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DOROTHY BROWN
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EXHIBIT 17

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 PRESENT:
2 MILLER, CANFIELD, PADDOCK and STONE, PLC,
3 by
4 MR. BARRY P. KALTENBACH
5 225 West Washington Street, Suite 2600
6 Chicago, Illinois 60606
7 (312) 460-4251
8 kaltenbach@millercanfield.com
9 Appeared on behalf of 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 Appeared on behalf of the Defendant.
18
19 ALSO PRESENT:
20 MR. RANDALL D. WILSON.
21
22
23
24

I N D E X

1
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 (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.

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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

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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?

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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

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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.

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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

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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.

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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

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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

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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

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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

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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

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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

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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.

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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

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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

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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?

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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.

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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

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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.

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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

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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

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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

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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.

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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.

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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

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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

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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.

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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.)

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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

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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?

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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

Page 120

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?

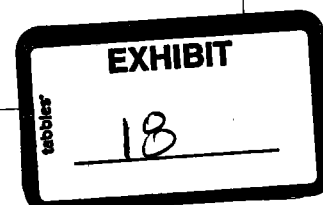
EXHIBIT 18

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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 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.



<p>Page 2</p> <p>1 PRESENT:</p> <p>2</p> <p>3 MILLER CANFIELD PADDOCK & STONE, PLC</p> <p>4 MR. BARRY P. KALTENBACH</p> <p>5 225 West Washington Street</p> <p>6 Suite 2600</p> <p>7 Chicago, Illinois 60606</p> <p>8 (312) 460-4200</p> <p>9 Appeared on behalf of Plaintiffs.</p> <p>10</p> <p>11 HOFFMAN LEGAL</p> <p>12 MR. JAY R. HOFFMAN</p> <p>13 20 North Clark Street</p> <p>14 Suite 2500</p> <p>15 Chicago, Illinois 60606</p> <p>16 (312) 899-0899</p> <p>17 jay@hoffmanlegal.com</p> <p>18 Appeared on behalf of Defendants.</p> <p>19</p> <p>20 ALSO PRESENT:</p> <p>21 MR. JAMES P. MARTIN,</p> <p>22 CENDROWSKI CORPORATE ADVISORS</p> <p>23</p> <p>24 REPORTED BY: JO ANN LOSOYA</p> <p>LICENSE #: 084-002437</p>	<p>Page 4</p> <p>1 (Witness sworn.)</p> <p>2 WHEREUPON:</p> <p>3 MARTIN TERPSTRA,</p> <p>4 called as a witness herein, having been first duly</p> <p>5 sworn, was examined and testified as follows:</p> <p>6 EXAMINATION</p> <p>7 BY MR. KALTENBACH:</p> <p>8 Q. Could you please state your name for the</p> <p>9 record, sir?</p> <p>10 A. Martin Terpstra, T-E-R-P-S-T-R-A.</p> <p>11 Q. Mr. Terpstra, I take it you have been</p> <p>12 deposed before?</p> <p>13 A. Yes.</p> <p>14 Q. I'm not going to cover all the rules</p> <p>15 then. If at any time you need a break, and I know</p> <p>16 you're kind of losing your voice a little bit,</p> <p>17 please let us know. We will be happy to take a</p> <p>18 break. Just answer the question that is pending</p> <p>19 before we take a break. Is that okay?</p> <p>20 A. Absolutely.</p> <p>21 (Document marked as Deposition</p> <p>22 Exhibit No. 1.)</p> <p>23 BY MR. KALTENBACH:</p> <p>24 Q. I'm handing you what is marked Exhibit 1</p>
<p>Page 3</p> <p>1 EXAMINATION</p> <p>2 Witness Page Line</p> <p>3 ALBERT KUNICKIS</p> <p>4 By Mr. Kaltenbach 4 7</p> <p>5</p> <p>6 *****</p> <p>7 EXHIBITS</p> <p>8 Deposition Exhibit Page Line</p> <p>9 Exhibit No. 1..... 4 22</p> <p>10 Exhibit No. 2..... 8 22</p> <p>11 Exhibit No. 3..... 13 7</p> <p>12 Exhibit No. 4..... 18 2</p> <p>13 Exhibit No. 5..... 54 13</p> <p>14 Exhibit No. 6..... 77 3</p> <p>15 Exhibit No. 7..... 110 19</p> <p>16</p> <p>17 ***ORIGINAL EXHIBITS RETAINED BY COUNSEL***</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p>Page 5</p> <p>1 which is a document that Mr. Hoffman emailed to me,</p> <p>2 I don't know, maybe a week or two ago. Is this the</p> <p>3 engagement agreement between your company, and</p> <p>4 Mr. Hoffman's law firm regarding your expert</p> <p>5 services in this litigation?</p> <p>6 A. Yes.</p> <p>7 Q. Is this the entire agreement?</p> <p>8 A. Yes.</p> <p>9 Q. What was your assignment, sir, when you</p> <p>10 were hired?</p> <p>11 A. My assignment was to review and evaluate</p> <p>12 documents that were provided to us. We were going</p> <p>13 to try to see if we could determine certain amounts</p> <p>14 of interest, paid and allocated, and then the</p> <p>15 understanding was that at a certain point in time we</p> <p>16 would be responding to an opposing expert report.</p> <p>17 Q. Are you familiar with Cendrowski</p> <p>18 Corporate Advisors?</p> <p>19 A. Yes.</p> <p>20 Q. Do you have an opinion as to the quality</p> <p>21 of work product of that firm does?</p> <p>22 A. I have no opinions.</p> <p>23 Q. You don't know anything bad about them?</p> <p>24 A. No.</p>

