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DOROTHY BROWN
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EXHIBIT 20

<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES: 2 3 MILLER CANFIELD 4 BY: MR. BARRY P. KALTENBACH 5 225 West Washington Street 6 Suite 2600 7 Chicago, Illinois 60606 8 312.460.4251 9 Kaltенbach@millercanfield.com, 10 11 On behalf of the Plaintiff, 12 13 HOFFMAN LEGAL 14 BY: MR. JAY HOFFMAN 15 20 North Clark Street 16 Suite 2500 17 Chicago, Illinois 60602 18 312.899.0899 19 Jay@hoffmanlegal.com, 20 21 On behalf of the Defendant. 22 23 24</p>	<p style="text-align: right;">Page 4</p> <p>1 2 (Witness was duly 3 sworn.) 4 JAMES MARTIN, 5 called as a witness herein, after having been 6 first duly sworn, was examined and testified as 7 follows: 8 THE WITNESS: Yes. 9 EXAMINATION 10 BY MR. HOFFMAN: 11 Q. Good afternoon, Mr. Martin. My name 12 is Jay Hoffman. I am the attorney for the 13 defendant in this case. The defendant is Lyons 14 Township High School, and if it's okay with 15 you, I'll refer -- we'll refer to that client 16 of mine as either LT or District 204. Fair 17 enough? 18 A. Yes. 19 Q. You are the expert for the Plaintiff 20 in this case, which has a very long name, which 21 some people refer to as the TTO. Is that 22 acceptable to you? 23 A. Yes, sir. 24 Q. Thank you. Tell me how many</p>
<p style="text-align: right;">Page 3</p> <p>1 INDEX 2 WITNESS PAGE 3 JAMES MARTIN 4 Examination by Mr. Hoffman..... 4-180 5 6 ----- 7 8 EXHIBITS 9 DEPOSITION EXHIBIT PAGE 10 Exhibit 1 7 11 Exhibit 2 7 12 Exhibit 3 23 13 Exhibit 4 29 14 Exhibit 5 72 15 Exhibit 6 95 16 Exhibit 7 102 17 Exhibit 8 103 18 Exhibit 9 140 19 Exhibit 10 145 20 Exhibit 11 163 21 (NOT ATTACHED) 22 (Retained by Attorney Hoffman) 23 24</p>	<p style="text-align: right;">Page 5</p> <p>1 depositions you've given, please? 2 A. I'd say probably 10 or 12. 3 Q. You are an old pro. 4 I won't give you a lot of 5 instructions here except to tell you that if I 6 ask a question that you do not understand, 7 please let me know that, so I can ask you a 8 better question. Fair enough? 9 A. Yes. 10 Q. And you need to answer yes or no 11 rather than uh-huh or uh-uh, because those 12 latter two answers sound similar, and it's hard 13 for our court reporter to get that information 14 down. Okay? 15 A. Yes. 16 Q. Sir, where is your -- I see on your 17 business card you have offices listed for 18 Chicago and Bloomfield Hills, Michigan, 19 correct? 20 A. Yes. 21 Q. What is your primary office? 22 A. My personal primary office? 23 Q. Yes, sir. 24 A. Detroit.</p>

2 (Pages 2 to 5)

