24 printout, and I did it on double sided pages just to

Page 19

1 try to reduce some bulk, of what your attorney sent
 2 to us along with the expert disclosure.
 3 Is Exhibit 4 your expert report, sir?
 4 A. It appears to be.
 5 Q. I can represent it's an exact printout.
 6 If at any point you think there is something
 7 different about it, please let me know.
 8 A. I appreciate that you printed it on both
 9 sides as a member of the Sierra Club.
 10 Q. There we go. There we go.
 11 So, your report, sir, is divided into
 12 five lettered sections. On Page 2, we start with
 13 Section A, which is the introduction. Section B is
 14 your professional qualifications. Is everything in
 15 the professional qualifications accurate, sir?
 16 A. To the best of my knowledge, it is.
 17 Q. Okay. Part C of your report is I guess I
 18 would say some background -- my interpretation of
 19 that is it is some background facts, but it doesn't
 20 contain your opinions; is that accurate?
 21 A. That is correct.
 22 Q. And then we're just going skip over D for
 23 a minute and go to Page 14, which is Part E, which
 24 is the documents reviewed. And is this a list of

Page 20

1 all of the documents that you reviewed in connection
 2 with your expert report?
 3 A. Yes, it is. And we have aggregated
 4 groups of documents together. I think you would
 5 understand that all TTO documents would be the TTO's
 6 production. All LT documents would be the LT
 7 production and so forth.
 8 Q. Okay. Did you personally review all of
 9 these documents?
 10 A. I have not looked at every single page.
 11 No.
 12 Q. But some?
 13 A. Members of my team have.
 14 Q. Fair enough. And just out of curiosity,
 15 literally, has someone from your team looked at
 16 every document produced by my client in this case?
 17 A. I would believe so.
 18 Q. Are there any documents -- let me just
 19 ask this. Is Exhibit E a complete list of all the
 20 documents that were reviewed?
 21 A. I believe so.
 22 Q. All right. So let's go to D, and Section
 23 D is entitled Summary of Opinions and Bases of
 24 Opinions. And you state that all of your opinions

Page 21

1 are stated to reasonable degree of accounting
 2 certainty, and you would confirm that that's correct
 3 today, sir?
 4 A. That is correct.
 5 Q. There are eight darkened bullet points
 6 within Part D, and then sometimes, under the
 7 darkened bullet points, there are some hollow bullet
 8 points, which, if you are kind of creating an
 9 outline of bullet points, that's the next outline
 10 over. I just will probably for ease of reference
 11 refer to the bullet points chronologically as 1
 12 through 8 for darkened bullet points. Is that okay?
 13 A. That is fine.
 14 Q. Are all of your opinions in your report
 15 contained within this Part D?
 16 A. I believe so.
 17 Q. Okay. If at some point you think there's
 18 an opinion that you see that isn't in Part D, you
 19 know, please let me know so we can talk about it.
 20 Okay?
 21 A. Okay.
 22 Q. So, the first bullet point, at least the
 23 first line after it, I don't know that it's
 24 necessarily the title, but it states the TTO and

Page 22

1 Martin are unable to determine with certainty annual
2 investment earnings. Do you see that, sir?
3 A. I do.
4 Q. You are referring, of course, to Jim
5 Martin, my client's expert, correct?
6 A. I am.
7 Q. Okay. What is your opinion as expressed
8 within this first bullet point?
9 A. My opinion is summarized in the first
10 sentence there that Mr. Martin testified that he was
11 unable to determine with certainty what the annual
12 investment earnings were; and as background to that,
13 there's testimony from Mr. Thiessen that after
14 Mr. Healy departed from the TTO, that there was a
15 tremendous amount of effort that was made to try to
16 determine what the investments were, where they were
17 at, what quantities they were in, and just try to
18 figure out exactly what the investment portfolio of
19 the TTO was at that point in time.
20 And then we move on to talk about
21 testimony from Dr. Birkenmayer to the effect that
22 she was their designated representative and she
23 corroborated that there was a lot of effort made to
24 figure it out and that nobody ever was able to

Page 23

1 exactly figure it out, and then, we move onto
2 Ms. Bradshaw, who testified that she did not go back
3 to source documents in performing the work that she
4 performed. And then we move on to Mr. Martin's
5 testimony where he says he attempted to but wasn't
6 able to determine how much investment interest the
7 TTO actually earned on the pooled investments during
8 the relevant period.
9 He further testified that
10 approximately 50 percent of the records and
11 documents were missing from the earlier years of the
12 relevant period. And that even as you got to the
13 more recent periods of the relevant years, that
14 there were still maybe 10 percent or even more of
15 the necessary documents that were missing in action.
16 And then as a result of that, he
17 wasn't able to do it, and when asked by Mr. Hoffman,
18 he testified that he doesn't believe anybody else
19 would have been able to do it either. And I concur
20 with that. When you're missing that amount of
21 documents, 50 percent of the documents for the
22 earlier years and even 10 percent for the later
23 years, there's no way anybody could figure out what
24 the earnings were during the relevant period.

Page 24

1 Q. Okay. So, are you -- so I can understand
2 your -- the end part of your opinion there, a little
3 bit more nuanced, are you saying that you agree that
4 if 50 percent of documents, and then more recently
5 10 percent of documents are missing, no one could
6 figure it out, do you agree -- you said you concur
7 with that?
8 A. I concur that --
9 Q. Here's what I'm trying to get after. Do
10 you concur in those percentages or are you just
11 saying assuming Mr. Martin is right as to the
12 percentages you concur?
13 A. I'll accept his percentages; and from
14 what we have seen, we wouldn't disagree with those
15 percentages.
16 The one thing we do know for sure,
17 there are a lot of documents that are missing, and
18 as a result of all the missing documents, it would
19 be virtually impossible to try to figure out what
20 the earnings were during the relevant period.
21 Q. Did your firm try to figure out those
22 earnings for itself?
23 A. We attempted but were unable to do so.
24 Q. Now, you couldn't figure out -- it is

Page 25

1 your testimony that you couldn't determine how much
2 was actually earned during the relevant period,
3 correct?
4 A. We were unable to determine the exact
5 amount earned during the relevant period.
6 Q. Okay. Now, just -- I guess pull back
7 from that so we're on the same page as far as the
8 way -- the mechanism within the treasurer's office.
9 So it's your understanding that the school districts
10 receive funds principally through property taxes,
11 correct?
12 A. The school districts assess property
13 taxes.
14 Q. As a result, when tax payments are made,
15 those payments -- the dollars received then belong
16 to the school districts, correct?
17 A. The dollars belong to the school
18 districts.
19 Q. I'm not asking you to so -- I'm not
20 asking you to render a legal opinion or anything. I
21 want to make sure we're on the same understanding.
22 The treasurer, however, that is appointed by the
23 township trustees is the custodian for those funds,
24 correct?

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1 A. That is my understanding.
2 Q. And the treasurer pools funds from all of
3 the member districts, one of which is 204, and
4 invests those funds, correct?
5 A. That is my understanding.
6 Q. So, the pool of invested funds, the
7 principal, each district owns a percentage of that
8 pool, correct?
9 A. They own a percentage and the percentages
10 vary throughout time.
11 Q. Sure. And roughly LT was at about
12 25 percent?
13 A. It would run anywhere from 25 percent, I
14 have seen the percentage up close to 30 percent at
15 certain points in time, but LT was generally the
16 largest or certainly one of the largest participants
17 in the pool at virtually all points in time.
18 Q. As the investments -- we were referring
19 it to as interest income. I know it may not always
20 just be interest. As they produce income, the
21 districts then would own that income -- they would
22 own a percentage of that income then, correct?
23 A. They would own their distributive share
24 of the income.

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1 Q. And then when the income -- how does the
2 income then -- does it get paid to the district or
3 does it get allocated to the district through a
4 journal entry?
5 A. It generally gets allocated through to
6 the districts through journal entries that are made.
7 Q. Okay.
8 A. But the funds actually remain in the
9 pool.
10 Q. Within the treasurer's custody?
11 A. Within the treasurer's custody.
12 Q. At all times, as far as you are aware, at
13 all times, when those funds are -- whether it's
14 before they're invested, after they're invested, or
15 the earnings of those investments, that's within the
16 treasurer's custody, but it is owned by the
17 underlying districts, correct?
18 A. That is correct.
19 Q. And so what we're talking about in this
20 first bullet point is calculating the earnings or
21 trying to calculate the earnings on the investments,
22 correct?
23 A. Trying to calculate the earnings on the
24 investments, both at the aggregate and at the

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1 individual district level.
2 Q. Okay. And your opinion is that that
3 cannot be done with a reasonable degree of
4 certainty?
5 A. It cannot be done with a reasonable
6 degree of certainty based upon the documents
7 available.
8 Q. Okay. Let's turn to the second bullet
9 point. I noticed next to each bullet point, there's
10 I think a sentence. And then a discussion kind of
11 continues after that. Is that kind of a title for
12 that section or --
13 A. It's sort of a summary of the opinion and
14 then an explanation follows.
15 Q. Okay.
16 A. So there's generally one sentence or
17 maybe two sentences following the bullet point, but
18 that's the opinion, and then a discussion of it
19 follows.
20 Q. Okay. Great. So let's look at bullet
21 point 2 and what we will call the summary for bullet
22 point 2.
23 "The audited financial statements
24 demonstrate that there were additional funds that

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1 were available for distribution to the districts on
2 a net basis for the fiscal years 1995 through 2007."
3 And I know it's written here, sir, so
4 I don't need to have I guess you say out loud in
5 detail, but this second bullet point contains your
6 opinion as to that summary, correct?
7 A. That is correct.
8 Q. And just so we're clear for fiscal years
9 '95 through '97 --
10 A. '95 through 2007.
11 Q. Through 2007, I'm sorry, what is fiscal
12 year '95? When does that end?
13 A. Fiscal year '95 would end on June 30,
14 1995.
15 Q. So it's the fiscal year ending?
16 A. It's the fiscal year ended.
17 Q. And the fiscal year '96, for example,
18 would begin on July 1st of '95 and end June 30 of
19 '96?
20 A. That is correct.
21 Q. And in this second bullet point, you at
22 times reference an Exhibit B in your report,
23 correct?
24 A. That is correct.

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1 Q. We're going to kind of flip back and
2 forth a little bit between those two. I would ask
3 that if you could also kind of flip to Exhibit B.
4 You can certainly look at the copy you brought if
5 you want. As long as it's the same thing, I'm fine
6 with that.
7 That's fine. There's a couple of
8 things highlighted I think but I don't care about
9 that. If that's easier for you, I'm all for it.
10 A. I can put the two side by side which
11 would be easier.
12 Q. If you could do it that way, that's
13 great. In your second paragraph you state that
14 based on Plante Moran's analysis of the audited
15 financial statements, it appears that TTO earned in
16 excess of a million dollars -- TTO earned an excess
17 of a million dollars in investment income that has
18 not been allocated. That's for that '95 through '07
19 period, right?
20 A. That is correct.
21 Q. The "in excess of a million" if we look
22 at Exhibit B, is that the \$1,112,973 number?
23 A. That is correct.
24 Q. So, is it your opinion, that between

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1 fiscal years -- I don't want to say that. For the
2 period encompassed by fiscal years '95 through '07,
3 there is in excess of \$1,112,973 in interest income
4 that was not distributed?
5 MR. HOFFMAN: Object to the form of the
6 question, which doesn't refer to the financial
7 statements, and therefore, is contrary to the
8 witness' testimony.
9 MR. KALTENBACH: I would appreciate it if
10 you would keep your objections a little shorter.
11 I'm not trying to trick the witness. I would
12 appreciate it.
13 MR. HOFFMAN: You are, obviously.
14 THE WITNESS: Can you repeat the question
15 at this point in time.
16 BY MR. KALTENBACH:
17 Q. Let me do this: Is it your opinion,
18 based on your review of the audited financial
19 statements for the period encompassed by fiscal
20 years '95 to '07, that the TTO has \$1,112,973 in
21 interest income it has not allocated?
22 MR. HOFFMAN: Object to the form of the
23 question.
24

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1 BY THE WITNESS:
2 A. What we're trying to show in this
3 schedule is we go to the audited financial
4 statements, and then we report what the net earnings
5 on investments were, or in certain years, we have
6 gross interest earned, then we subtract interest
7 paid, and then you come up with net earnings on
8 investment.
9 What we start with is we start with a
10 running balance, so to speak in the final column of
11 the schedule, and it shows that the auditors
12 reported in the fiscal '95 that there was \$855,499
13 in interest that was earned that had not been
14 distributed, and so we go through and add and
15 subtract the net amounts, and that during that
16 period, the running balance would be \$1,112,973.
17 Q. This analysis, is it based solely on the
18 audited financial statements for this period of
19 time?
20 A. This is based solely from information
21 that we abstracted from the TTO's audited financial
22 statements.
23 Q. Okay. I think I see what you are doing
24 here. So for -- let's look at '97 through 2003.

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1 You have a note "A" next to those years, correct?
2 A. That is correct.
3 Q. And the note A below, you explain it's
4 the net of distribution, correct?
5 A. Right.
6 Q. So, that was -- did the audited financial
7 statements just show the net?
8 A. That is correct.
9 Q. Okay. And then for '04 through '07, it
10 showed the total earned and then it showed the
11 amount allocated. So that you then calculated the
12 net yourselves?
13 A. We calculated the net ourselves and for
14 '95 and '96, the financial statements appear to be a
15 net amount, but the auditors in those years did not
16 spell out that it was a net interest on investments
17 net of distributions.
18 Q. Is your opinion -- are you comfortable
19 basing your opinion then for '95 and '96 -- is it
20 your opinion -- Strike that.
21 Given it is not spelled out, does
22 that impact your opinion as an expert at all with
23 respect to the \$1 million number?
24 A. It does not because the consistency in

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1 format with the years in which they do give the
2 explanation, there's a continuity there that appears
3 to be the same. When we get down to '04 through
4 '07, there they spell out the amounts separately.
5 Q. Okay. And why didn't you go back prior
6 to fiscal year '95?
7 A. Those were the only financial statements
8 that we had available to us.
9 Q. And why didn't you go forward from fiscal
10 year 2008 -- starting with year '08?
11 A. Because after fiscal 2007, the auditors
12 no longer provided that information as we describe
13 in my report.
14 Q. So, the \$1,112,973 -- let me backup. Are
15 you offering any opinion as to whether the numbers
16 on Exhibit B are correct?
17 A. Well, these are numbers that we have
18 abstracted from the TTO's audited financial
19 statements. So, these would be representations by
20 the TTO and these representations were audited by
21 Baker Tilly and it's predecessor firms, and Baker
22 Tilly gave an opinion that the amounts were fairly
23 presented. So, I will make the assumption that
24 these are good numbers.