<p style="text-align: right;">Page 30</p> <p>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</p>	<p style="text-align: right;">Page 32</p> <p>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.</p>
<p style="text-align: right;">Page 31</p> <p>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</p>	<p style="text-align: right;">Page 33</p> <p>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</p>

<p style="text-align: right;">Page 34</p> <p>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 its 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.</p>	<p style="text-align: right;">Page 36</p> <p>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</p>
<p style="text-align: right;">Page 35</p> <p>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</p>	<p style="text-align: right;">Page 37</p> <p>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</p>

10 (Pages 34 - 37)

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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.

Page 40

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.

Page 41

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

11 (Pages 38 - 41)

<p style="text-align: right;">Page 42</p> <p>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</p>	<p style="text-align: right;">Page 44</p> <p>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</p>
<p style="text-align: right;">Page 43</p> <p>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,</p>	<p style="text-align: right;">Page 45</p> <p>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?</p>

12 (Pages 42 - 45)

<p style="text-align: right;">Page 46</p> <p>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</p>	<p style="text-align: right;">Page 48</p> <p>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</p>
<p style="text-align: right;">Page 47</p> <p>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</p>	<p style="text-align: right;">Page 49</p> <p>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?</p>

EXHIBIT 19

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

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

Plaintiff

vs.

LYONS TOWNSHIP HIGH SCHOOL
DISTRICT NO. 204,

Defendant

No. 13 CH 23386

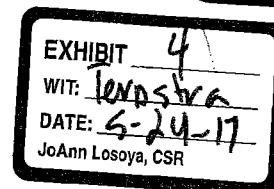
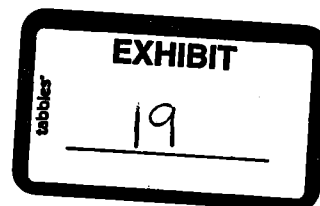
Judge Sophia H. Hall

Calendar 14

**EXPERT REPORT
OF
MARTIN W. TERPSTRA, CPA, CFE**

**PLANTE & MORAN, PLLC
10 South Riverside Plaza, Suite 900
Chicago, Illinois 60606**

May 4, 2017



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.

- 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:

- 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
- 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.