<p style="text-align: right;">Page 26</p> <p>1 see that?</p> <p>2 A. Yes.</p> <p>3 Q. Do you know why you didn't get audit</p> <p>4 statements for earlier years prior to 2006?</p> <p>5 A. No.</p> <p>6 Q. In the next grouping you've got more</p> <p>7 statements, again these are starting in 2006.</p> <p>8 Do you know what these documents were?</p> <p>9 A. Not offhand. I'd have to go back and</p> <p>10 open the files.</p> <p>11 Q. Were the documents that had to do with</p> <p>12 other districts other than District 204, were</p> <p>13 some of those documents unavailable for</p> <p>14 years -- that were on the earlier end of the</p> <p>15 relevant time period for this case?</p> <p>16 A. I don't understand the question.</p> <p>17 Q. You were given a bunch of documents</p> <p>18 relating to other districts, right?</p> <p>19 A. Yes.</p> <p>20 Q. Were those other district documents</p> <p>21 complete or were they missing some years,</p> <p>22 particularly earlier years? Because that's</p> <p>23 what it looks like here.</p> <p>24 A. In total?</p>	<p style="text-align: right;">Page 28</p> <p>1 Q. What impact did the lack of complete</p> <p>2 documents have on your analysis?</p> <p>3 A. For these documents?</p> <p>4 Q. Or any of the documents we just</p> <p>5 discussed, the documents relating to the other</p> <p>6 districts, the documents relating to</p> <p>7 reconciliations, other things.</p> <p>8 A. Yes. The documents I had were</p> <p>9 sufficient to complete my analysis.</p> <p>10 Q. So you just spot checked the other</p> <p>11 districts' years? How did you do it?</p> <p>12 A. We totalled other districts' years</p> <p>13 from the -- it was the journal entry reports.</p> <p>14 Q. The general ledger reports?</p> <p>15 A. Yes.</p> <p>16 Q. Who is Ken Getty?</p> <p>17 A. I'm sorry?</p> <p>18 Q. Ken Getty. GETTY.</p> <p>19 A. I don't know.</p> <p>20 MR. HOFFMAN: Does he work at your firm?</p> <p>21 MR. KALTENBACH: No.</p> <p>22 BY MR. HOFFMAN:</p> <p>23 Q. Sir, I'm marking Exhibit No. 4, this</p> <p>24 is Plaintiff's Rule 213(F)(3) Expert</p>
<p style="text-align: right;">Page 27</p> <p>1 Q. Yes.</p> <p>2 A. In total we had them all for the</p> <p>3 interest general ledger account.</p> <p>4 Q. I'm not talking about just the general</p> <p>5 ledger accounts. I mean were -- you got other</p> <p>6 documents relating to districts like audit</p> <p>7 reports and other things, yes?</p> <p>8 A. Yes.</p> <p>9 Q. And were some of those documents</p> <p>10 relating to the other districts incomplete for</p> <p>11 the entire time period that is relevant to the</p> <p>12 case?</p> <p>13 A. Yes.</p> <p>14 Q. And describe the level of</p> <p>15 incompleteness of the records pertaining to the</p> <p>16 other districts.</p> <p>17 A. Well, like, for example, here in the</p> <p>18 audits you can see they go back to 2006.</p> <p>19 Q. Right. If you turn the page, you've</p> <p>20 got bank reconciliation packets, right?</p> <p>21 A. Yes.</p> <p>22 Q. And those go back only as far as 1999,</p> <p>23 correct?</p> <p>24 A. Yes.</p>	<p style="text-align: right;">Page 29</p> <p>1 Disclosure-James P. Martin.</p> <p>2 (WHEREUPON, said</p> <p>3 document was marked as</p> <p>4 Martin Deposition</p> <p>5 Exhibit No. 4 for</p> <p>6 Identification.)</p> <p>7 You've seen this document before?</p> <p>8 A. Yes.</p> <p>9 Q. And you worked with Barry Kaltenbach</p> <p>10 and/or people at his firm to prepare this?</p> <p>11 A. Yes.</p> <p>12 Q. And you read this document and it is</p> <p>13 correct and complete, yes?</p> <p>14 A. Yes.</p> <p>15 Q. Let's turn to page two, please. In</p> <p>16 the -- toward the middle of the page it reads,</p> <p>17 "Mr. Martin is expected to testify," and it</p> <p>18 goes on for the remainder of that paragraph,</p> <p>19 the last complete paragraph on page two. Where</p> <p>20 did you get that understanding of how the</p> <p>21 process at the Treasurer's Office worked?</p> <p>22 A. From in terms of pooling investments</p> <p>23 and investing on behalf of the districts?</p> <p>24 Q. Let's do this the hard way. It says</p>

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1 here -- it talks about revenues for the school
2 districts, right? And it makes a statement
3 here, "The treasurer maintained a summary of
4 the investments on a ledger and later an Excel
5 workbook." Do you see that?