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1 Q. Okay. You are not expressing an opinion
2 as to the reliability of the Baker Tilly's work, are
3 you?
4 A. I am not.
5 Q. You are not expressing an opinion that
6 the statements were properly or improperly audited,
7 correct?
8 A. I am giving no representations. I have
9 not had the privilege of reviewing Baker Tilly's
10 audit workpapers.
11 Q. Your opinion is based on the audited work
12 of Baker Tilly, and you are comfortable expressing
13 your opinion to a reasonable degree of certainty
14 relying upon that, correct?
15 A. Right.
16 MR. HOFFMAN: Objection to the form of
17 the question insofar as it tries to restate the
18 witness' prior testimony in a different way.
19 BY THE WITNESS:
20 A. Well, the financial statements belong to
21 the TTO. So, in any audit, the financial statements
22 belong to management, they belong to the client.
23 The auditor's report is the auditor's opinion on
24 whether the financial statements are fairly

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1 presented. So, Baker Tilly and its predecessor said
2 the TTO's financial statements were fairly
3 presented. So these are numbers that the TTO is
4 representing as their financial results, and Baker
5 Tilly is saying based upon their audit, they believe
6 those amounts are fairly presented.
7 Q. So as to -- we don't know -- assuming
8 that this analysis is correct, we don't know what
9 that 1 million plus is today, do we?
10 A. We know what the number was as of June
11 30, 2007; and for whatever reason, the TTO and its
12 auditors stopped presenting this information in its
13 annual financial statements beginning with fiscal
14 2008.
15 Q. But I -- it is correct, sir, that we
16 don't know what that number is today, right?
17 A. So, what the number would be as of --
18 well, the most recent fiscal year end would have
19 been June 30, 2016, and I have not looked at the
20 financial statements for that year, and I don't know
21 if the amounts are disclosed or not as of that point
22 in time. We do know that Dr. Birkenmayer testified
23 that there was an amount of money in excess of a
24 million dollars. I believe she testified that an

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1 amount from prior years of approximately
2 \$1.3 million had been, I guess, discovered by Miller
3 Cooper, who were new auditors for the TTO in fiscal
4 2013, and they made Dr. Birkenmayer and the TTO
5 aware of the fact that there was a significant
6 amount of undistributed money; and from what I
7 understand, there was a \$500,000 distribution and
8 that other funds were still retained by the TTO and
9 not distributed to the districts.
10 Q. So, I'd appreciate it if you could give
11 me a yes or no answer on this. We don't know what
12 that amount is today, correct?
13 MR. HOFFMAN: Object to the form of the
14 question; also asked and answered.
15 BY THE WITNESS:
16 A. I was going to ask you to clarify. What
17 the amount would be as of what date? As of -- as of
18 today, May, 2017.
19 Q. As of year end, at any point past
20 June 30, 2007, fiscal year end.
21 A. We would know what the number would have
22 been as of a certain point in fiscal 2013. Dr.
23 Birkenmayer testified that the amount was
24 approximately \$1.3 million, but subsequent to that

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1 point in time, we probably don't know.
 2 Q. We don't know what the amount was as of
 3 June 30, 2008, correct? We don't have that anywhere
 4 on Exhibit B?
 5 A. The TTO did not publish that amount in
 6 its financial statements, and it was not disclosed
 7 in the audited financial statements.
 8 Q. The \$1,112,973, who owns that?
 9 A. That amount, based upon my understanding,
 10 would belong to the districts.
 11 Q. And 204, therefore, would own a
 12 percentage of that, correct?
 13 A. They would own, whether it was 25 to
 14 30 percent, whatever their percentage would have
 15 been at that particular date and time.
 16 Q. And so if there is a distribution, 204
 17 should get their percentage of that distribution,
 18 correct?
 19 A. If there's an amount to be distributed,
 20 204 should get its distributable share.
 21 Q. Are you opining that the TTO should make
 22 a distribution of \$1,112,973?
 23 A. At this point in time, a number from 2007
 24 is probably not relevant.

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1 Q. In your report, on Page 6, we're still on
 2 the second bullet point, you say -- it's the last
 3 sentence. You say, "the TTO should have allocated
 4 the undistributed investment interest based on the
 5 districts' fund balances at the time the earnings
 6 became available during the relevant period and take
 7 those distributions into account in the context of
 8 its claim in this case."
 9 How should the TTO have taken those
 10 distributions into account, sir?
 11 A. What I'm saying is that any undistributed
 12 amounts should be allocated to the districts on a
 13 timely basis at the end of each fiscal year end.
 14 So that to the extent that there
 15 would be any undistributed funds at the end of each
 16 fiscal year end, those amounts should be distributed
 17 to the districts. So that at any fiscal year end,
 18 whatever the undistributed amount should be should
 19 be allocated to the districts.
 20 Q. Is that an opinion that you are offering
 21 today that at the end of each fiscal year, those
 22 amounts should, in fact, be allocated?
 23 A. Right, because those amounts belong to
 24 the districts.

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1 Q. So, how does -- I understand how that
 2 works where there is a positive in the running
 3 balance. What about years in which there is a
 4 negative in the running balance. For instance, in
 5 your Exhibit B -- I'm sorry. You prepared Exhibit B
 6 or someone at Plante Moran did, correct?
 7 A. Yes, we prepared this.
 8 Q. If we look at fiscal year ending June 30
 9 of 2001, it shows a negative \$443,212; is that
 10 correct?
 11 A. That is correct.
 12 Q. So what should be done with that number?
 13 MR. HOFFMAN: You mean today?
 14 MR. KALTENBACH: No, back then.
 15 MR. HOFFMAN: What should have been done?
 16 MR. KALTENBACH: Yes.
 17 BY THE WITNESS:
 18 A. Back then, there should have been an
 19 allocation journal entry to recoup those amounts
 20 because they obviously over allocated during that
 21 year.
 22 Q. So that that \$443,212 in the red that's a
 23 deficit, correct?
 24 A. That would be an over allocation.

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1 Q. Is there a deficit today for the township
 2 treasurer?
 3 A. Are we talking about on May whatever
 4 today is of 2017?
 5 Q. We can -- at any point within the last
 6 year, let's just say. I'm not trying to isolate it
 7 to a particular day. Is there a currently a
 8 deficit?
 9 A. I haven't looked at the most recent
 10 financial statements, so I'm not going to speculate
 11 or venture on that.
 12 Q. If there is a deficit, wouldn't the
 13 districts own that deficit in the same percentages?
 14 MR. HOFFMAN: Object to the form of the
 15 question, also beyond the scope of anything involved
 16 in this case, and beyond the scope of the
 17 assignment.
 18 BY THE WITNESS:
 19 A. Only with respect to investment income
 20 funds. If the TTO runs a deficit on its own, that
 21 would be separate and apart from the investment
 22 pool. What I'm talking about here is strictly
 23 limited to the investment pool.
 24 Q. We will move on to the third bullet

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1 point -- or we've been going about 50 minutes. Do
2 you want to take a break?
3 MR. HOFFMAN: What would you like to do?
4 MR. KALTENBACH: We usually do a break
5 about every hour.
6 THE WITNESS: I'm able to keep rolling.
7 MR. HOFFMAN: Let's roll.
8 MR. KALTENBACH: That's fine. It was at
9 a natural stopping point.
10 MR. HOFFMAN: Thank you.
11 BY MR. KALTENBACH:
12 Q. Let's look at -- so we will move onto the
13 third bullet point, which is on Page 6. Your
14 summary for this opinion is Healy's handwritten
15 sheets were estimates and subject to revision; is
16 that correct, sir?
17 A. That is correct. And that's what
18 Mr. Healy testified to.
19 Q. Let's flip to Exhibit J of your report
20 for a minute if we can. And J, it's actually -- we
21 will look at Exhibit J later on in more detail, but
22 Exhibit J is a two-page exhibit actually, correct?
23 A. That is correct.
24 Q. And the first page, which looks like a

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1 printed chart, is that something that your firm
2 created?
3 A. Yes, it is.
4 Q. And the second page, are those the Healy
5 handwritten sheets that you are referring to?
6 A. These are the Healy handwritten sheets.
7 Q. Can you explain your understanding of
8 this handwritten sheet to me?
9 MR. HOFFMAN: Object to the form of the
10 question.
11 MR. KALTENBACH: That is what is it
12 showing?
13 MR. HOFFMAN: Okay. No objection.
14 BY THE WITNESS:
15 A. My understanding is that when Mr. Healy
16 prepared his allocations, which were periodic,
17 generally four times throughout the course of a
18 year, Mr. Healy would prepare one of these sheets,
19 and he would list the district numbers. Then he
20 would list what he considered to be or what he
21 calculated to be the average balance in the pool
22 based on the number of months. Then he would
23 calculate a percentage with each district owning a
24 certain share coming down to a total of 100 percent,

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1 and then he would estimate what would be
2 distributable for that specific period of time. And
3 then he would do an allocation.
4 So, in this particular period, he was
5 going to distribute \$1,240,000, and then it so
6 happens that District 109 also received an
7 additional amount in that period.
8 So, it appears as if he allocated
9 \$1,240,000 and then for a reason probably known only
10 to Mr. Healy, District 109 received an additional
11 amount.
12 Q. So I know in this sheet, it looks like
13 Healy has percentages written in column 3, right?
14 That's what you were referring to earlier?
15 A. That is correct.
16 Q. A lot of his other sheets don't have
17 percentages, right? If you turn -- Exhibit K, it
18 doesn't seem to have the percentages?
19 A. Exhibit K does not have it and he's
20 inconsistent.
21 Q. So on this sheet -- your opinion is that
22 his handwritten sheets -- the summary of your
23 opinion on bullet point 3 is that Healy's
24 handwritten sheets were estimates and subject to

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1 revision. So what of this in your opinion was an
2 estimate and subject to revision?
3 A. The estimate ultimately is the amount
4 that he's distributing during the period.
5 Q. And that is based on his deposition
6 testimony?
7 A. It is based on his deposition testimony
8 as well as deposition testimony of others.
9 Q. As an example here, the sum of the
10 distributions is \$124,000.
11 MR. HOFFMAN: Excuse me.
12 MR. KALTENBACH: I'm sorry.
13 THE WITNESS: \$1,240,000.
14 BY MR. KALTENBACH:
15 Q. \$1,240,000 and then it looks like another
16 \$3,208.
17 A. It's 32,080 got distributed to --
18 Q. I'm sorry. You're right.
19 A. -- to the District 109.
20 Q. That's how we get to \$1,272,000.
21 A. To \$1,272,000.
22 Q. Okay. Do you have an opinion, sir, on
23 whether or not these handwritten sheets constitute
24 business records?

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1 MR. HOFFMAN: Objection, calls for a
 2 legal conclusion.
 3 BY THE WITNESS:
 4 A. What these would appear to me as an
 5 accountant would be a workpaper used by Mr. Healy to
 6 perform a calculation that would be used to support
 7 the allocation of interest or other investment
 8 earnings during that particular period of time. And
 9 these amounts would generally be entered into the
 10 general ledger.
 11 Q. Do you have an opinion as to whether or
 12 not Mr. Healy created these worksheets in the
 13 ordinary course of business?
 14 A. My understanding is he prepared
 15 workpapers like this throughout most of the relevant
 16 period, and that there seems to be some continuity,
 17 although my report notes many exceptions to what
 18 would be normal calculations throughout the years,
 19 but, generally, Mr. Healy would prepare at least
 20 four of these per year.
 21 Q. Okay. Each quarter in accordance with
 22 the quarterly allocations?
 23 A. But not necessarily truly calendar
 24 quarters. They're quarters that meet his

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1 distribution cycle.
 2 Q. Okay. Did Mr. Martin, in his opinion,
 3 did rely on -- let me backup a minute.
 4 On this particular document, Exhibit
 5 J, the amount that Healy -- what is your
 6 understanding of what is depicted in column 4?
 7 A. In column 4, that would be the allocation
 8 that Mr. Healy made to each of the districts and he
 9 allocated \$1,240,000 and gave an additional amount
 10 to District 109 of an additional \$32,000. So he
 11 allocated \$1,240,000 and then added an additional
 12 amount for District 109. So my understanding is
 13 that there would have been \$1,272,080 distributed as
 14 a result of this document.
 15 MR. HOFFMAN: We'll take a break now. It
 16 has been exactly an hour.
 17 MR. KALTENBACH: Okay. That's fine.
 18 (Whereupon, a break in the
 19 proceedings was taken.)
 20 BY MR. KALTENBACH:
 21 Q. Mr. Terpstra, when Mr. Martin was
 22 determining how much had been allocated to the
 23 member districts, did he rely on the numbers that
 24 are depicted in column 4 of Exhibit J or did he rely

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1 on the general ledger?
 2 A. My understanding from Mr. Martin's
 3 testimony, and that's what I have to rely upon,
 4 since we did not have the chance -- the opportunity
 5 to discuss it, based on his testimony, my
 6 understanding is that he relied upon the handwritten
 7 sheets.
 8 Q. Okay. In your -- I want to go back to
 9 some --
 10 MR. HOFFMAN: Please excuse me for a
 11 second.
 12 (Discussion had off the record.)
 13 MR. KALTENBACH: There wasn't a question
 14 pending so I don't have a problem with you and
 15 Mr. Hoffman talking.
 16 MR. HOFFMAN: Go ahead.
 17 MR. KALTENBACH: Okay. If he wants to
 18 correct something he said, I would like to give him
 19 a chance now.
 20 MR. HOFFMAN: I thought there was an
 21 ambiguity in your question, but it's up to the
 22 witness to determine that.
 23 BY MR. KALTENBACH:
 24 Q. Did you -- do you want -- let me do this

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1 because I want to make sure I'm not being unfair
 2 with my question of you.
 3 In determining what was actually
 4 distributed to the member districts, is it your
 5 understanding that Mr. Martin used the numbers that
 6 on Exhibit J happened to be depicted in column 4?
 7 A. My understanding is based upon my
 8 Martin's testimony, he testified that he relied on
 9 Healy's handwritten notes as to what should have
 10 been distributed, and that's what -- and he further
 11 testified that he actually used the numbers that
 12 Healy had calculated on the handwritten sheets
 13 saying that he believes that's what should have been
 14 distributed based upon his reliance on the
 15 handwritten sheets.
 16 Q. So, just by way of example, so we're
 17 clear, if you could, I'm sorry, flip back the
 18 Exhibit J just for a split second. The handwritten
 19 sheet part of Exhibit J.
 20 A. Okay.
 21 Q. We will just look at the first entry
 22 District 101, the amount that should have been
 23 distributed, as you understand it, based on Healy's
 24 handwritten notes is the \$68,168, correct?