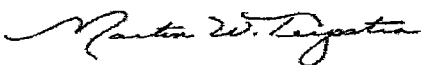
⁷³ Deposition of Dr. Susan Birkenmaier at page 188.

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

Exhibit A

{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

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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**

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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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**Board of Trustees
Lyons Township School Treasurer****Page two**

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	<u>\$ (3,524,267)</u>	<u>\$ 74,196</u>	<u>\$ 146,924,360</u>	<u>\$ 143,474,289</u>
<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)	<u>(3,524,267)</u>	<u>74,196</u>	<u>-</u>	<u>(3,450,071)</u>
Total Liabilities and Fund Balance	<u>\$ (3,524,267)</u>	<u>\$ 74,196</u>	<u>\$ 146,924,360</u>	<u>\$ 143,474,289</u>

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

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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 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.

Exhibit C-1

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

**TOTAL
GENERAL**

ASSETS

Cash and investments \$ (3,524,267)

Total Assets \$ (3,524,267)

FUND BALANCE

Fund Balance (deficit) \$ (3,524,267)

Total Fund Balance \$ (3,524,267)

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
<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	 \$ (83,050)	 \$ 157,246	 \$ 74,196
<u>FUND BALANCE</u>			
Fund Balance (Deficit)	(83,050)	157,246	74,196
 Total Fund Balance (Deficit)	 \$ (83,050)	 \$ 157,246	 \$ 74,196

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	#69	#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	9,667	76,876
Receivables (net of allowance for uncollectibles)								
Property taxes	80,123,739	1,750,342	3,576,658	10,055,517	5,869,634	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	303,146	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	\$ 238,487,323	\$ 5,973,730	\$ 11,132,745	\$ 41,199,402	\$ 8,273,968	\$ 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	\$ 24,559	\$ 13,648	\$ 3,459	\$ 6,091
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	127,684	-	-	127,684	-	-	-	-
Total Liabilities	92,974,474	1,809,030	4,085,100	12,132,506	5,823,893	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	6,451,545	12,949,301
Total Liabilities and Fund Balance	\$ 238,487,323	\$ 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	28,349	60,351	977,243	242,859	-	-	3,500	-
3,846,082	1,035,601	5,703,838	21,319,768	10,557,446	-	-	-	-
45,594	5,880	50,159	295,419	92,303	-	-	-	-
100,468	231,223	391,630	312,127	258,072	-	-	1,065,151	-
22,931	1,862	-	801,835	190,513	-	-	284,857	-
-	-	-	-	-	10,798	116,885	-	-
\$ 9,499,789	\$ 3,239,075	\$ 23,341,677	\$ 52,665,898	\$ 35,855,748	\$ 10,798	\$ 116,885	\$ 4,851,867	\$ (3,450,071)
\$ 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	-
-	-	1,045,286	114,068	28,229	-	-	-	-
-	1,640	-	109,288	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	-
-	-	-	-	-	-	-	-	-
4,045,440	1,132,541	8,391,696	23,607,204	11,501,304	-	-	1,029,101	-
5,454,349	2,108,534	14,949,981	28,858,694	24,354,444	10,798	116,885	3,822,766	(3,450,071)
\$ 9,499,789	\$ 3,239,075	\$ 23,341,677	\$ 52,665,898	\$ 35,855,748	\$ 10,798	\$ 116,885	\$ 4,851,867	\$ (3,450,071)

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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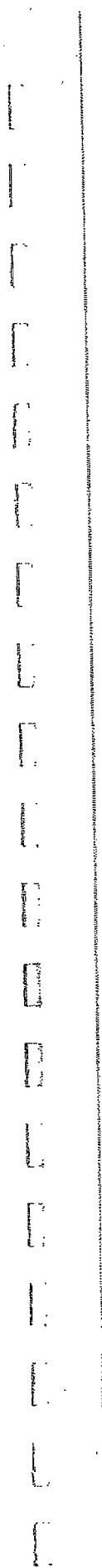
LYONS TOWNSHIP SCHOOL TREASURER