6 **A. Yes.**

7 **Q. What is the basis for your**
8 **understanding of that?**

9 **A. Those were the documents we were**
10 **provided.**

11 **Q. And then goes on to talk about, "The**
12 **treasurer maintained a general ledger for each**
13 **district. This tracked each district's fund**
14 **balances, e.g. education, transportation, et**
15 **cetera. This was used to calculate the**
16 **percentage of each district's ownership of the**
17 **fiduciary fund total. This percentage was used**
18 **to calculate the district's share of the**
19 **fiduciary fund as well as to allocate**
20 **investment income. Each quarter the treasurer**
21 **estimated a total investment income amount,**
22 **this amount was typically a round number."**

23 **What is your -- what is the basis**
24 **for that statement? Where did you get the**

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1 **A. Yes.**

2 **Q. Did you ever speak with Bob Healy?**

3 **A. No.**

4 **Q. Did anybody from your firm ever speak**
5 **to Bob Healy?**

6 **A. No.**

7 **Q. Why not?**

8 **A. I don't know.**

9 **Q. What do you mean you don't know?**

10 **Why wouldn't it be important for**
11 **somebody from your firm to at least try to**
12 **reach out to Bob Healy and ask him questions**
13 **about what he did with respect to investment**
14 **income?**

15 **A. We had his deposition transcript and I**
16 **read that.**

17 **Q. Did that answer all the questions that**
18 **you had?**

19 **A. As well as I would expect from another**
20 **conversation with him would be.**

21 **Q. So you thought because of the**
22 **deposition transcript you had for Bob Healy,**
23 **there was no need to ask Bob Healy any further**
24 **questions?**

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1 information to make that statement?

2 **A. That was -- that's the information on**
3 **the Healy notes.**

4 **Q. When you say this amount was typically**
5 **a round number, wasn't it always a round**
6 **number?**

7 **A. It was a round number, I think, almost**
8 **every single time. I can't remember if there**
9 **were two or two where it wasn't a round number.**
10 **Almost always a round number.**

11 **Q. At least almost always, maybe always?**

12 **A. Yes.**

13 **Q. Then it says this calculation -- "The**
14 **treasurer applied the district's ownership**
15 **percentage to the estimated investment income**
16 **to determine the investment income to be**
17 **ascribed to each district." Do you see that**
18 **statement?**

19 **A. Yes.**

20 **Q. Is that what the treasurer did?**

21 **A. That's what's on the Healy notes.**

22 **Q. So you're looking at the Healy notes**
23 **and getting that information from the Healy**
24 **notes, correct?**

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1 **A. Right. Yes.**

2 **Q. And then it states in this disclosure,**
3 **"This calculation of investment income was used**
4 **to create a journal entry input into each**
5 **district general ledger. What is the source of**
6 **that statement?**

7 **A. That's from the 205 reports. Let me**
8 **get the right name of that, if I could, please.**

9 **Q. I know what the general ledger is, but**
10 **that's not what this statement says. I know**
11 **what the general ledger is. You don't need to**
12 **tell me.**

13 **How did you know how the**
14 **information in Healy's notes were then made**
15 **part of the general ledger?**

16 **A. Oh, because you can --**

17 **Q. Who told you that?**

18 **A. No one told me, but you can see the**
19 **entries on the Healy notes as a journal entry**
20 **on the general ledger sheets.**

21 **Q. You also state in this disclosure, "No**
22 **formal reconciliation between the fiduciary**
23 **fund and the district general ledgers appears**
24 **to have been undertaken based on materials**

9 (Pages 30 to 33)

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1 would be connected given that -- does it seem
 2 logical that those two numbers would be
 3 connected given that the numbers are different
 4 and that one relates to interest and one
 5 relates to expenses?
 6 MR. KALTENBACH: Hold on a minute, Jim.
 7 Same objection.
 8 MR. HOFFMAN: Settle down.
 9 MR. KALTENBACH: Jay, don't tell me to
 10 settle down.
 11 MR. HOFFMAN: Don't interrupt people when I
 12 am asking a question. You are objecting before
 13 a question is out of my mouth.
 14 MR. KALTENBACH: Your voice was trailing
 15 off, and I wanted to get the objection out
 16 before the witness answered, which I, generally
 17 speaking, try to do.
 18 BY MR. HOFFMAN:
 19 Q. May I get an answer to my question,
 20 please?
 21 THE WITNESS: Could you read the question,
 22 please.
 23 (Said question was read
 24 back.)