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1 MR. HOFFMAN: Object to the form of the
2 question.
3 You mean should have according to
4 Martin's analysis or according to Healy or according
5 to who? I think the question is vague. And I
6 object to it. In keeping with the prior testimony
7 that preceded it, I think it is misleading.
8 BY MR. KALTENBACH:
9 Q. I'm sorry, sir. Did you understand my
10 question?
11 A. I think I did.
12 Q. Okay. Go ahead.
13 A. And based upon the fact that Healy's
14 handwritten worksheets are estimates of what he
15 thinks should be distributed in certain periods,
16 based upon his calculation for District 101, Healy's
17 estimate, and Healy said he expected them to be
18 revised at some later point in time, but his
19 estimate at that point in time was \$68,168.
20 Q. And it is your understanding of Martin's
21 analysis that Martin relied, as an example here,
22 that Martin then used that number to determine what
23 101 should have gotten per Healy?
24 A. That Martin used --

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1 MR. HOFFMAN: Object to the form of the
2 question, particularly this "per Healy" bit which I
3 think is unclear.
4 BY THE WITNESS:
5 A. That Mr. Martin used the amount from
6 column 4 in his analysis and said that that's what
7 Healy calculated as the estimate.
8 Q. Okay. You mentioned -- my memory
9 fades -- on the top of Page 7 still within the
10 bullet point 3, you mentioned Cheryl Sudd, correct?
11 A. Yes.
12 Q. And is it your understanding that Healy
13 testified that in essence Cheryl Sudd did a true up
14 for allocations?
15 A. Healy testified that Cheryl Sudd, quote,
16 went back and reconciled and checked all the
17 investment transactions to make sure that all income
18 and a few losses were properly recorded. That's
19 what Healy testified to. I have not seen any of
20 Cheryl Sudd's workpapers, so...
21 Q. That's what I was going to ask you. Did
22 you actually ever see those documents?
23 A. No. I have not seen Cheryl Sudd's
24 workpapers, and my understanding is that at one

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1 point in time she had worked for Baker Tilly or one
2 of its predecessor firms, and that I'm not sure
3 where those workpapers would be, and again, as I
4 said before, I would love to see the Baker Tilly
5 workpapers.
6 Q. Let's move onto bullet point number 4 in
7 your report, and the summary for this bullet point
8 is "Martin did not test Healy's handwritten notes
9 for mathematical accuracy. He testified that in all
10 instances, Healy's calculation of taking the
11 percentages and applying them to the total
12 distribution arrived at Healy's interest allocation
13 for LT."
14 Is that an accurate summary of this
15 fourth bullet point?
16 A. Yes, it is. You read it verbatim.
17 Q. You have got a number of sub-bullet
18 points on Pages 8 and 9 -- well, 8 and the top of
19 Page 9, correct?
20 A. Correct.
21 Q. I'm not going to walk through all of
22 these, but four of them relate to District 204. So
23 I am going to walk through -- I am going to walk
24 through those. The first one that relates to 204 is

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1 the fifth sub-bullet point which refers to a June
2 2006 calculation, correct?
3 A. Correct.
4 Q. That sub-bullet point references Exhibit
5 I, correct?
6 A. That is correct.
7 Q. So, we're going to also -- we'll come
8 back to that bullet point, but we're also going to
9 be looking at Exhibit I.
10 A. Okay.
11 Q. Is Exhibit I a sheet that Plante Moran
12 prepared?
13 A. Yes.
14 Q. Can you explain to me what Exhibit I is
15 depicting?
16 A. Okay. In Exhibit I, what we did is we
17 listed the districts, and then we took the average
18 fund balances that were calculated by Mr. Healy in
19 that period. Then we did a percentage allocation,
20 and then we calculated what, based upon the average
21 fund balance, times the percentage would be
22 allocated based upon a million \$700,000. And then
23 we compared that to Mr. Healy's calculation and came
24 up with differences.

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1 Q. Some of the other exhibits are the two
 2 page ones -- I know we looked at J earlier -- have
 3 both the sheet you prepared and the green bar or the
 4 Healy handwritten sheets. This one doesn't for
 5 whatever reason.
 6 A. I believe --
 7 Q. Is that --
 8 A. -- that may be one of the documents that
 9 we sent to you.
 10 MR. KALTENBACH: Let's just mark this as
 11 5.
 12 (Document marked as Deposition
 13 Exhibit No. 5.)
 14 BY MR. KALTENBACH:
 15 Q. So, we're looking at Exhibit 5, and I
 16 think it's the last page you're probably looking at
 17 or you were thinking of?
 18 A. Yes.
 19 Q. So, this is in essence -- this last page
 20 was, in essence, intended to be part --
 21 A. It should have been --
 22 Q. -- part of exhibit I?
 23 A. Which is why yesterday I went back, as
 24 I'm going through and saying, okay, now where's the

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1 back part of this page, and so we went, pulled them,
 2 and sent them to you.
 3 Q. Okay. So, like Healy does, you have got
 4 the districts in one column, you have got average
 5 fund balance in a column, and you have got the -- in
 6 this case, the Healy interest column in the typed
 7 spreadsheet that corresponds with column 3 of his
 8 handwritten sheet, correct?
 9 A. That is correct.
 10 Q. So you calculated the percentage column
 11 in the spreadsheet by just taking the percentage of
 12 the average fund balance from the total -- the sum
 13 of all the average fund balances, right?
 14 A. That is correct.
 15 Q. And then, the calc interest column, you
 16 took the -- that is the percent -- the corresponding
 17 percentage of \$1,700,000, correct?
 18 A. That is correct.
 19 Q. The \$1,700,000, did you get that by
 20 adding up all of what Healy has in column 3?
 21 A. We got that from -- in column 2, it
 22 appears that Mr. Healy has here what would appear to
 23 be \$1,700,000. If you look down at the bottom,
 24 \$1,700,000. I think that's where they were going

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1 with this.
 2 Q. Okay.
 3 A. And so we assumed that that was the
 4 amount that was going to be calculated, and then
 5 what he actually did calculate was above and beyond,
 6 and then there's an additional amount that is
 7 sitting again right underneath District 109.
 8 There's an amount of \$47,283, which is close to, but
 9 not exactly what the amount Healy actually allocated
 10 to the districts but for roughly a hundred dollars.
 11 Q. Okay. So, I'm sorry, where are you --
 12 you're saying it's close to the amount he actually
 13 allocated. Is anywhere on Exhibit I does he depict
 14 what he actually allocated? Maybe I didn't
 15 understand what you were saying.
 16 A. Okay. Healy's allocation of interest is
 17 in the Healy interest column.
 18 Q. Right.
 19 A. And if you look at column 3, to the
 20 extent that it's readable --
 21 Q. Right.
 22 A. -- you have, for instance, for
 23 District 101, Healy's allocation was \$98,472.
 24 Q. Sure.

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1 A. Which bears little resemblance to what
 2 the actual calculation would be on a percentage
 3 base. In fact, it's off by \$17,001.
 4 Q. So what you are saying about 109 is
 5 there's the \$208,074 number and you reproduced that
 6 the Healy interest column for District 109, correct?
 7 A. That is correct.
 8 Q. So if I understand what you're saying is
 9 the additional \$47,283, that is about the difference
 10 between the \$1.7 million and the amount that -- the
 11 \$1,747,399?
 12 A. Approximately.
 13 Q. That's what you are referring to?
 14 A. That's what I was referring to, and
 15 District 109 actually got over allocated \$50,000,
 16 which isn't exactly the \$47,000 but, again, this is
 17 an amount that only Mr. Healy probably really knows
 18 what happened and why.
 19 Q. So let's look at District 204 on Healy's
 20 handwritten sheets. We have got -- in column 2, we
 21 have got what looks like a very faint number written
 22 there. Do you have any -- do you know what that is,
 23 sir, or does that number factor into your opinion in
 24 any way.

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1 A. I can barely read the number, and I'm not
 2 sure if it's 150 or 750. I really have no idea what
 3 that amount is nor did I rely upon it.
 4 Q. Fair enough. It shows in Healy's
 5 handwritten interest column, it shows \$537,449,
 6 right?
 7 A. That is correct.
 8 Q. And you then typed that amount into the
 9 Healy interest column on the spreadsheet, right?
 10 A. That is correct.
 11 Q. But if I'm reading the spreadsheet right,
 12 what you're saying is based on the math, the
 13 allocation should have been, based on the math,
 14 \$408,630?
 15 MR. HOFFMAN: Object to the form of the
 16 question.
 17 BY THE WITNESS:
 18 A. Well, based upon an allocation of
 19 \$1,700,000, that's what it would appear to be. But
 20 he actually allocated \$1,747,399. So, again, this
 21 is something only Mr. Healy probably really knows
 22 for sure.
 23 Q. So in the sub-bullet point then that
 24 relates to Exhibit I --

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1 MR. HOFFMAN: Just a second.
 2 MR. KALTENBACH: It's on Page 8. It's
 3 the fifth one, I believe.
 4 BY MR. KALTENBACH:
 5 Q. So, you say in his June 2006 calculation,
 6 "Healy apparently over allocated \$128,800 to LT.
 7 While his math on the handwritten sheet does not
 8 appear to be accurate for several districts, the
 9 amount written on the sheet for LT agrees to the
 10 amount recorded in the TTO's general ledger."
 11 So, does the general ledger show that
 12 for June of 2006, LT actually got \$537,449?
 13 A. I believe that's what was traced to the
 14 general ledger.
 15 Q. I just want to make sure you're saying
 16 that's coming off of the general ledger, not just
 17 off --
 18 A. That number went to the general ledger.
 19 Q. So, are you offering an opinion that LT
 20 was over allocated \$128,819?
 21 A. What I'm offering as an opinion is that
 22 the handwritten sheets contain many discrepancies,
 23 and that the handwritten sheets, due to these many
 24 discrepancies, really shouldn't be relied upon

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1 because an attempt is made to allocate \$1,700,000.
 2 Actually what was allocated was \$1,747,000; that the
 3 calculations made in the \$1,747,000 bear little
 4 resemblance to what the allocable percentages would
 5 be. So what we're trying to say in that particular
 6 one is that Mr. Healy's handwritten sheets are
 7 wildly inconsistent from what they should have been.
 8 Q. Looking back at Exhibit I, the
 9 handwritten -- sorry -- looking at Exhibit I, the
 10 spreadsheet that Plante Moran prepared, the
 11 \$1,747,399 figure, that is the sum of the Healy
 12 interest numbers that he wrote on his green bar,
 13 correct?
 14 A. That is correct.
 15 Q. Is that the amount that was actually
 16 allocated in June or for the quarter ending June
 17 of 2006?
 18 A. My understanding is those are the amounts
 19 that would have been posted to the general ledger
 20 for that period.
 21 Q. Okay. Let's go to the sub-bullet point
 22 relating to District 204, which is two sub-bullet
 23 points down from where we just were. This is
 24 looking at April of 2008, and this is talking about

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1 or it is referencing Exhibit J. We're going to the
 2 flip a little bit again.
 3 So, Exhibit J, again, it's a two-page
 4 exhibit, correct, sir?
 5 A. That is correct.
 6 Q. I'm not going to walk through the whole
 7 thing again. Was this prepared the same way -- I
 8 know this time the Exhibit J, the green bar or the
 9 Healy handwritten sheets actually are part of the
 10 document; but other than that, was this prepared the
 11 same way as Exhibit I?
 12 A. That was the intent, yes.
 13 Q. And this was created by -- the
 14 typewritten part of Exhibit J was created by Plante
 15 Moran, correct?
 16 A. That is correct.
 17 Q. And for 204 -- I'm not going to ask you
 18 to explain the whole sheet again, but for 204, the
 19 difference number is \$27,863, right?
 20 A. That is correct.
 21 Q. And so if we look at the sub-bullet
 22 point, it says, "in his April 2008 calculation,
 23 Healy apparently over-allocated \$27,863 to LT."
 24 And so are you offering an opinion as

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1 to whether, in fact, LT was over allocated that
 2 amount at that point in time?
 3 A. What I'm saying is that based upon
 4 Mr. Healy's original intent, which was based upon
 5 the handwritten worksheet, he attempted allocate
 6 originally \$1,240,000.
 7 Q. In total?
 8 A. In total. But then remember, on this
 9 particular sheet, District 109 received the extra
 10 \$32,000 -- \$32,080. So what we did is just try to
 11 figure out what the discrepancies were in an attempt
 12 to allocate \$1,240,000.
 13 And so, based upon a pure allocation
 14 of \$1,240,000, it would appear that Mr. Healy's math
 15 was off by \$27,863, and that again, he had a
 16 calculator that was perhaps severely malfunctioning
 17 that day or he just rounded. We really don't know
 18 what Mr. Healy did or why he did it on that
 19 particular day to come out to these numbers.
 20 Q. Okay. But here, this time, unlike
 21 Exhibit I, we have \$1,240,000 as the sum of both
 22 Healy's numbers and the percentages, right?
 23 A. Correct. We left out the additional
 24 \$32,000 that was at the bottom because that related

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1 to District 109 only.
 2 Q. Okay. That's the \$32,080?
 3 A. Yes.
 4 Q. That's the one you mentioned earlier?
 5 A. We discussed this one already.
 6 Q. I'm going to say you, but Plante Moran,
 7 it's the royal you -- did you prepare something
 8 similar to Exhibit J for every single quarter
 9 between some time period?
 10 A. I believe we probably would have.
 11 Q. And what's in the report are
 12 representative examples?
 13 A. What's in the report are representative
 14 examples just to show how unreliable or uncertain
 15 Mr. Healy's actual handwritten sheets are compared
 16 to what they should have been, if you just did
 17 everything on a pure percentage allocation basis.
 18 It is just to show the absurdity of the handwritten
 19 sheets.
 20 Q. The third sub-bullet point that
 21 references 204 is the second from the bottom on
 22 Page 8 and we're now looking at a June 2009 and that
 23 references Exhibit K. We're going to look at K and
 24 probably flip back to that bullet point again for a

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1 minute.
 2 A. Okay.
 3 Q. Exhibit K again is a two-pager. The
 4 first page you guys created, correct?
 5 A. That is correct.
 6 Q. And then the second page is Healy's
 7 handwritten sheets for June of quarter ending June
 8 of 2009?
 9 A. That is correct.
 10 Q. And is the way that this -- the
 11 typewritten portion of Exhibit K, was it done using
 12 the same methodology as the last two ones looked at?
 13 A. The typewritten one is using the same
 14 methodology. We calculated to the million-eight,
 15 which is the amount that Mr. Healy originally
 16 attempted to compute to. And then there's two
 17 additional amounts that Mr. Healy show -- it would
 18 be on lines 32 and 33 of the green bar sheet here.
 19 Q. Sure. I'm with you.
 20 A. He has an amount of \$255,634 on line 32,
 21 and \$45,203 on line 33. And those two amounts
 22 together equal \$300,837.
 23 Q. Is that a \$210,000 -- I'm sorry. I'm
 24 jumping ahead.