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JUNE 30, 2003

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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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Board of Trustees
Lyons Township School Treasurer

Page two

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

	ACCOUNT GROUP		TOTAL	
	GENERAL FUND	FIDUCIARY FUND TYPE AGENCY FUND	GENERAL LONG-TERM DEBT	(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	<u>\$ 1,452,598</u>	<u>\$ 142,431,568</u>	<u>\$ 24,208</u>	<u>\$ 143,908,374</u>
<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	<u>1,547,047</u>	<u>142,431,568</u>	<u>24,208</u>	<u>144,002,823</u>
<u>Fund Balance</u>				
Fund Balance (Deficit)	<u>(94,449)</u>	<u>-</u>	<u>-</u>	<u>(94,449)</u>
Total Liabilities and Fund Balance	<u>\$ 1,452,598</u>	<u>\$ 142,431,568</u>	<u>\$ 24,208</u>	<u>\$ 143,908,374</u>

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
<hr/>	
<u>RECEIPTS</u>	
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>
 <u>EXPENDITURES</u>	
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 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	\$ 24,289	\$ 12,594	\$ 12,675	\$ 24,208
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.

B. 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	\$ 5,998,823	\$ 27,584,631	\$ 1,658,247	\$ 6,295,180	\$ 5,604,088	\$ 12,191,834	\$ 5,538,256
Cash and Investments held by District	1,457,104	25,110	96,594	143,523	68,645	51,121	12,145	56,804	22,295
Receivables (net of allowance for uncollectibles)									
Property taxes	81,689,089	1,755,150	5,339,213	10,176,065	5,762,535	4,995,399	5,253,694	4,691,644	3,948,045
Replacement taxes	1,017,198	16,713	104,736	-	204,345	77,041	111,687	6,133	39,222
Intergovernmental	5,134,154	37,076	99,282	615,372	480,805	378,625	117,894	146,625	104,711
Tuition	166,181	-	-	-	-	-	-	-	-
Interest	607,256	-	-	182,089	-	-	-	-	-
Other Current Assets	1,626,139	7,316	-	18,252	110,379	89,752	-	-	30,561
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	\$ 11,089,498	\$ 17,093,040	\$ 9,581,133
LIABILITIES AND FUND BALANCE									
Liabilities:									
Payroll Deductions Payable	\$ 52,031	\$ 8,309	\$ (1,288)	\$ 9,689	\$ 17,703	\$ 4,021	\$ 544	\$ 21,552	\$ -
Due to Activity Fund Organizations	1,648,498	20,110	81,594	136,114	60,645	41,121	6,145	48,304	19,097
Accounts Payable	5,470,609	19,326	85,477	2,217,394	110,748	149,511	336,688	505,161	201,361
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	21,401
Due to Joint Agreements	-	-	-	-	-	-	-	-	-
Total Liabilities	93,595,550	1,736,250	5,650,519	12,773,338	6,092,439	5,326,772	5,621,688	5,280,405	4,089,833
Fund Balance:									
Total Fund Balance	141,741,637	4,956,289	5,986,129	25,946,594	2,203,617	6,560,346	5,467,809	11,812,635	5,491,299
Total Liabilities and Fund Balance	\$ 235,337,187	\$ 6,692,539	\$ 11,636,648	\$ 38,719,932	\$ 8,296,056	\$ 11,887,118	\$ 11,089,498	\$ 17,093,040	\$ 9,581,133