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1 THE WITNESS: I have no idea.
 2 MR. HOFFMAN: Okay. Take a break.
 3 (Recess.)
 4 BY MR. HOFFMAN:
 5 Q. On page four we talked about your
 6 opinion as to an overallocation of
 7 \$1,427,442.04.
 8 A. Okay.
 9 Q. Right?
 10 A. Yes.
 11 Q. And that differs from the amount that
 12 was in Bradshaw's analysis, correct?
 13 A. Yes, it does.
 14 Q. And so I just want it clear on the
 15 record that your -- and -- Barry, you can fill
 16 us in on this, that this amount stated in the
 17 disclosure is the TTO position on damages for
 18 its interest claim in this case?
 19 MR. KALTENBACH: That's correct, and I sent
 20 you an e-mail to that earlier this week
 21 confirming that.
 22 THE WITNESS: Actually, reading this, if I
 23 can make a correction to a prior answer.
 24 BY MR. HOFFMAN:

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1 Q. Sure.
 2 A. Just this last sentence here at the
 3 bottom, I think I misread that the first time
 4 where it said the workbooks. I think I said it
 5 was the Healy notes, but it actually is the
 6 Kelly Bradshaw workbooks.
 7 Q. So your reference was actually to
 8 Bradshaw's workbooks?
 9 A. Right.
 10 Q. So Bradshaw's workbooks captured
 11 information from Healy's notes as well as the
 12 general ledger, right?
 13 A. From Healy's notes and the general
 14 ledger, yes.
 15 Q. And so you didn't go back and trace
 16 the numbers in Bradshaw's report to see whether
 17 she had correctly pulled the numbers from
 18 Healy's notes or the general ledger, right?
 19 A. Oh, no. That's not right. I did
 20 both.
 21 Q. Did you?
 22 A. Yes. Absolutely.
 23 Q. For \$120,000, I would hope you did.
 24 A. Yes.

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1 Q. So why are you saying that you did not
 2 assume that Bradshaw's workbooks were accurate
 3 or inaccurate, what does that mean?
 4 A. Well, I mean she wrote numbers down,
 5 but I would never assume them to be correct or
 6 incorrect. I had to verify -- I did my own
 7 work on that.
 8 Q. You went back and tick and traced it
 9 as they say?
 10 A. Oh, yes. I created a separate sheet
 11 where it actually balanced out the -- all the
 12 interest entries on the general ledgers.
 13 Q. And had Bradshaw made any mistakes
 14 that you found?
 15 A. Well, I don't know if it was mistakes.
 16 She misinterpreted -- she interpreted some of
 17 the entries differently than I did.
 18 Q. And did you speak with Ms. Bradshaw
 19 about that?
 20 A. Yes.
 21 Q. And did she persuade you at any of her
 22 interpretations, or did you decide that your
 23 interpretations which differed from Ms.
 24 Bradshaw's were correct?

1 A. Well, it wasn't intended to be a
2 persuasive thing. I was asking her why she
3 didn't pick up a couple of the entries that
4 were in there.

5 She interpreted them differently
6 than I did, and I didn't change my opinion on
7 that.

8 Q. And these are the three changes that
9 you describe in the middle of page four of the
10 disclosure, yes?

11 A. Exactly.

12 Q. Did you make any assumption as to the
13 correctness or incorrectness of the Healy
14 notes?

15 A. No. Treated those as a business
16 record that were correct at that time.

17 Q. And why would you treat Mr. Healy's
18 notes as being correct given that he's a class
19 X felony who stole more than a million and a
20 half dollars from the districts?

21 A. They were the records that were
22 available from that time.

23 Q. Do you feel that Healy was a
24 trustworthy and reliable professional in light

1 allocated to each district?

2 A. Yes.

3 Q. So whatever amount Healy put in his
4 handwritten notes as to the allocation to each
5 district, is the amount that you believe should
6 have been paid to each district in that
7 quarter?

8 A. Not exactly. It really is the
9 proportion of the entries. It's the proportion
10 of the amounts.

11 Again, as we talked about
12 earlier, it's not that the amounts that are in
13 there equal the actual interest. It's the
14 proportion of the amounts by district.