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1 A. It's \$300,837 combined.
 2 Q. That's the sum that you show in the
 3 difference column?
 4 A. Right.
 5 Q. Okay. And then that number, the very
 6 bottom number that Healy wrote on Exhibit K, that's
 7 the --
 8 A. \$2,100,837, which is the grand prize
 9 total for the Healy interest column on the typed
 10 sheet.
 11 Q. Got it. Do you know the \$255,000 and the
 12 \$45,000 -- I think I read those right -- do you know
 13 what those were?
 14 A. These appear to be additional amounts
 15 that Mr. Healy allocated to the districts. For
 16 instance, if you look at District 109, the apparent
 17 over allocation would be or the difference amount
 18 would be \$45,202 which is \$1 different from the
 19 amount of line 33 on the gray bar -- or the green
 20 bar, and then, the other two amounts --
 21 Q. Well, hold on. That's 45, that's also on
 22 line 19 of the green bar, right? The \$45,203,
 23 that's under what 109 again?
 24 A. You're testing my eyes.

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1 Q. I'm sorry.
2 A. Yes.
3 Q. So, are you saying that based on that,
4 you're concluding that District 109 got an extra
5 \$45,203?
6 MR. HOFFMAN: Object to the form of the
7 question, misstates the witness' testimony.
8 BY THE WITNESS:
9 A. What we're saying is that if you did a
10 straight percentage allocation, District 109
11 calculated to -- and this is on the typed version --
12 a million -- I'm sorry -- \$157,356, and they also
13 received \$45,203, which would then come out to
14 \$202,558, which is the amount we're showing in the
15 Healy interest column here. And then Mr. Healy, for
16 whatever reason, listed it on line 19, but then he
17 listed the same amount on line 33. And again, this
18 is one of the inexplicable actions of Mr. Healy.
19 Q. So, the Healy interest column on Exhibit
20 K, that is -- that's taken from Healy's handwritten
21 numbers on the green bar, right?
22 A. That is taken from Healy's handwritten
23 numbers on the green bar.
24 Q. And in the case of 109, the reason it

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1 shows 202 is because you guys added the 157 and
2 change to the 45 and change; is that correct?
3 A. Correct because that is what Healy had
4 those two lines allocated for District 109. So we
5 added the two together for purposes of our typed
6 written sheet.
7 Q. Okay. And then the extra -- I won't say
8 the extra -- but the \$255,000 and change appearing
9 on line 32, does that appear anywhere else in
10 Exhibit K?
11 A. On the typewritten sheet, that amount
12 would be the amounts in the difference column for
13 District 204 and what's listed as District 999.
14 Q. Okay. Fair enough.
15 A. Then we also have a bunch of other
16 rounding errors, a dollar here, a dollar there.
17 Q. A dollar or a zero.
18 A. Yeah.
19 Q. Let's look at the top of Page 9, which is
20 another sub-bullet point relating to 204 and now
21 we're in June of 2012, and that in the footnote
22 references Exhibit L.
23 A. Yes.
24 Q. So, and again just so we're clear,

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1 Exhibit L, the typewritten part is something that
2 Plante Moran created, correct?
3 A. The typewritten page is produced by
4 Plante Moran.
5 Q. And Exhibit L is Healy's handwritten
6 sheet for the corresponding time period?
7 A. That is Mr. Healy's handwritten sheet for
8 corresponding time period.
9 Q. And generally speaking, same methodology
10 was used as the last three exhibits we have looked
11 at?
12 A. Generally speaking, yes.
13 Q. So, I'm sorry --
14 A. I was going to say what is interesting
15 here is that the down footing of Mr. Healy's column,
16 it came out to \$1,705,000 as opposed to \$1,750,000.
17 Q. Okay. So adding up -- if we're looking
18 at Healy's sheet column 3, right?
19 A. Yes.
20 Q. We're saying that Healy appears to
21 indicate the sum of that is \$1,750,000?
22 A. That would appear to be the case.
23 Q. But you're saying if you actually added
24 it up -- all those numbers up, you would get

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1 \$1,705,000?
2 A. Correct. This is the way the Excel
3 spreadsheet added it to, \$1,705,000. Mr. Healy was
4 off by \$45,000.
5 Q. He juxtaposed a five and a zero?
6 A. Yes. And then the districts that were
7 impacted by that were districts 204, 204.5, and 999.
8 Q. Okay. And in this case, it appears to
9 show an under allocation to 204 of \$15,001, correct?
10 A. That is correct. And what's interesting
11 is, if you look in column 4 of the green bar, you
12 will see a number 15 next to District 204.
13 Q. Yes.
14 A. Then you will see a number that, to me at
15 least, appears to be a 20 next to 204.5. And then
16 you will see what appears to be the number 10 down
17 next to 999, and then allowing for the fact that
18 there's rounding errors of a dollar here or there,
19 it appears that the differences that he has on the
20 green bar of 15, 20, and 10, which just happened to
21 add up to the \$45,000 discrepancy on this are the
22 amounts that apply to Districts 204, 204.5, and 999.
23 Q. Which are the districts with a difference
24 of greater than a dollar?

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1 A. Correct. And again, only Mr. Healy can
2 tell us why he did what he did.

3 Q. Is the comment you just made about the
4 15, the 20, and the 10 in column 4, is that kind of
5 a curious thing to note or is that -- does that --
6 are you interpreting that as part of your opinion?
7 MR. HOFFMAN: Object to the form of the
8 question. Incomprehensible.
9 BY THE WITNESS:
10 A. And what I'm pointing out to you is the
11 fact that in column 4 of the green bar, there's an
12 amount of \$15,000, \$20,000, and \$10,000, which just
13 so happens to add up to \$45,000, and it just so
14 happens that if you did an interest calculation
15 based on \$1,750,000, and then you were to go and
16 deduct \$15,000, \$20,000 and \$10,000 -- again,
17 ignoring \$1 rounding here or there -- the amounts
18 for District 204, 204.5, and 999 took those amounts
19 of the deduction. So it would appear to be that
20 Mr. Healy had some intent of reducing the calculated
21 allocations to the districts.
22 Q. Okay. Are you offering an opinion that
23 for the quarter ending June 2012, Healy did, in
24 fact, under allocate \$15,001 to LT?

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1 A. It would certainly appear to be the case.
2 Q. And conversely, the other three we looked
3 at, it certainly appears to be the case that for
4 those three entries, he over allocated those amounts
5 to LT, correct?
6 A. It would appear to be the case, but then
7 we don't know what exactly Mr. Healy was necessarily
8 trying to do.
9 Q. Okay. There's a lot of other sub-bullet
10 points that we haven't gone through. I don't want
11 to walk through all of them. Generally speaking, if
12 we would, the same methodology was used in reaching
13 the conclusions or the summaries in those bullet
14 points?
15 A. The same general methodology applied to
16 the other bullet points.
17 Q. To the extent that other districts than
18 204 may have been either over allocated or under
19 allocated sums, do you have an opinion as to what
20 the township trustees should do about that?
21 MR. HOFFMAN: I object to the form of the
22 question in terms of under allocated or over
23 allocated based on what?
24 You are asking him to make an

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1 assumption and speculate about what the TTO should
2 do. What is the basis of the assumption, over
3 allocated or under allocated based on what?
4 BY MR. KALTENBACH:
5 Q. For instance, at various times throughout
6 these sub-bullet points, you say that Mr. Healy
7 apparently either over allocated other under
8 allocated to districts other than 204, correct?
9 A. And that's what we're showing in all
10 these bullets is that in addition to 204, Mr. Healy
11 made apparent over allocations and under allocations
12 to virtually to every one of the districts. So 204
13 was not the only district that received over
14 allocations or under allocations. And again all
15 based upon calculations that are at best dubious
16 because we can't really figure out precisely what
17 exactly Mr. Healy was doing when we get the
18 variances from what would appear to be the proper
19 percentage allocations.
20 Q. We're going to move onto bullet point 5.
21 Do you need a short break at all or are you ready to
22 keep going?
23 A. I'm good.
24 Q. It hasn't been an hour.

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1 MR. HOFFMAN: Thanks for asking.
2 MR. KALTENBACH: We're at a logical
3 stopping point.
4 THE WITNESS: I'm going to get a little
5 more ice to keep myself caffeinated.
6 MR. KALTENBACH: I don't think the ice is
7 going to do that.
8 BY MR. KALTENBACH:
9 Q. So let's go to bullet point 5, on Page 9,
10 and the summary that you have typed for this is that
11 Martin did not use a consistent approach to general
12 ledger entries to determine the amount of investment
13 interest allocated to LT. Okay.
14 And then, there are four sub-bullet
15 points that are introduced with the phrase "the
16 following are adjustments that Martin should have
17 considered;" is that correct, sir?
18 A. Yes.
19 Q. Great. So, these are probably -- we're
20 going to go through these faster than we did the
21 last four.
22 For the first sub-bullet point, this
23 references a transaction in April, April 30 of 1995,
24 right?

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1 A. Correct.
2 Q. Okay. And, let me try to paraphrase this
3 one to make sure I understand it. What you are
4 saying is that the TTO general ledger shows a \$5,000
5 entry with what appears to be shorthand for interest
6 transfer; is that correct?
7 A. Correct.
8 Q. And that Martin testified he did not
9 include that transfer, but that he necessarily had
10 to have included it based on the math; is that
11 correct?
12 A. I'm saying he should have included it.
13 MR. HOFFMAN: Objection.
14 BY THE WITNESS:
15 A. And if you were to look at the summary of
16 Mr. Martin's adjustments arriving at his amount of
17 \$1,427,000 -- and I'm using rounded to thousands
18 here.
19 Q. That's fine.
20 A. -- that he has that \$5,000 as one of the
21 amounts that arrives at his \$1,427,000. And what
22 we're saying is he includes that as a discrepancy;
23 however, if he had looked at the journal entry, we
24 believe that discrepancy would have gone away.

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1 Q. I'm trying to figure out if I understand
2 that answer. So, you're saying that -- okay. I'm
3 sorry, sir. I have to break this down a little bit.
4 You're saying that he testified he did not include
5 it?
6 A. Correct.
7 Q. But that in arriving at the \$1,427,000
8 number, it is included, in fact, in that number?
9 A. It should have been. In other words,
10 when he did his calculation between what was in
11 the -- what was posted to the general ledger and
12 what should have been posted, there's a journal
13 entry that was booked to the general ledger, that if
14 you were to take that journal entry and add it to
15 the other posting in the general ledger, the
16 discrepancy would have gone away.
17 Q. Okay.
18 A. He simply ignored a journal entry posted
19 to the general ledger, and if he had included that
20 journal entry in his analysis, then there would not
21 have been a discrepancy.
22 Q. So, is the \$5,000 included in his
23 \$1,327,000 number is that what you're saying?
24 A. Yes.

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1 MR. HOFFMAN: 427.
2 MR. KALTENBACH: I'm sorry. 427.
3 BY THE WITNESS:
4 A. Actually I have a copy of the detail for
5 his \$1,427,000.
6 MR. HOFFMAN: From Mr. Martin's.
7 THE WITNESS: It's from Mr. Martin's
8 file.
9 BY MR. KALTENBACH:
10 Q. You have a copy of Mr. Martin's -- one of
11 his supporting documents.
12 A. Yes.
13 Q. Okay. Let's --
14 A. Do you want to make a copy?
15 MR. KALTENBACH: Can I make a copy real
16 quick right now.
17 THE WITNESS: You can just give it to her
18 to mark.
19 MR. KALTENBACH: That's fine. I don't
20 want to if it's part of your work.
21 Can we mark this as exhibit --
22 THE WITNESS: And the reason I
23 highlighted the bottom line is that that's an amount
24 that corresponds exactly to Mr. Martin's

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1 calculation. That's the total of.
2 (Document marked as Deposition
3 Exhibit No. 6.)
4 BY MR. KALTENBACH:
5 Q. We have got Exhibit 6 which you have
6 hopefully provided to us and this is a document that
7 was taken from --
8 A. It's from Mr. Martin's production.
9 Q. Fair enough. So this is the summary -- I
10 think it's a printout of an Excel summary that shows
11 the \$1,427,000 number at issue?
12 A. Right. This is exactly how he came to
13 his bottom line number and the \$5,000 is up here.
14 Q. For fiscal year '95?
15 A. For fiscal year '95.
16 Q. What you're saying is -- I'm trying to
17 make sure I understand it, sir, which is why I'm
18 trying to paraphrase your opinion because I'm not an
19 accounting expert. What you're saying is he
20 testified he did not include that in his calculation
21 to get to a million four but --
22 MR. HOFFMAN: No, wait. Let's go off the
23 record.
24 MR. KALTENBACH: That's fine.