Schedule 1

#108	#109	#204	#217	HEADSTART	BASE	WEST 40	LADSE	INSURANCE ACCOUNTS	TREASURER'S OFFICE
\$ 1,920,358	\$ 16,512,529	\$ 29,397,865	\$ 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	22,065,384	10,804,787	-	-	-	-	-	-
6,046	51,674	304,778	94,806	-	-	-	-	-	-
67,698	496,742	267,101	239,842	-	-	-	1,063,375	-	1,008,900
-	-	-	-	-	-	-	169,181	-	-
-	-	-	-	-	-	-	-	-	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	66,736	853,917	178,848	-	-	-	-	-	-
21,228	498,084	312,066	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	-	-	-	98,236	-	1,154,675
-	204,862	804,757	-	-	-	-	365,135	-	18,279
-	-	-	-	-	-	-	-	-	-
<u>1,258,661</u>	<u>7,532,250</u>	<u>24,500,497</u>	<u>11,336,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198,163</u>	<u>-</u>	<u>1,190,666</u>
<u>1,979,449</u>	<u>15,497,604</u>	<u>28,972,803</u>	<u>21,653,326</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>\$ 1,452,598</u>

Table 1

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	\$ 188,459	\$ 168,022	\$ 356,481
<u>ACCOUNT BALANCE</u>			
Account Balance	188,459	168,022	356,481
Total Liabilities and Account Balance	\$ 188,459	\$ 168,022	\$ 356,481

Table 2

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>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>\$ 950,000.00 Interest</u>
101	2,679,457	2.75%	26,170
102	12,351,698	12.70%	120,637
103	9,698,916	9.97%	94,728
104	4,475,398	4.60%	43,711
105	4,469,463	4.60%	43,653
106	6,381,225	6.56%	62,325
107	5,608,123	5.77%	54,774
108	620,722	0.64%	6,063
109	7,958,944	8.18%	77,734
204	26,166,713	26.90%	255,567
204.5	2,625,262	2.70%	25,641
217	12,675,799	13.03%	123,803
995	48,484	0.05%	474
999	1,102,996	1.13%	10,773
69	404,482	0.42%	3,951
Total	97,267,682	100.00%	950,000

<u>Adjusted Calculation Due to Fund Balance Error for District 107</u>				
<u>Adjusted Average Fund Bal.</u>	<u>Revised Percentage</u>	<u>Over/ (Under)</u>	<u>\$ 950,000.00 Revised Interest</u>	<u>Diff</u>
2,679,457	2.76%	0.01%	26,260	(90)
12,351,698	12.74%	0.04%	121,052	(415)
9,698,916	10.01%	0.03%	95,054	(326)
4,475,398	4.62%	0.02%	43,861	(150)
4,469,463	4.61%	0.02%	43,803	(150)
6,381,225	6.58%	0.02%	62,539	(214)
5,274,790	5.44%	-0.32%	51,695	3,078
620,722	0.64%	0.00%	6,083	(21)
7,958,944	8.21%	0.03%	78,001	(267)
26,166,713	26.99%	0.09%	256,445	(879)
2,625,262	2.71%	0.01%	25,729	(88)
12,675,799	13.08%	0.04%	124,229	(426)
48,484	0.05%		475	(2)
1,102,996	1.14%	0.00%	10,810	(37)
404,482	0.42%	0.00%	3,964	(14)
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>Calc</u>		<u>Per Healy</u>	<u>Diff</u>
			<u>Interest</u>			
			\$ 3,750,000.00			
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

Calculation per Robert Healy			
	Average		\$ 4,000,000.00
District	Fund Bal.	Percentage	Interest
101	9,841,500	6.39%	255,781
102	16,223,356	10.54%	421,646
103	13,037,374	8.47%	338,842
104	10,856,069	7.05%	282,150
105	7,858,402	5.11%	204,240
106	7,352,082	4.78%	191,081
107	7,366,529	4.79%	191,456
108	1,845,935	1.20%	47,976
109	9,265,101	6.02%	240,800
204	38,626,585	25.10%	1,003,907
204.5	4,996,009	3.25%	129,846
217	23,566,550	15.31%	612,496
995	78,528	0.05%	2,041
999	2,056,480	1.34%	53,448
69	934,588	0.61%	24,290
Total	153,905,087	100.00%	4,000,000