15 Q. So fair enough.

16 What I'm saying is: In each of
17 Healy's handwritten notes there was -- I
18 understand they weren't all exactly the same,
19 but generally what they have is they have a
20 statement of the fund balances of each
21 district, the amount that he's going to
22 distribute as a total of all of the allocations
23 that he makes amongst the districts, correct?

24 A. Yes.

1 of his criminal record and history of theft?

2 MR. KALTENBACH: Same objection as before,
3 scope and form.

4 THE WITNESS: I wasn't really engaged to
5 opine on Mr. Healy's conduct.

6 BY MR. HOFFMAN:

7 Q. Let's dispense with the it's not
8 within the scope. I'm asking you a question as
9 an accountant and a professional.

10 And the question is: Do you have
11 any concerns relying on Healy's handwritten
12 notes as being what should have been
13 distributed given Healy's history of theft from
14 the funds that the TTO held for the districts?

15 A. No.

16 Q. Doesn't concern you at all?

17 A. No, not relying on the Healy's notes,
18 no.

19 Q. You are relying on the Healy's notes
20 as for what distributions should have been
21 made, right?

22 A. That's correct.

23 Q. Okay. Are you relying on the Healy
24 notes as to what amounts they state should be

1 Q. And in one quarter it may be that he's
2 going to -- he writes down \$10 million for the
3 distribution and then he writes down a specific
4 number for each of the districts in his notes,
5 correct?

6 A. Well, \$10 million would be
7 extraordinarily large. I don't recall any that
8 were quite that large, but that's the way it
9 would work though.

10 Q. Would you feel more comfortable with a
11 number of one million?

12 A. Yes.

13 Q. Terrific.

14 So in any given quarter, if he
15 intended to distribute a million dollars total
16 in interest, he also had specific numbers as to
17 the amount that two go to each district,
18 correct?

19 A. Yes.

20 Q. And did you rely on the specific
21 numbers that Healy set forth in his notes as to
22 the amount that each district should have been
23 allocated in that quarter?

24 A. Yes.

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1 Q. So it wasn't just taking the total of
2 a million dollars for that particular quarter,
3 figuring out a percentage allocation and using
4 that number, you actually used the number that
5 Healy came up with on his sheet, right?
6 A. Yes.
7 Q. Okay. Now, in some of the sheets
8 there were little side calculations where, for
9 one or more of the districts, he did an
10 additional analysis as to interest income. Do
11 you remember seeing those?
12 A. Not specifically, no.
13 Q. I don't need to ask you what you did
14 in that circumstance, do I?
15 MR. KALTENBACH: Objection. Argumentative
16 and form.
17 BY MR. HOFFMAN:
18 Q. You say you don't remember seeing any
19 Healy handwritten notes in which there was a
20 little sidebar or adjacent analysis on finances
21 for one or more of the districts in addition to
22 the straight allocation of a distribution,
23 right?
24 A. Not offhand, no.

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1 Q. So if I ask you what you did when
2 there was a little sidebar like that, what are
3 you going to tell me?
4 MR. KALTENBACH: I'm going to object. I
5 think that -- form of the question.
6 BY MR. HOFFMAN:
7 Q. So you don't remember there being any
8 separate calculation in Healy's notes in any
9 given quarter, therefore you don't remember
10 having to deal with the problem of what do I do
11 when there's a little side calculation set
12 forth?
13 A. Yeah, I'm not familiar with those
14 notes you're describing, so...
15 Q. Did you personally go through all of
16 Healy's notes?
17 A. Yes.
18 Q. And you don't remember seeing in any
19 of them a side calculation relating to one or
20 more districts in addition to the total
21 distribution across the districts that they all
22 have?
23 A. Not as I sit here today, no.
24 Q. Sir, this is one of the documents we

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1 received from your counsel.
2 It's an Excel spreadsheet that we
3 printed out on paper and the title is Other
4 Districts' Comparison, right?
5 A. Yes.
6 (WHEREUPON, said
7 document was marked as
8 Martin Deposition
9 Exhibit No. 5 for
10 Identification.)
11 BY MR. HOFFMAN:
12 Q. Is there a document you created?
13 A. This was created by actually Mike
14 Maloziec, but I'm familiar with what this is
15 and what he did on it.
16 Q. What is it and what did he do?
17 A. He took the general ledger journal
18 entries for interest ascribed to other
19 districts, other than 204, and compared that to
20 the Healy notes.
21 Q. For what periods of time did he
22 perform this analysis?
23 A. Well, he didn't get all the way
24 through with this. As you can see, there's