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1 (Discussion had off the record.)
2 BY MR. KALTENBACH:
3 Q. Mr. Terpstra, I apologize. I am trying
4 to understand this first sub-bullet point.
5 On Exhibit 6, we show a total of
6 1,400,000 and change that we are contending has been
7 over allocated -- the net of over allocations to 204
8 over the years. Do you understand that?
9 A. Correct.
10 Q. And for fiscal year '95, part of that
11 1.4 million is \$5,000 and change, correct?
12 A. Correct.
13 Q. So, we are contending, do you understand
14 it, that in fiscal year '95 204 got an extra \$5,000?
15 A. Correct.
16 Q. Why do you believe that \$5,000 -- so it's
17 your opinion that \$5,000 should not be included,
18 which would drop the 1.4 million by \$5,000, correct?
19 A. That is correct.
20 Q. Can you explain to me why it shouldn't be
21 included?
22 A. Okay. And I'm going to show -- again
23 this is another one of Mr. Martin's sheets because I
24 anticipated that you were going to have this same

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1 question for me.
2 Q. Okay.
3 A. And here is where he comes up with the --
4 with the \$5,000. Here is where he comes to
5 \$1,427,938. And when he came to this worksheet here
6 now, he has only those amounts of a thousand dollars
7 or more. So, all of the little amounts got dropped
8 out. And I went back and verified that if you take
9 out anything of a thousand dollars or less, you do
10 come up to that.
11 So, here is -- so now, this column
12 here would be the Healy allocation, and the Healy
13 allocation for that particular one was \$255,566.
14 What was posted to the general ledger was \$260,567,
15 coming up to a difference of \$5,000.
16 What we're saying is that the amount
17 from the Healy allocation was posted, but in
18 addition to that, there was a journal entry that was
19 made to the general ledger that says interest
20 transfer \$5,000. And that this discrepancy of
21 \$5,000 should be eliminated because the amount from
22 the Healy allocation was made, but the general
23 ledger also includes a separate journal entry for
24 \$5,000 that's separate and apart.

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1 So that that journal entry is an
2 additional amount that was made either by the
3 auditors, perhaps it was made by Sudd, we don't know
4 exactly who made the journal entry, but that's an
5 additional \$5,000 that was added in separate and
6 apart from the other calculations. So that combined
7 that discrepancy should go away because Mr. Martin
8 did not consider that separate journal entry. He
9 simply reported a discrepancy there.
10 Q. Okay. Now, I understand.
11 A. Got it.
12 Q. I do now. Thank you. Great. And we
13 don't have to mark that as an exhibit, but for the
14 record what we were looking at was a printout of one
15 Mr. Martin's spreadsheets, correct?
16 A. Correct.
17 Q. Great. Let's go to the second sub-bullet
18 point. Now, we're looking at an April 30, 1998,
19 entry, and in this one, you're saying that Martin
20 shows that LT was over allocated \$4,674.68, right?
21 A. That is correct.
22 Q. Okay. And you know what, rather than --
23 can you explain what you are doing in this second
24 sub-bullet point for me?

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1 A. In the second sub-bullet point, for that
2 particular allocation period, Mr. Martin again shows
3 and if we were to go back to this work --
4 Q. The same document we were just looking
5 at?
6 A. The same document we were looking at and
7 go to 1998 and April, you would then find \$4,674.68.
8 Can you see that even though it is grayed over.
9 Q. It is black on gray?
10 A. It is the black on gray. But what you
11 would then do -- this is by fiscal year, Jay. This
12 worksheet is by quarter.
13 For that particular quarter, the
14 amount that is shown as a discrepancy, there's a
15 journal entry there that solves the problem of the
16 discrepancy.
17 So, that's another discrepancy that
18 should go away because there's a journal entry that
19 explains why the discrepancy was there for that
20 period.
21 Q. So, the \$1,427,000 should be reduced then
22 by in your opinion --
23 A. By another \$4,600, yes?
24 Q. Let's go to the third sub-bullet point,

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1 and in this one, it states Martin alleges that LT
2 was under allocated investment interest by
3 \$101,829.90 at December 31, 1997.
4 Could you please explain that one to
5 me?
6 A. Yes. And we're saying that the
7 allegation was that there was an under allocation of
8 \$101,830 approximately at that time. And that the
9 TTO's auditor proposed an adjustment to the
10 investment interest allocation, and that adjustment
11 was included by Healy in the handwritten
12 calculation. And that's shown on Exhibit M, and so
13 if you go to Exhibit M --
14 Q. Of your report?
15 A. Yes. But what you're going to be looking
16 at is in column 3 --
17 Q. Okay.
18 A. -- of this particular workpaper, you have
19 a William F. Gurrie adjustment made to District 204,
20 for \$101,830.
21 Q. Gurrie was one of the baker predecessors,
22 correct?
23 A. Yes. It was originally William F. Gurrie
24 which was acquired by Virchow Krause, which changed

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1 its name to Baker Tilly.
2 Q. Okay. So, in this third sub-bullet
3 point, are you saying, in essence, that Mr. Martin
4 should have given a credit to LT for \$101,830?
5 A. What we're saying is that in that
6 particular period, which was December 31, '97, and
7 here again is that particular number, that if
8 Mr. Martin had used that adjustment, that would go
9 away also.
10 Q. But that's an adjustment that lowers the
11 \$1,427,000, right?
12 A. I'm not looking at increases, decreases.
13 I'm just showing discrepancies that are made,
14 irregardless of which direction they're going in.
15 We're just trying to show the
16 discrepancies and the errors between the Healy
17 calculations, what Mr. Martin included or didn't
18 include in his report, and we're just showing all
19 the different discrepancies that are out there,
20 irregardless of which direction they're going in.
21 Q. Okay. Let's then look at the fourth
22 sub-bullet point, which is on the top of Page 10.
23 You start off by saying that Martin determined that
24 in adopting Bradshaw's analysis and you are

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1 referring to Kelly Bradshaw there?
2 A. That is correct.
3 Q. Did Martin actually testify anywhere that
4 he adopted her analysis?
5 A. I believe the testimony that I read was
6 that he used that as the starting point.
7 Q. Okay.
8 A. He said there were certain numbers that
9 he agreed with and he may have made some subsequent
10 adjustments to Ms. Bradshaw's initial starting
11 point.
12 Q. And this fourth bullet point, this deals
13 with an entry of \$31,500 from June 30 of 2006,
14 right?
15 A. That is correct.
16 Q. And you read this -- you either read this
17 testimony yourself or a summary of the testimony
18 someone prepared for you?
19 A. No. I read the testimony for every
20 footnote in here with respect to these.
21 Q. Okay. So, I believe Mr. Hoffman was
22 questioning why Mr. Martin picked up the \$31,500,
23 correct?
24 A. I would want to go back and read the

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1 testimony. Let's see what we say here is that one
2 such adjustment was a June 30, 2006, where Martin
3 found that Bradshaw interpreted a journal entry
4 differently than he did. Martin included an
5 additional amount of \$31,500 as allocable investment
6 interest for LT, even though the TTO's general
7 ledger entries described it as either interest or
8 trans interest retro on BD Res.
9 MR. HOFFMAN: R-E-S.
10 THE WITNESS: Yes. R-E-S.
11 Okay. Martin could not explain why
12 he picked up these entries given their descriptions,
13 after he testified earlier that he only picked up
14 entries denoted as quarterly interest. When
15 questioned why he determined the entry to be
16 quarterly interest, he testified I don't know, at
17 that time, that's what I determined that to be.
18 And what we're showing here with that
19 bullet is that in the previous three hollow bullets,
20 he ignored the entries, and in this particular case,
21 he picked up the entry in this case and deviated
22 from the Bradshaw analysis and, again, it's just
23 showing that there's an inconsistency there.
24 Q. So Mr. Hoffman was trying to question

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1 Mr. Martin on why did he pick this \$31,500 up,
2 correct?
3 A. I don't recall what Jay's question was at
4 that point in time, and I don't have that kind of
5 recall as to what the intent of a question was, or I
6 don't have the context before and after it.
7 Q. Okay. For the "I don't know. At the
8 time that's what I determined that to be" quote, the
9 footnote is 46 and that references Page 166 of
10 Mr. Martin's testimony, correct?
11 A. Yes.
12 Q. You read Page 166, correct?
13 A. Right, at the time I wrote this report.
14 Q. Did you read any pages after 166?
15 A. Absolutely.
16 Q. Did you read the whole transcript from
17 Mr. Martin?
18 A. Yes.
19 Q. I wanted to make sure.
20 A. Yes. I read the Healy, Martin. All of
21 the depts that we refer to in my report, I have read
22 each of those.
23 Q. In full?
24 A. Yes.

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1 Q. So if it's referred to in your report,
2 you read that particular transcript in full?
3 A. I read that transcript in full.
4 Q. Okay. Moving on to the next paragraph
5 which is not part of that fourth sub-bullet point,
6 you state "Martin did not attempt to understand the
7 purposes behind 'the' entries."
8 By "the" entries, do you mean the
9 four we just talked about, the four sub-bullet
10 points?
11 A. Yes.
12 Q. And then you continue to say, "by either
13 talking to the professionals actually involved in
14 the TTO's affairs (Healy, Sudd, or Baker Tilly)."
15 Did you talk to either Mr. Healy, Ms.
16 Sudd, or Baker Tilly?
17 A. No, I did not. Mr. Healy was
18 unavailable.
19 Q. Mr. Healy is in prison, correct?
20 A. You guys made a field trip.
21 Q. We did.
22 A. Yes.
23 Q. We did. But Mr. Healy is in prison,
24 right?

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1 A. Right. Mr. Healy is in prison.
2 Q. Did you request of Mr. Hoffman that he
3 try to arrange another interview or deposition with
4 Mr. Healy?
5 A. No. I believe the deposition spoke for
6 itself, and with respect to Ms. Sudd or Baker Tilly,
7 I did not speak to her, and I have expressed
8 innumerable times how much I would love to see Baker
9 Tilly's workpapers, but from what I understand,
10 those are not available.
11 Q. You understand that Mr. Hoffman issued a
12 subpoena to Baker Tilly, correct?
13 A. That is my understanding. I have heard
14 that, yes.
15 Q. And that Baker Tilly asserted the
16 accountant's privilege, correct?
17 A. That is my understanding. I can have a
18 wish list.
19 Q. I think we might have had that wish list
20 too.
21 MR. HOFFMAN: I doubt it.
22 BY MR. KALTENBACH:
23 Q. Are you offering an opinion that
24 Mr. Martin's methodology was improper because he did

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1 not speak to Mr. Healy and Ms. Sudd or Baker Tilly?
2 A. What I'm saying here is that with respect
3 to Ms. Sudd, presumably he would have had better
4 access to her than I would have had because she's a
5 former employee of the TTO and he is working on
6 behalf of the TTO, and if I was in his shoes, I
7 would have wanted to talk to her and find out what
8 she knew and get an additional perspective. Whereas
9 from sitting in my position, the likelihood of me
10 being able to talk to Ms. Sudd is probably way
11 beyond remote. So I would not have had access to
12 it.
13 Q. Do you believe that -- do you know
14 whether the TTO or Mr. Martin attempted to locate
15 and speak with Ms. Sudd?
16 A. I do not. Simply he said he didn't.
17 MR. HOFFMAN: Is this a good stopping
18 point?
19 MR. KALTENBACH: Actually, it is. That's
20 fine.
21 (Whereupon, a break in the
22 proceedings was taken.)
23 BY MR. KALTENBACH:
24 Q. Okay. So, let's look at bullet point

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1 number 6 now, which appears on Page 10 of your
2 report, Mr. Terpstra, and your summary of this
3 bullet point is Martin does not remember -- I'm
4 sorry. I can wait until you get it in front of you.
5 A. Oh, no.
6 Q. That's fine. I didn't want to start
7 speaking before you were ready.
8 "Martin does not remember seeing
9 annotations of apparent additional investment
10 interest allocations made on Healy's handwritten
11 sheets even though he reviewed and relied upon
12 them."
13 And I know this bullet point
14 continues, and there's a few sub-bullet points, but
15 I guess my question is, this seems to me to be an
16 observation. Is there an opinion that you are
17 rendering within the sixth bullet point?
18 A. What I'm saying here is that when he was
19 asked in testimony whether Mr. Martin had seen the
20 additional items, and many of these were handwritten
21 amounts in the amount of \$100,000, or \$125,000, that
22 are clearly designated on Mr. Healy's sheets, that
23 he didn't recall seeing them; but yet, he says he's
24 relying upon those handwritten sheets, and yet those

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1 amounts are omnipresent on those sheets where
2 applicable.
3 And in addition to that, I'm saying
4 that we don't really have enough information to
5 really figure out just how or why Healy did what he
6 did and why he would deviate from a straight
7 percentage allocation.
8 And as we talked about, and kind of
9 joked a little bit, Mr. Healy's currently sitting in
10 a prison and trying to figure out what he did is --
11 makes this whole thing a very difficult exercise.
12 And so, simply ignoring the
13 deviations when they're right there on the sheets is
14 something that I think Mr. Martin should have
15 considered.
16 Q. Well, so let's take this in two parts.
17 In your next paragraph, you state "that Martin
18 testified that he's 'not familiar' with those notes
19 you're describing." Do you see where I was just
20 reading from, sir?
21 A. Yes.
22 Q. Leading up to the footnote 48. You
23 read -- again to confirm, you read all the testimony
24 of Mr. Martin, correct?

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1 A. Yes.
2 Q. Is it possible that Mr. Martin wasn't
3 visualizing something and that he just couldn't
4 understand what he was being asked and recalled?
5 MR. HOFFMAN: Wait. I have an objection
6 to the question. It calls for speculation as to
7 what Martin's state of mind was when he gave the
8 testimony which he gave, which this client, or
9 excuse me, which this witness does not know and
10 doesn't have foundation to speculate about. There's
11 a written transcript. You are asking him if he
12 knows why Martin said what he said?
13 MR. KALTENBACH: Your objection has been
14 stated.
15 MR. HOFFMAN: Fair enough.
16 Go ahead.
17 BY THE WITNESS:
18 A. And I'm going to say this, and I'm not
19 intending to be necessarily flip by this, but I'm
20 not Carnac The Magnificent, although I just dated
21 myself by alluding to Johnny Carson, but I can't put
22 myself in Mr. Martin's mind. I'm not a mind reader.
23 Q. Well, did he testify that he ignored
24 those numbers?