Adjusted Healy Calculation Due to Fund Balance Error for District 106			
	Adjusted		\$ 4,000,000.00
	Average	Over/	Revised
	Fund Bal.	(Under)	Interest
	9,841,500	-0.01%	255,245
	16,223,356	-0.02%	420,763
	13,037,374	-0.02%	338,132
	10,856,069	-0.01%	281,559
	7,858,402	-0.01%	203,812
	7,675,085	4.98%	199,058
	7,366,529	4.78%	191,055
	1,845,935	1.20%	47,875
	9,265,101	6.01%	240,296
	38,626,585	25.05%	1,001,804
	4,996,009	3.24%	129,575
	23,566,550	15.28%	611,213
	78,528	0.05%	2,037
	2,056,480	1.33%	53,336
	934,588	0.61%	24,239
	154,228,090	100.00%	4,000,000

Diff
536
883
710
591
428
(7,977)
401
100
504
2,103
272
1,283
4
112
51

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

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	\$ 2,400,000.00		<u>Per Heavly</u>	<u>Diff</u>
			<u>Calc</u>	<u>Interest</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>Healy Interest</u>	<u>Diff</u>
			<u>Calc</u>	<u>Interest</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>Healy Interest</u>	<u>Diff</u>
			<u>Calc Interest</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

67504 ColorPrint®

	1	2	3	4
1				
2	101	1018976273	.06	68168
3	102	2183934472	.12	144898
4				
5	103	1140881972	.16	25625
6				
7	104	1018075926	.06	67187
8				
9	105	900604965	.05	58099
10				
11	106	1108583493	.065	75422
12				
13	106.5	35758038	.005	1654
14				
15	107	943189579	.05	61194
16				
17	108	358187578	.02	24220
18				
19	109	1538307358	.05	96000
20				
21	204	785627684	.21	292000
22				
23	204.5	785274214	.04	48000
24				
25	217	4493911733	.16	192000
26				
27	999	272187281	.02	27329
28				
29				
30				
31		15101205930	.10	124000
32				
33				
34				
35				
36				
37				
38				
39				
40				

Produced - 5/22/2015

Exhibit K

Lyons Township Matter
PM Analysis
June 2009

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	1,800,000		<u>Healy Interest</u>	<u>Diff</u>
			<u>Calc</u>	<u>Interest</u>		
101	10,705,239	5.38%	96,782	96,781	(1)	(1)
102	22,162,346	11.13%	200,361	200,361	(0)	(0)
103	13,821,523	6.94%	124,955	124,955	(0)	(0)
104	9,854,600	4.95%	89,092	89,092	0	0
105	12,910,090	6.48%	116,715	116,715	(0)	(0)
106	12,313,829	6.18%	111,325	111,325	0	0
107	11,158,088	5.60%	100,876	100,875	(1)	(1)
108	4,466,966	2.24%	40,384	40,384	(0)	(0)
109	17,405,447	8.74%	157,356	202,558	45,202	45,202
204	42,768,413	21.48%	386,653	633,364	246,711	246,711
204.5	5,369,253	2.70%	48,541	48,541	(0)	(0)
217	32,904,959	16.53%	297,481	297,480	(1)	(1)
999	2,925,220	1.47%	26,446	35,372	8,926	8,926
106.5	335,634	0.17%	3,034	3,034	(0)	(0)
Total	199,101,607	100.00%	1,800,000	2,100,837	300,837	300,837

JUNE 2009

	Initials	Date
Prepared By		
Approved By		

67594. *Commynkëris* 6.

[illegible]

Produced – 5/22/2015

Exhibit L

Lyons Township Matter
PM Analysis
June 2012

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	1,750,000.00		
			<u>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 L

QDI - June 2012 - for months
Quarterly Distribution of Interest April May June 2012.pdf
JUNE 2012