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1 A. He said he wasn't familiar with those
2 items, and then he further testified it was his
3 practice to ignore adjustments and utilize the
4 straight calculations. So, I'm limited to the
5 deposition testimony.
6 Q. You have got a number of sub-bullet
7 points here. Are these examples of what you just
8 described?
9 A. Right. In fact, I say, for example, and
10 then we have a number of bullet points.
11 Q. Let's go to the last sub-bullet point,
12 which references June of 2011. This is on Page 11.
13 A. This would be Exhibit R.
14 Q. Right. In your report, correct?
15 A. Yes.
16 Q. So let's look at Exhibit R in your
17 report, and this is -- I'm sorry. Let me know
18 when --
19 A. I'm there.
20 Q. This is similar in format to a bunch of
21 other exhibits we talked about today, right?
22 A. Yes.
23 Q. And so in that sub-bullet point, you say
24 that "Healy's handwritten sheet includes a reduction

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1 of \$200,000 from LT's allocation," and then you say,
2 "Martin's calculation shows that LT was under
3 allocated by that amount. The amount listed on
4 Healy's handwritten sheet equals the amount recorded
5 in the TTO's general ledge."
6 Now, let's look at R, and R shows
7 Healy's handwritten notes show in column 3 an
8 allocation to 204 of \$565,012, right?
9 A. That is correct.
10 Q. And if we look at your -- the Exhibit R
11 that your firm prepared, the correct calculation
12 would be \$201,000 more than that, correct?
13 MR. HOFFMAN: I object to the use of the
14 term correct --
15 MR. KALTENBACH: Okay.
16 MR. HOFFMAN: -- as vague and unclear.
17 MR. KALTENBACH: That's fine.
18 BY MR. KALTENBACH:
19 Q. What does the \$765,013 show on Exhibit R?
20 A. The \$765,013 would be LT's allocable
21 share of a distribution of \$4 million; however, by
22 the time Mr. Healy did his calculations, he only
23 distributed 300 -- I'm sorry, \$3,800,000, that's
24 what the total amounts he allocated arrive at. And

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1 LT got the full brunt of the reduction \$200,000 from
2 the \$4 million to the \$3.8 million. And there is on
3 line -- on line 29 of the green bar, there's what
4 appears to be \$200,000, and then what at least
5 appears to me to be adjust, ADJ it looks like it is
6 after it, and then if you were to look at line 39,
7 you would see \$765,012; then you would see \$200,000;
8 and then you would come up to \$565,012, which is the
9 amount that appears in column 3, line 20, which was
10 the amount that is included in Healy's handwritten
11 calculation.
12 Q. So, what you're saying is if Healy was
13 distributing \$4 million in June of '11, 2011, LT
14 should have gotten \$765,000 and change; is that
15 correct?
16 MR. HOFFMAN: Let's hear that again.
17 MR. KALTENBACH: I'll reask it.
18 MR. HOFFMAN: Yeah.
19 BY MR. KALTENBACH:
20 Q. What you're saying is if in June of 2011,
21 if Healy is actually allocating \$4 million, LT
22 should have gotten \$765,000 and change?
23 MR. HOFFMAN: I object to the form of the
24 question in terms of "should have" and what that

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1 means in this context; and also your attempt to
2 essentially restate the witness' prior testimony in
3 your own words. But with that, you can do your
4 best.
5 BY THE WITNESS:
6 A. Okay. What we calculate is that based
7 upon LT's percentage interest in the pool, if Healy
8 were intending to allocate \$4 million, that LT's
9 allocable percentage would appear to be \$765,013.
10 As it turned out, Mr. Healy only allocated
11 approximate \$3,800,000 with the entire \$200,000 hit
12 going to LT.
13 Q. So, where does the \$3,800,000 come from?
14 A. The \$3,800,000 is the sum and total of
15 Districts 101 through -- and in this particular
16 sheet here -- District 106.5 is the last one. Then,
17 there's another \$200,000, that we said on line 29
18 appears to be an adjustment of \$200,000, and then,
19 you need to add that additional \$200,000 back in
20 order to come to \$4 million. But just the amounts
21 that Healy allocated foot to \$3,800,000.
22 Q. Okay. So, the itemized allocations to
23 the districts come to \$3.8 million, and then you
24 have that extra \$200,000 on line 29?

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1 A. Right.
2 Q. That's how you get to the \$4 million?
3 A. Right.
4 Because that's how Healy got the \$4
5 million. What it appears he did is he took \$200,000
6 off of LT, and moved it down to an adjustment line.
7 And again, I'm trying to figure out based upon
8 Healy's handwritten sheet what it appears that he
9 did.
10 Q. And you say in the sub-bullet point that
11 the amount listed on Healy's handwritten sheet
12 equals the amount recorded in the TTO's general
13 ledger.
14 MR. HOFFMAN: Where are you reading from?
15 MR. KALTENBACH: The sub-bullet point on
16 Page 11.
17 MR. HOFFMAN: You are going back to
18 Page 11.
19 BY MR. KALTENBACH:
20 Q. The last sentence, "the amount listed on
21 Healy's handwritten sheet equals the amount recorded
22 in the TTO's general ledger." Is that amount the
23 \$565,012?
24 A. The \$565,012 is what was traced to the

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1 TTO's general ledger.
2 Q. So that's the amount that 204 actually
3 got from the June 2011 distribution?
4 A. That is the amount that was allocated to
5 them and that's the amount that was posted to the
6 general ledger for them.
7 Q. Okay. I got it.
8 Your opinion is that then Mr. Martin
9 ignored -- I know that there's multiple entries
10 here, multiple sub-bullet points, and we only looked
11 at one in detail, but your opinion is that
12 Mr. Martin ignored that, that \$200,000 adjustment?
13 A. It appears that that is the case, yes.
14 Q. Let's go to the seventh bullet point,
15 which is on the bottom of Page 11 of your report,
16 and this says, "other districts also may have been
17 over allocated and under allocated investment
18 interest under the TTO's methodology."
19 Okay. You used the words "may have
20 been," sir. Do you have an opinion on whether other
21 districts were over allocated or under allocated
22 investment interest?
23 A. Well, assuming there's a validity to
24 Mr. Healy's method of allocation in the handwritten

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1 allocation sheets and the myriad of exceptions that
2 we have closed as the hollow bullets up above, based
3 upon what we have seen in Mr. Martin analysis and
4 what we have described in the text of the report
5 above, it appears that other districts were subject
6 to the same whims of Mr. Healy as LT.
7 Q. At the bottom of that next paragraph, you
8 state, "however Healy testified that if there were
9 over allocations in one year, he would make it up by
10 reducing future allocations."
11 Then you recall reading that
12 testimony from Mr. Healy?
13 A. Yes, I do.
14 Q. Did Mr. Healy, in fact, make it up by
15 reducing future allocations?
16 A. From what I have seen and what I have
17 read, it appears as if he could have been attempting
18 to do so because we just talked about a somewhat
19 inexplicable reduction of \$200,000 in the last
20 bullet of the topic above, and again, Mr. Healy's
21 methodology is at best subject to innumerable
22 errors, miscalculations, or whatever Mr. Healy was
23 doing.
24 And so based upon that, that may have

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1 been an attempt to do so but at the end of the day,
2 we did not sit and attempt to quantify did Healy,
3 you know, make up from period to period -- if he
4 over allocated, did he make up the exact amount the
5 next time, no, we did not attempt to calculate that,
6 and I'm not sure that could be done, again,
7 considering the vagaries of Mr. Healy's methods.
8 Q. In this seventh bullet point, you're
9 talking about other districts possibly being under
10 allocated or over allocated. Did you calculate how
11 much in total the other districts would have been
12 either under or over allocated?
13 MR. HOFFMAN: You mean using the TTO
14 methodology?
15 MR. KALTENBACH: Let's start with that.
16 BY MR. KALTENBACH:
17 Q. Did you do it using the TTO methodology?
18 A. No. We did not attempt to go and
19 calculate for each of the districts what would have
20 been done in that respect. And it appears as if
21 Mr. Martin had started to do that, and then again,
22 I'm not sure why the effort was aborted at some
23 point in time and within his work, with respect to
24 District 109, and four different line items, he

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1 notes additional sums being allocated to
2 District 109 for whatever reasons. But his analysis
3 stopped after it appears to be about 11 quarters,
4 and so 4 out of 11 quarters had additional
5 allocations to District 109. And then, the analysis
6 ceases after that.
7 So, we didn't attempt to replicate it
8 with the huge amount of missing documents and having
9 seen Mr. Martin's frustration with the lack of
10 documents and missing documents and we found huge
11 amounts of missing documents. No, we did not go on
12 that fool's errand.
13 Q. Your counselor suggested I limit my
14 question a little bit so I'm now going to ask it a
15 little bit --
16 MR. HOFFMAN: Wait a minute.
17 MR. KALTENBACH: Qualify it a little bit.
18 I'm now going to --
19 MR. HOFFMAN: Excuse me. You read this
20 line, "other districts also may have been over
21 allocated and under allocated investment interest
22 under the TTO's methodology." That's what is next
23 to the bullet point.
24 MR. KALTENBACH: Yeah.

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1 MR. HOFFMAN: Then you asked another
 2 question, you just decided to choose part of that.
 3 MR. KALTENBACH: You asked me did I mean
 4 the methodology. I'm not criticizing you. I'm
 5 pointing out.
 6 BY MR. KALTENBACH:
 7 Q. I asked a question did you attempt it to
 8 do it using the TTO's methodology. It seems to me
 9 that your answer was more expansive which is you
 10 didn't attempt to do it for all districts under the
 11 TTO's methodologies but you also didn't do it under
 12 any other methodology because you believe the
 13 documents were not there?
 14 A. We did not have the documents to do it
 15 for all of the districts for all of the periods.
 16 For the periods that we computed differences with
 17 respect to, which would be, I believe, Exhibits E
 18 through R or S where we have had calculations
 19 before. Just as there will be amounts in the
 20 difference column for District 204, there are a lot
 21 of differences in the difference column for other
 22 districts as well.
 23 Q. Okay. Let's move onto the eighth of
 24 eight bullet points, and this is on Page 13 of your

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1 report. And the summary sentence for this one is
 2 "the TTO made a \$1.5 million reduction to LT's
 3 allocable investment interest."
 4 Can you explain your opinion for this
 5 eighth bullet point to me, Mr. Terpstra?
 6 A. Yes. On this particular bullet point and
 7 opinion, the TTO made I believe it's a \$1,512,000
 8 adjustment in which they decreased LT's cash balance
 9 by \$1,512,000, and they increased through that
 10 journal entry I believe it was what would be the
 11 District 100, which would be the TTO's cash balance
 12 by I believe it's \$1,747,000.
 13 Q. I'm not trying to play a memory game with
 14 you. I think your Exhibit S to the report has some
 15 documents relating to this. Is that correct?
 16 A. Yes.
 17 Q. Is your opinion that the TTO made a
 18 \$1.5 million reduction to LT's allocable investment
 19 interest, is that based solely on the records that
 20 are found in Exhibit S?
 21 A. Well, and this journal entry was posted
 22 to the general ledger.
 23 Q. Is the journal entry part of Exhibit S?
 24 A. The journal entry is part of Exhibit S,

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1 if you look at the first page.
 2 Q. Let's walk through Exhibit S. Why don't
 3 we do that?
 4 A. Sure.
 5 Q. Can you explain to me how Exhibit S
 6 supports your opinion?
 7 A. Yes, if you look at this page --
 8 Q. The first page?
 9 A. What you see is with respect to District
 10 204, you have BFB interest, which can be balance
 11 brought forward, it could be beginning fund balance,
 12 with respect to interest. So, you are in essence
 13 reducing the interest income of District 204 by
 14 \$1,512,000, and you are reducing the cash balance of
 15 District 204 by \$1,512,000. And as you look at the
 16 second page that we have here --
 17 Q. The one that says one sided on the top,
 18 right?
 19 A. Yeah.
 20 Q. Okay.
 21 A. And this says audit adjustment, interest,
 22 and I don't know why it says one sided because it's
 23 really not a one sided entry because what you have
 24 here is either balance brought forward or beginning

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1 fund balance of interest being reduced and the cash
 2 being reduced, and even as you look at this
 3 worksheet here, you have an account No. 1-999999,
 4 and then on the other side, you have 1-101-3. So,
 5 there appears to be two amounts that are being
 6 posted here.
 7 Q. But what is -- what account is being
 8 debited \$1.5 million, for simplicity's sake. What
 9 account is being debited 1.5 and what account is
 10 being credited 1.5?
 11 A. It would appear based upon what I'm
 12 seeing here that the debit on this journal entry is
 13 to beginning fund balance, and that the credit is to
 14 LT's cash or share of the investment pool.
 15 Q. If that's --
 16 A. And the reason you do it like this is
 17 that they're apparently making this as some sort of
 18 the prior period adjustment. That's the way I would
 19 interpret it.
 20 Q. Well, it says in handwriting on the first
 21 page, next to those two transactions, would you
 22 agree that it says 2010 adjustment but self
 23 corrected in 2011?
 24 A. Well, what I interpret that as is that

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1 one of the -- this entry is being posted, and if you
2 look at the third page going back here, this journal
3 entry is being made as of June 30, 2011. And then
4 as you get to the fourth page of it, you would again
5 see that this is being made as of June 30, 2011, and
6 it's listed as here, pooled investment journal entry
7 audit adjustment interest.
8 Q. Where are you reading from, sir? You're
9 on the second-to-last page of Exhibit S?
10 A. Well, yeah, the second to the last page
11 of Exhibit S, and what we're seeing here is
12 educational cash pooled investment, and this is
13 being reduced by \$1,512,451, and then you also see
14 that educational beginning fund balance, which would
15 be the BFB, that is likewise being reduced by
16 \$1,512,451 and then in the third page of this
17 exhibit, you see, again the date it is posted,
18 June 30 of 2011, and you see that the district
19 involved is 204, and again, journal entry, audit
20 adjustment for interest.
21 And so, the fact that when your
22 making an adjustment to a prior period, in here
23 they're talking about it being a 2010 adjustment but
24 they're making it at the end of 2011, rather than

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1 run it through the current year, when you are going
2 back and adjusting prior periods, you would
3 typically make it to the beginning fund balance or
4 you make it to retained earnings in a
5 profit-oriented organization as of the beginning of
6 the year. This is essentially what's intended to be
7 a prior period adjustment to reduce 204's share of
8 the investment pool.
9 Q. Okay. So is it your professional opinion
10 that what this transaction is is it's reducing 204's
11 share of the investment pool by the 1.5 million?
12 A. Yes. That's my professional opinion
13 based on the documentation we have presented here as
14 Exhibit S that LT's cash share of the investment
15 pool was reduced by a-million-512.
16 Q. What about the cash credit, though, of
17 1.512 -- of the 1512?
18 A. Well, cash would normally be an asset.
19 So you would expect a debit balance to be carried in
20 cash. So by the fact that you're posting a credit
21 to a debit account, you are reducing LT's cash share
22 of the investment pool. And if you are looking at a
23 self-balancing set of books, again, you would
24 normally expect that on -- let's take a simple

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1 balance sheet and the only assets that you have here
2 are cash and fund balance, there's no liability so.
3 You have an asset and you have retained earnings or
4 you have a fund balance in the not-for-profit or
5 governmental world. So if you are reducing the
6 cash, a-million-five, you're also going to be
7 reducing the fund balance. So, what you have here
8 is a debit to what should be a credit balance
9 account. So you're reducing their asset, you're
10 reducing their fund balance, and you are doing it to
11 a prior period, which is why they're using the
12 beginning fund balance for interest.
13 Q. What is depicted then on the last or what
14 about -- what is this last page of Exhibit S? What
15 does this show?
16 A. The last page, again, just shows the
17 total dollar amount. And the fact that it's with
18 that district and that's just the last page of
19 the -- I believe it's four or five pages of
20 documentation they have with respect to that entry.
21 Q. Does this show the \$1.5 million?
22 A. From what I'm looking at here is that
23 it's a single transaction in that amount and that's
24 all that last page is showing. The postings for the

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1 debits and the credits are contained in the earlier
2 pages, and really the handwritten analysis on the
3 first page really is the best way to see what
4 they're doing here.
5 So there's little doubt in my mind
6 that this journal entry appears to be a prior period
7 reduction to reduce LT's share of the investment
8 pool by a-million-512.
9 Q. Do you know why that -- and for the
10 record, I'm not necessarily agreeing with you that's
11 what Exhibit S depicts, but do you know why the
12 \$1,512,000 adjustment was made?
13 A. Based upon what we see on the second
14 page, it's listed as an audit adjustment for
15 interest. So, again, I wasn't there at the time.
16 And I don't have firsthand knowledge of this, but
17 from having 42 years of experience in this business,
18 when I see a description that says audit adjustment
19 interest, that would indicate to me that the TTO was
20 told by the auditors to make an adjustment for
21 \$1,512,000, and the adjustment was made.
22 Q. Should the TTO have refused to make the
23 adjustment?
24 MR. HOFFMAN: Well, wait a minute. I

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1 object because you are asking him to speculate about
2 what someone told the TTO. He doesn't know whether
3 someone told the TTO.