FOR THE MONTHS OF APRIL MAY & JUNE 2012

WILSON JONES

GREEN

Prepared By	Initials	Date
Approved By		

1/2

DISTRICT			
101	12,453,241	90,107	✓
102	24,679,562	179,931	✓
103	19,659,079	143,721	✓
104	11,188,602	81,135	✓
105	16,081,388	117,244	✓
106	11,581,710	84,482	
106.5	6,575	455	✓
106.7	4,006,87	29,58	✓
107	14,918,149	108,786	✓
108	6,125,646	44,660	✓
109	27,484,263	170,719	✓
204	48,677,595	386,977	15
204.5	7,730,489	56,960	24 ✓
217	46,909,720	298,217	
999	2,591,670	85,28	30
	2,400,915.66	17,500.00	
1st	209,511,794	900,000	109,364.93
2nd	146,959,746	250,000	
3rd	115,346,103	750,000	
4th	340,171,526	1,750,000	
		2,050,000	
Net	218,035,660		192

Produced - 5/22/2015

Exhibit M

Lyons Township Matter
PM Analysis
December 1997

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>\$ 2,250,000.00 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

QDI - Dec 1997 - Average.
pdf

Insurance Distribution
John G. Jones, Jr.

Prepared By	Initials	Date
Approved By		

D WILSON-JONES COMPANY 6710A DUE 6710A GREEN

		1	2	3	4	5
		Av. Dec	Quarterly	M. F. C. Value		
			INT.	ARS		
101		789253860	119202	4174	123376	
102		148018328	273554	8868	282422	
103		201767316	190566	7872	198438	
104		962710839	145399	60527	205926	
105		686158009	103736	4132	107928	
106		805201405	121610	2473	124083	
107		606170748	91551	3524	95075	
108		126776044	25188	523	25751	
109		1196004611	180936	< 6098 >	174898	
204		4093076802	618152	< 101830 >	576352	
204.5		336447271	50890	2673	53563	
217		2141014104	324432	11394	335826	
995		6722977	1015	36	1051	
999		157925661	23822	816	24688	
69		19808850	29917	87600	30793	
			225000.00	-		
		148 87594125				
		< 693, 023.51 >				
		25 3,000,000				

Produced - 7/15/2015

Exhibit N

Lyons Township Matter
PM Analysis
April 2007

<u>District</u>	<u>Average</u> <u>Fund Bal.</u>	<u>Percentage</u>	<u>Calc</u> <u>Interest</u>	<u>Per</u> <u>Healy</u>	<u>Diff</u>
			\$ 1,500,000.00		
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 - 6 months Jan Feb March
 2007.pdf 11

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%	73,161.35 ✓
104	\$2,787,321.18	1.68%	25,262.29 ✓
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	\$13,703,660.13	8.28%	124,201.99 ✓
204.5	\$35,317,252.45	21.34%	320,090.32 ✓ 125,000.00 ✗
204.5	\$6,845,515.22	4.14%	62,042.85 ✓
217	\$23,780,133.34	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

✗ 9/8 86,701.26

✗ ✗ subject of 6-70-67

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</u> <u>Fund Bal.</u>	<u>Percentage</u>	\$ 1,000,000.00 <u>Calc</u> <u>Interest</u>	<u>Per</u> <u>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

QDI - JAN 2007 - for months Oct Nov

LYONS TOWNSHIP SCHOOL DISTRICT
MONTHLY DISTRIBUTION OF INTEREST
JAN. 2007

Doc 3006.pdf

Prepared By	Initials	Date
Approved By		

© WILSON JONES

07204 ColumnWidth 9

	1	2	3	4
1				
2	101	1065834	57680	
3				
4	102	24620478	193145	
5				
6	103	15344655	82983	
7				
8	104	3807121	20388	
9				
10	105	6884632	37231	
11				
12	106	10514655	67667	
13				
14	107	16599196	89698	
15				
16	108	3308453	17891	
17				
18	109	16278159	88037	
19				
20	204	40046296	216568	
21				
22	204.5	3933180	21378	
23				
24	217	89358909	158772	
25				
26	106.5	508148	2748	
27				
28	999	1045382	5670	
29				
30	TOTAL	184912993	1000000	
31				
32				
33				
34				
35		216568		
36		184912993		
37		391368		
38				
39				
40				