4 MR. KALTENBACH: So your objection is
5 speculation. It's a speaking objection beyond that.

6 MR. HOFFMAN: Fine. You can answer.

7 BY THE WITNESS:

8 A. Generally, what happens with audit
9 adjustments is, remember, the financial statements
10 and the books and records always belong to the
11 client. And the client is ultimately the entity
12 that has to make the adjustments to their books and
13 records. Now, again, in 42 years as an auditor, I
14 have proposed many, many adjusting entries to
15 clients. And when the auditors propose an entry, it
16 is expected that the client will post the journal
17 entries.

18 (Document marked as Deposition
19 Exhibit No. 7.)

20 BY MR. KALTENBACH:

21 Q. Mr. Terpstra, we're handing you what I am
22 marking or has been marked as Deposition Exhibit
23 No. 7. Do you have an understanding of what
24 Exhibit 7 is?

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1 MR. HOFFMAN: Was this produced in this
2 case?

3 MR. KALTENBACH: I don't believe it was
4 ever requested nor do I believe it was ever
5 produced.

6 MR. HOFFMAN: We will see about that.

7 MR. KALTENBACH: Okay.

8 THE WITNESS: I haven't seen this before.

9 MR. KALTENBACH: I understand that.

10 BY MR. KALTENBACH:

11 Q. This shows that June 30, 2011, JE audit
12 adjust interest. That's the same \$1,512,451 we were
13 just talking about, right?

14 A. What I see on here is --

15 MR. HOFFMAN: I'd just like to interpose
16 an objection in this regard. There is absolutely no
17 question that our document request in this case
18 requested information about all of the documents
19 supporting the amounts that were paid or allocated
20 or recorded by the TTO for interest calculations,
21 and we received many pages of general ledgers as
22 well as the actual document we were just looking at,
23 Exhibit S, to the expert's report in the document
24 production and I questioned the TTO's witness about

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1 that and introduced it as a document. And so to me,
2 to show up at a deposition of our expert without
3 producing in advance this document is sanctionable
4 and absolutely inappropriate. And if you want to
5 explain yourself, either on or off the record, I
6 would be interested to see it and hear it.

7 MR. KALTENBACH: Okay. I disagree. I
8 don't believe this document was requested. I don't
9 believe the \$1.5 million issue has been framed by
10 the pleadings.

11 BY THE WITNESS:

12 A. Just to look at the document, this
13 document was produced on April 4 of 2017.

14 Q. That's the date on the document, right,
15 sir.

16 A. That's the date on the document.

17 Q. Right. I understand that. I'm asking,
18 does this document have any bearing on the opinion
19 you just gave regarding that the TTO made a
20 \$1.5 million reduction to LT's cash allocable
21 investment interest?

22 A. No. This would have no affect whatsoever
23 on that opinion.

24 Q. Okay. Does this document show that

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1 adjustment being reversed?

2 A. It shows a posting on June 30 of 2011,
3 and then it shows a reversal on September 1st of
4 2012.

5 Q. And the reversal is of the June 30
6 posting, correct?

7 A. I don't know that for sure. All I see is
8 that -- and again, it appears that when you produced
9 this document, or in this case, not produced this
10 document, there's certain items in here that would
11 appear to be highlighted. Is that fair?

12 Q. Yeah, I'll represent those were
13 highlighted by someone on our side.

14 A. Okay. It says, JE audit adjustment,
15 interest, 1,512,451 and there's an FG after it, and
16 then a year and couple of months later, it says
17 reverse 632,011 adjustment, 1,512,451 and then
18 there's an LC after it, and what we have here are --
19 and this is just in an account 1 and then 9999999,
20 which would be beginning fund balance. And so, I
21 can't give you an answer without seeing both sides
22 of every entry that's on here.

23 And so, I don't know what this
24 worksheet means at this point in time because what

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1 I'm seeing is one side of each entry, and I don't
 2 know where the other half of these entries go and
 3 this is -- the account that appears to be in this is
 4 simply called beginning fund balance. So, this has,
 5 in my mind, would have virtually nothing to do with
 6 LT's share of the investment pool because this is
 7 not an account that summarizes LT's share of the
 8 investment pool.
 9 Q. So, does this document impact your
 10 opinion as it is set forth in bullet point 8 of your
 11 report?
 12 A. No.
 13 MR. KALTENBACH: Let's take a short
 14 break, I want to talk to Jim. Otherwise I'm done.
 15 (Whereupon, a break in the
 16 proceedings was taken.)
 17 MR. KALTENBACH: I have no further
 18 questions. I don't know if your counselor does.
 19 MR. HOFFMAN: Nope.
 20 MR. KALTENBACH: I thank you,
 21 Mr. Terpstra, for coming down here. I appreciate
 22 it. I appreciate your professionalism.
 23 Regular delivery.
 24 MR. HOFFMAN: Reserving.


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1 (Witness excused at 4:28 p.m.)
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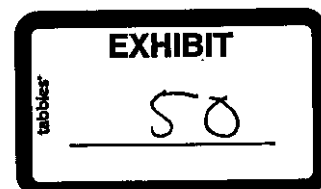
1 REPORTER CERTIFICATE
 2
 3 I, JO ANN LOSOYA, a Certified Shorthand
 4 Reporter within and for the County of Cook and State
 5 of Illinois, do hereby certify:
 6 That previous to the commencement
 7 of the examination of the witness, the witness was
 8 duly sworn to testify the whole truth concerning the
 9 matters herein;
 10 That the foregoing deposition
 11 transcript was reported stenographically by me, was
 12 thereafter reduced to typewriting under my personal
 13 direction and constitutes a true record of the
 14 testimony given and the proceedings had;
 15 That the said deposition was taken
 16 before me at the time and place specified;
 17 That I am not a relative or
 18 employee or attorney or counsel, nor a relative or
 19 employee of such attorney or counsel for any of the
 20 parties hereto, nor interested directly or
 21 indirectly in the outcome of this action.
 22
 23
 24

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1 IN WITNESS WHEREOF, I do hereunto set my
 2 hand this June 8, 2017.
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 9 JO ANN LOSOYA, CSR
 10 C.S.R. No. 84-002437
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District 204
 Interest Allocation Analysis
 Summary of Differences by Fiscal Year

Fiscal Year	RH Calculation vs General Ledger +/- \$1,000 per Quarter
FY1995	5,000.34
FY1996	
FY1997	44,903.13
FY1998	(95,052.36)
FY1999	
FY2000	2,499.65
FY2001	
FY2002	
FY2003	
FY2004	
FY2005	127,611.74
FY2006	420,744.00
FY2007	827,163.47
FY2008	127,863.26
FY2009	246,711.45
FY2010	
FY2011	(240,001.56)
FY2012	(40,001.08)
	<u>\$ 1,427,442.04</u>



Lyons Township Trustees of Schools
 Interest Allocation
 Compare System Reports to GI and RH calculations
 Selected quarters with no missing data

District	Fiscal Year	Date	204 FB per RH	Total Avg FB	Percent	FB per Reports	Total Avg FB per Reports	Percent based on Reports	Income	E*%A9B	G	E*%A9B	H	F	F*%A9B	I	F-H	J	Difference District FB	Difference Total Avg FB
204	FY1995	4/30/1995	26,166,713	97,267,682		26,166,713	96,934,350		950,000			260,567.00		5,000.93		4,121.51		857,751.06	313,956.41	
																		0.01	849.84	
																		613,518.04	(0.90)	
204	FY1996	4/30/1996	25,309,400	101,295,143		25,309,400	101,312,772		1,200,000	299,829.58	299,777.41	299,829.00		(0.58)		51.59		-	(230,229.66)	
204	FY1996	10/31/1995	22,187,062	85,454,546		22,187,062	85,474,594		1,100,000	265,565.99	285,532.82	285,565.00		(0.99)		92.38		1,226,206.36	(1,720,272.85)	
204	FY1997	4/30/1997	25,170,014	121,318,939		25,170,014	123,119,428		1,100,000	228,216.76	224,879.34	228,217.00		0.24		3,337.66		-	(600,085.63)	
204	FY1997	10/31/1996	25,669,269	113,805,587		25,669,269	113,805,251		960,000	202,998.31	202,998.91	202,998.00		(0.31)		(0.91)		1,404,454.85	(367,638.83)	
204	FY1998	4/30/1998	34,947,593	138,222,988		34,949,493	138,224,988		1,500,000	979,252.32	379,267.59	383,527.00		4,674.68		4,659.41		-	1,806,962.36	
204	FY1998	10/31/1997	32,132,226	126,297,427		31,792,226	124,239,420		1,000,000	254,417.11	255,894.84	254,417.00		(0.11)		(1,477.84)		1,254,702.82	(499.97)	
204	FY1999	6/30/1999	36,945,517	156,916,691		35,690,814	156,917,191		2,875,000	676,909.27	659,918.74	676,909.00		(0.27)		22,990.26		(0.02)	(65,611.98)	
204	FY1999	10/31/1998	27,865,770	119,901,624		27,865,770	119,901,591		1,500,000	348,607.92	348,608.02	348,608.00		0.08		(0.02)		-	0.04	
204	FY2000	1/31/2000	33,434,128	147,749,785		33,434,128	147,749,785		1,500,000	339,433.26	339,433.26	339,433.00		(0.26)		(0.26)		(0.01)	0.02	
204	FY2001	4/30/2001	39,317,420	150,007,615		39,317,420	148,001,297		2,000,000	452,209.31	458,339.68	452,209.00		(0.31)		(6,130.66)		-	(21.08)	
204	FY2001	10/31/2000	28,280,408	131,361,575		28,280,408	131,361,575		1,000,000	215,259.99	215,259.99	215,254.00		0.01		0.01		-	(27.55)	
204	FY2002	4/30/2002	34,574,664	150,845,750		34,574,664	150,946,192		1,250,000	286,481.92	286,291.29	286,292.00		(189.92)		0.71		2,872,888.47	5,057,128.41	
204	FY2002	10/31/2001	26,158,703	135,352,700		26,158,703	133,372,726		600,000	115,957.95	117,679.40	115,957.00		(0.99)		(1,722.40)		-	133,708.03	
204	FY2003	6/30/2003	36,969,628	162,899,243		36,970,128	162,884,741		3,750,000	837,242.10	837,328.15	837,242.00		(0.10)		(86.15)		(489.73)	14,802.20	
204	FY2003	9/30/2002	26,899,708	140,160,854		25,647,551	134,997,294		750,000	143,606.09	142,489.25	143,608.00		(0.09)		1,418.75		-	100.01	
204	FY2004	6/30/2004	55,750,719	189,913,996		55,186,374	189,371,657		3,000,000	880,357.22	874,286.70	880,357.00		(0.22)		6,070.30		542,345.31	542,339.12	
204	FY2004	1/31/2004	39,644,793	169,588,986		39,644,793	169,602,406		1,000,000	293,769.85	293,751.36	293,769.00		(0.85)		17.64		-	(13,419.96)	
204	FY2005	6/30/2005	29,374,456	119,618,372		51,732,424	179,598,300		2,400,000	589,863.43	691,308.43	774,496.55		185,133.12		85,168.12		(22,357,968.39)	(59,979,927.55)	
204	FY2005	1/31/2005	38,665,241	139,691,395		35,440,017	136,977,374		750,000	207,592.82	194,046.74	213,805.00		6,212.18		19,758.26		3,225,224.08	2,714,021.10	
204	FY2006	6/30/2006	49,210,465	179,765,988		49,210,465	179,766,008		1,700,000	408,629.97	408,629.93	537,449.00		128,819.03		128,819.07		(0.49)	(59,920.84)	
204	FY2006	1/31/2006	38,197,820	146,828,292		38,197,820	146,828,035		1,000,000	260,152.99	260,153.45	260,153.00		0.01		(0.45)		-	(59,920.84)	
204	FY2007	6/30/2007	49,210,453	197,206,681		49,083,138	193,558,864		3,600,000	788,805.08	801,302.99	788,805.00		(0.08)		(12,497.99)		(364,871.41)	(2,641,771.42)	
204	FY2007	1/31/2007	40,046,346	184,912,848		40,046,346	184,968,427		1,000,000	216,566.55	216,503.69	341,568.00		124,999.35		125,054.31		127,315.32	9,647,816.70	
204	FY2008	6/30/2008	44,020,932	202,691,919		44,020,932	202,691,927		2,877,000	624,831.84	624,831.82	624,831.00		(0.84)		(0.82)		(0.98)	(55,483.84)	
																		(0.42)	(7.87)	

Lyons Township Trustees of Schools
Interest Allocation
Compare System Reports to GI and RH calculations
Selected quarters with no missing data

District	Fiscal Year	Date	204 FB per RH	Total Avg FB	Percent	FB per Reports	Total Avg FB per Reports	Percent based on Reports	Income	Calculated Interest Allocation	Calculated Interest Allocation per Reports	Allocation per TIO GI	Difference RH to TIO GI	Difference Reports to TIO GI	Difference District FB	Difference Total Avg FB
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
204	FY2008	1/31/2008	27,275,350	138,960,794		27,275,390	138,362,390		1,000,000	197,137.36	197,130.09	197,855.00	722.64	724.91		(1,595.60)
204	FY2009	6/30/2009	42,768,413	199,101,607		42,768,413	199,475,079		1,800,000	386,652.55	385,928.62	633,364.00	246,711.45	247,435.38	0.79	(373,471.90)
204	FY2009	1/31/2009	34,416,573	171,141,749		34,416,573	171,218,888		750,000	150,824.85	150,756.90	150,846.00	21.15	89.10	(0.70)	(77,139.22)
204	FY2010	6/30/2010	50,973,820	255,890,334		50,973,820	255,890,330		1,750,000	348,603.18	348,602.92	348,602.00	(0.32)	(0.92)	(0.15)	(196.18)
204	FY2010	1/31/2010	28,887,593	144,200,754		28,887,593	144,096,283		750,000	150,246.75	150,355.68	150,247.00	0.21	(0.65)	(0.38)	104,470.94
204	FY2011	6/30/2011	48,216,829	252,109,900		48,216,829	252,129,906		4,000,000	765,012.86	764,952.16	565,012.00	(200,000.66)	(199,940.16)	(0.24)	(20,006.16)
204	FY2011	1/31/2011	24,795,502	160,926,622		24,795,502	160,926,627		500,000	77,099.78	77,099.78	77,040.00	0.22	0.22	(0.46)	(5.18)
204	FY2012	6/30/2012	48,277,595	240,034,526		48,277,596	241,103,133		1,750,000	351,977.89	350,413.50	336,977.00	(15,000.89)	(13,456.50)	(0.66)	(1,071,606.82)
204	FY2012	1/31/2012	36,050,979	196,957,796		36,050,979	197,720,435		750,000	137,279.33	136,749.82	137,279.00	(529.51)	529.18	(0.21)	(762,637.48)
																97,070.12

\$ 206,468,890.98
\$ 34,038,428.16

Lyons Township Trustees of Schools
Interest Allocation
Compare RH calculation to General Ledger
Selected quarters with +/- \$1,000 difference

District	Fiscal Year	Date	FB per RH	Total Avg FB	Percent	Income	Calculated Interest Allocation	Allocation per TTO GL	Difference	Comments	if then #1	if then #2
204	FY1997	6/30/1997	28,440,940	135,711,903	20.957%	3,750,000	785,881.87	830,785.00	44,903.13		1	FALSE
204	FY1998	6/30/1998	38,626,585	154,228,090	25.045%	4,000,000	1,001,804.15	1,003,907.00	2,102.85		1	FALSE
204	FY1998	1/31/1998	40,930,769	148,975,942	27.475%	2,250,000	618,181.90	516,352.00	(101,829.90)		1	FALSE
204	FY2000	6/30/2000	39,255,271	169,505,904	23.159%	3,000,000	694,759.35	697,259.00	2,499.65		1	FALSE
204	FY2005	6/30/2005	29,374,456	119,618,372	24.557%	2,400,000	589,363.43	774,496.55	185,133.12		1	FALSE
204	FY2005	1/31/2005	38,665,241	139,691,395	27.679%	750,000	207,592.82	213,805.00	6,212.18		1	FALSE
204	FY2007	1/31/2007	40,046,346	184,912,943	21.657%	1,000,000	216,568.65	341,568.00	124,999.35		1	FALSE
204	FY2007	7/31/2006	no data	no data	no data	-	-	452,165.00	452,165.00		1	FALSE
204	FY2009	6/30/2009	42,768,413	199,101,607	21.481%	1,800,000	386,652.55	633,364.00	246,711.45		1	FALSE
204	FY2011	6/30/2011	48,216,829	252,109,900	19.125%	4,000,000	765,012.86	565,012.00	(200,000.86)		1	FALSE
204	FY2012	6/30/2012	48,277,595	240,031,526	20.113%	1,750,000	351,977.89	336,977.00	(15,000.89)		FALSE	1

1,477,566.65

Lyons Township Trustees of Schools
Interest Allocation
Compare System Reports to GL and RH Calculations

Distric	Fiscal Year	Date	204 FB per RH	Total Avg FB	Percent	FB per Reports	Total Avg FB per Reports	Percent based on Reports	Income	Calculated Interest Allocation	Calculated Interest Allocation per Reports	Allocation per TTD GL	Difference RH to TTD GL	Difference Reports to TTD GL	Difference District FB	Difference Total Avg FB	Comments	Data Available for system report compare
204	FY2012	6/30/2012	48,277.595	240,031,526	20.113%	48,277.596	241,103,139	20.024%	1,750,000	351,977.89	350,413.50	356,977.00	(15,600.89)	(13,436.50)	(0.66)	(1,071,696.82)		X
204	FY2012	1/31/2012	36,050.979	196,357,796	18.304%	36,050.979	197,720,439	18.233%	750,000	137,279.33	136,749.82	137,279.00	(0.35)	529.18	(0.21)	(762,637.48)		X
204	FY2011	6/30/2011	48,216.829	252,109,900	19.125%	48,216.829	252,129,906	19.124%	4,000,000	765,012.86	764,952.16	565,012.00	(200,000.86)	(199,940.16)	(0.24)	(26,006.16)		X
204	FY2011	1/31/2011	24,795.502	160,926,622	15.408%	24,795.502	160,926,627	15.408%	500,000	77,039.78	77,039.78	77,040.00	0.22	0.22	(0.46)	(5.18)		X
204	FY2010	6/30/2010	50,973.820	255,890,394	19.920%	50,973.820	255,890,530	19.920%	1,750,000	348,603.18	348,602.92	348,602.00	(1.18)	(0.92)	(0.15)	(196.18)		X
204	FY2010	1/31/2010	28,887.593	144,200,754	20.039%	28,887.593	144,096,283	20.047%	750,000	150,246.75	150,355.68	150,247.00	0.25	(108.68)	(0.38)	104,470.94		X
204	FY2009	6/30/2009	42,768.413	199,101,607	21.481%	42,768.413	199,175,079	21.446%	1,800,000	386,652.55	385,928.62	593,964.00	246,711.45	247,435.38	0.29	(573,471.90)		X
204	FY2009	1/31/2009	34,416.572	171,141,749	20.310%	34,416.572	171,218,888	20.101%	750,000	150,824.85	150,756.90	150,846.00	21.15	89.10	(0.70)	(77,139.22)		X
204	FY2008	6/30/2008	44,020.982	207,691,919	21.718%	44,020.982	202,691,927	21.718%	2,877,000	624,831.84	624,831.82	624,831.00	(0.84)	(0.82)	(0.42)	(7.87)		X
204	FY2008	1/31/2008	27,275.390	138,362,390	19.713%	27,275.390	138,362,390	19.713%	1,000,000	197,132.36	197,130.09	197,855.00	722.64	724.91	-	(1,595.60)		X
204	FY2007	6/30/2007	43,210.453	197,205,681	21.911%	43,089,138	199,558,864	22.258%	3,600,000	788,805.08	801,302.99	788,805.00	(0.08)	(12,497.99)	(0.98)	(55,483.86)		X
204	FY2007	1/31/2007	40,046.346	184,912,943	21.657%	40,046.347	184,968,427	21.650%	1,000,000	216,568.65	216,503.69	344,568.00	124,999.35	125,064.31	#VALUE!	(5,483.86)		X
204	FY2007	7/31/2006	no data	no data	no data	no data	no data	#VALUE!	452,165.00	452,165.00	#VALUE!	452,165.00	#VALUE!	#VALUE!	#VALUE!	#VALUE!		X
204	FY2006	4/30/2006	39,818.907	156,817,335	25.392%	39,818.907	156,816,156	25.382%	750,000	190,439.28	190,367.88	190,440.00	0.72	72.12	(0.43)	(58,820.84)		X
204	FY2006	10/31/2005	36,769.528	129,551,760	28.382%	37,134,400	132,199,591	28.091%	700,000	198,674.80	196,636.55	198,675.00	0.20	2,038.45	(964,871.41)	(2,641,771.42)		X
204	FY2005	6/30/2005	29,374.456	119,618,372	24.557%	51,732,424	179,598,300	28.805%	2,400,000	589,369.48	691,308.43	774,496.55	185,133.12	83,188.12	(22,357,968.39)	(59,979,927.55)		X
204	FY2005	1/31/2005	38,665.241	139,691,395	27.679%	35,440,017	136,977,374	25.873%	750,000	207,592.82	194,046.74	#VALUE!	8.18	13,554.26	3,225,224.08	2,714,021.10		X
204	FY2004	6/30/2004	55,790.719	189,913,896	29.345%	55,186,374	189,371,657	29.143%	3,000,000	880,357.22	874,286.70	880,357.00	(0.22)	5,070.30	542,345.31	542,339.12		X
204	FY2004	1/31/2004	39,644,793	169,588,986	23.377%	39,644,793	169,602,406	23.375%	1,000,000	293,769.85	293,769.85	293,769.00	(0.85)	17.64	-	(13,419.96)		X
204	FY2003	6/30/2003	36,369.638	162,899,243	22.326%	36,370,128	162,884,741	22.329%	3,750,000	837,242.10	837,328.15	837,242.00	(0.10)	(86.15)	(489.73)	14,502.20		X
204	FY2003	1/31/2003	30,775.601	146,921,991	20.666%	30,775,601	148,921,831	20.666%	650,000	134,326.45	134,326.45	134,327.00	0.64	0.55	-	100.01		X
204	FY2002	6/30/2002	40,764,068	171,514,746	23.767%	37,891,080	166,457,618	22.769%	6,350,000	1,509,210.96	1,445,463.17	1,509,210.00	(0.36)	63,746.83	2,872,988.47	5,057,128.41		X
204	FY2002	1/31/2002	31,682.612	149,158,899	21.241%	31,682,612	149,025,185	21.260%	500,000	106,204.24	106,299.52	106,204.00	(0.24)	(95.52)	-	133,708.03		X
204	FY2001	6/30/2001	37,501,662	160,223,912	23.406%	37,501,662	160,223,993	23.406%	3,800,000	889,419.78	889,419.66	889,420.00	0.22	0.34	-	(21.08)		X
204	FY2001	1/31/2001	33,674,900	155,091,090	21.721%	33,674,900	155,031,058	21.721%	1,500,000	325,820.90	325,820.85	325,821.00	0.10	0.15	-	(27.55)		X
204	FY2000	6/30/2000	39,255,271	169,505,904	23.159%	39,255,271	169,505,904	23.159%	3,000,000	694,759.35	694,759.35	694,759.00	2,489.65	2,489.65	-	0.04		X
204	FY2000	1/31/2000	33,484,128	147,749,785	22.629%	33,434,128	147,749,785	22.629%	1,500,000	399,433.26	399,433.26	399,433.00	(0.26)	(0.26)	(0.01)	0.02		X
204	FY1999	6/30/1999	36,945,517	156,916,691	23.545%	36,580,814	156,917,191	22.745%	2,875,000	676,909.27	659,918.74	676,909.00	(0.27)	22,990.26	1,354,702.82	(499.97)		X

Lyons Township School Treasurer Analysis
 Quarterly Interest Allocation Analysis SD#204
 Fiscal Year 2012-2000
 Lyons Township Trustees of Schools
 Interest Allocation
 Compare System Reports to GL and RH calculations

3/30/2017 11:32

District	Fiscal Year	Date	204 FB per RH	Total Avg FB	Percent	Income	Calculated Interest Allocation	Allocation per TTO GL	Difference	if Then <	if then >	Comments
204	FY2012	6/30/2012	48,277,595	240,031,526	20.113%	1,750,000	351,977.89	336,977.00	(15,000.89)	1	FALSE	
204	FY2012	1/31/2012	36,050,979	196,957,796	18.304%	750,000	137,279.33	137,279.00	(0.33)	1	FALSE	
204	FY2011	6/30/2011	48,216,829	252,109,900	19.125%	4,000,000	765,012.86	565,012.00	(200,000.86)	1	FALSE	
204	FY2011	1/31/2011	24,795,502	160,926,622	15.408%	500,000	77,039.78	77,040.00	0.22	1	FALSE	
204	FY2010	6/30/2010	50,973,820	255,890,334	19.920%	1,750,000	348,603.18	348,602.00	(1.18)	1	FALSE	
204	FY2010	1/31/2010	28,887,593	144,200,754	20.033%	750,000	150,246.75	150,247.00	0.25	1	FALSE	
204	FY2009	6/30/2009	42,768,413	199,101,607	21.481%	1,800,000	386,652.55	633,364.00	246,711.45	1	FALSE	
204	FY2009	1/31/2009	34,416,572	171,141,749	20.110%	750,000	150,824.85	150,846.00	21.15	1	FALSE	
204	FY2008	6/30/2008	44,020,982	202,691,919	21.718%	2,877,000	624,831.84	624,831.00	(0.84)	1	FALSE	
204	FY2008	1/31/2008	27,275,390	138,360,794	19.713%	1,000,000	197,132.36	197,855.00	722.64	1	FALSE	
204	FY2007	6/30/2007	43,210,453	197,206,681	21.911%	3,600,000	788,805.08	788,805.00	(0.08)	1	FALSE	
204	FY2007	1/31/2007	40,046,346	184,912,943	21.657%	1,000,000	216,568.65	341,568.00	124,999.35	1	FALSE	
204	FY2006	4/30/2006	39,818,907	156,817,335	25.392%	750,000	190,439.28	190,440.00	0.72	1	FALSE	
204	FY2006	10/31/2005	36,769,528	129,551,760	28.382%	700,000	198,674.80	198,675.00	0.20	1	FALSE	
204	FY2005	6/30/2005	29,374,456	119,618,372	24.557%	2,400,000	589,363.43	774,496.55	185,133.12	1	FALSE	
204	FY2005	1/31/2005	38,665,241	139,691,395	27.679%	750,000	207,592.82	213,805.00	6,212.18	1	FALSE	
204	FY2004	6/30/2004	55,730,719	189,913,996	29.345%	3,000,000	880,357.22	880,357.00	(0.22)	1	FALSE	