Produced - 5/22/2015

Exhibit P

Lyons Township Matter
PM Analysis
October 2006

<u>District</u>	<u>Average Fund Bal.</u>	<u>Percentage</u>	<u>Calc Interest</u>	<u>Per Healy</u>	<u>Diff</u>
			\$ 1,000,000.00		
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

QPT - Oct 2000 - for months July Aug
 2405 Township Schol. (Columbian Sept 2000.pdf
 Quarterly Dist. of Int.
 Oct, 2000

Prepared By	Initials	Date
Approved By		

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Q7504 ColumnWide 6

	1	2	3	4
101	11035407	62342		
102	23443580	192438		
103	15171076	75705		
104	3788019	21366		
105	5778082	32641		
106	10761147	60782		
106.5	478210	2700		
107	16684887	94257		
108	3042556	17188		
109	16157230	91217		
204	17552750	212105		
204.5	3592329	20294		
217	18656553	161888		
999	1884198	5001		
TOTAL	11013884	1000000		
204 1257				
213145				
737145				

Not to be adjusted e
 C. V. for longer
 at present.

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>Diff</u>
			<u>Calc Interest</u>	<u>Healy Interest</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

111

Prepared By	Initials	Date
Approved By		

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67504 Columns 10

DISTRICT	ANNUAL REVENUE			
101	786364968	558885		
102	1919199243	136323		
103	1094922579	77804		
104	153626287	10918		
105	522804974	37439		
106	1023448567	71125		
107	922446421	45582		
108	293986876	19472		
109	1296253885	92123		
204	2934338175	20588	10000	
204.5	287098438	20463		
217	2569453535	188606.00		
999	210670550	15328		
106.5	67409579	4790		
	14071030075	100000000		

Produced - 5/22/2015

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

Exhibit R

QDT - June 2011.pdf

11/13

Prepared By	Initials	Date
Approved By		

WILSON, JONES

GREEN, GREGG

DISTRICT		APRIL 1/11	APRIL 1/11	
		Avg. Income		
1				
2	101	11205946	1777994	✓
3				
4	102	26450301	419463	
5				
6	103	16320013	258944	005
7				
8	104	13201721	209433	✓
9				
10	105	26866717	426269	
11				
12	106	12051070	191203	
13				
14	107	14395590	228401	
15				
16	108	5284022	13136	✓
17				
18	109	12262047	253211	
19				
20	204	48216889	505012	
21				
22	2045	6747277	99179	
23				
24	217	46501456	797196	
25				
26	999	2676929	42472	
27				
28	106.5	439991	1831	
29			200000	
30		252109900	400000	
31				
32			108	79930 - 100000
33				
34			100000	100000
35	500.000	100000	100000	100000
36	500.000	100000	100000	100000
37	500.000	100000	100000	100000
38		343	306812	200000
39			100000	100000
40			100000	100000

Produced - 5/22/2015

Exhibit S

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

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

102 BFB (Interest)		55
Cash	55	

204 BFB (Interest)	<1,512,451>		2010 adjustment but self-corrected in 2011
Cash		<1,512,451>	

204-5 (LADSC) BFB (Interest)	<8,353>	
Cash		<8,353>

DESCRIPTION:

LO

to

PREPARED

ENTERED

DATE

DATE

Lo Lo

APJ

Balance to
tell what
fine what

Exhibit S

ONE SIDED

REQUEST FOR POSTING ENTRY

LYONS TOWNSHIP SCHOOL TREASURER

DISTRICT # 204 MONTH JUN 6/2011 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

PREPARED [Signature] DATE 6/11
ENTERED _____ DATE _____

ENTERED IN EXCEL
BY: LD
07:10

POSTED
[Signature]

Exhibit S

DATE 10/10/2012

LYONS TOWNSHIP

PAGE NO 1

*** DETAIL STATEMENT OF FUND ACCOUNTS ***

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					
6/30/2011	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

PAGE NO 2

DATE 10/10/2012

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

	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 *