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1 some that are the -- where they're blank.
2 Basically it is the ones that show the big
3 difference on the right he didn't get to yet.
4 The ones that don't have the full fund balance
5 filled in. But it was really from 2005 through
6 2012.
7 Q. So why wasn't there any comparison
8 done prior to 2005?
9 A. Well, I mean, again, this was
10 to -- this was just to show that the districts
11 weren't also getting ascribed additional funds,
12 but we just started it with 2005 to 2012, just
13 a starting point.
14 Q. Why did you pick 2005?
15 A. 2005 was a breaking point it seemed
16 from the district that looked like there was
17 like a system that was implemented or something
18 because there were two sets of reports, there
19 was a set prior to that and then a set after
20 that.
21 Q. Did you not have this data for 2004
22 and earlier years?
23 A. Yes, we did.
24 Q. So when you say it is a break point,

19 (Pages 70 to 73)

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1 what do you mean by that?

2 A. There was one set of reports would go

3 through 2005 and then 2005 was another set of

4 reports. Either stored in different archive or

5 from a different system or something.

6 Q. And so you for districts -- the very

7 top is an analysis of one particular quarter

8 for all the districts, October 31st, 2011,

9 right?

10 A. Yes.

11 Q. And then you go through and for

12 Districts 101, 102 you run from late 2005

13 through mid 2012, correct?

14 A. Yes.

15 Q. And then for all of the other

16 districts, you do late 2005 through early 2008,

17 correct?

18 A. I'm not following where you are.

19 Q. Turn to the second page, middle.

20 Starting with District 103, that runs -- you

21 got data that runs from 10/1/05 through

22 1/31/08. Do you see that?

23 A. Yes, sir.

24 Q. And then all of the remaining

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1 districts only go through that same time

2 period, just late 2005 through the first month

3 of 2008.

4 A. Yes.

5 Q. And it was your opinion that this was

6 a sufficient sample to prove your point?

7 A. Yes.

8 Q. And let me ask you, why are some of

9 the cells highlighted in yellow?

10 A. Those were things that were on there

11 that we had a question for follow-up on. So,

12 for example, there's an entry, you can see the

13 note over there, you know, just, for example,

14 the first one for District 109, if you look at

15 the GL, there's an entry that says extra. Some

16 of these other ones say interest without being

17 quarterly interest.

18 Q. Let's start with that one. When you

19 say there's something that says extra, what is

20 that?

21 A. If you look at the GL for District 109

22 for 2011, again, each one of those is a 15-page

23 report, but in all the detail in there, there

24 is one entry that says extra.

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1 Q. Well, are districts supposed to be

2 getting extra interest?

3 A. They're not supposed to get interest

4 out of proportion with what the other districts

5 receive.

6 Q. What did you interpret the extra in

7 the general ledger to mean?

8 A. I didn't interpret it. We noted it

9 for follow up.

10 Q. Did you follow up on that?

11 A. Certainly will at the correct time,

12 yes.

13 Q. You're being deposed now, and your

14 expert report was due March 15th. When would

15 the correct time be?

16 A. Well, this would be -- again, the

17 purpose of this analysis was to show that the

18 other districts weren't also getting interest

19 out -- weren't getting additional interest at

20 the time that 204 was.

21 Q. You just told me in the tenth line, or

22 thereabouts, about the tenth row, there's extra

23 interest, according to the general ledger, paid

24 to District 109, right?

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1 A. Well, no, I don't know if that's extra

2 interest paid to them. There's an entry that

3 says extra that I didn't know what it was.

4 Q. Did you attempt to find out?

5 A. Not yet, no.

6 Q. When are you planning on doing that?

7 A. At some point we'll report that to the

8 trustee's office.

9 Q. Why didn't you do it before today so

10 that we could talk about it?

11 A. I don't know.

12 Q. You spent \$120,000 in fees on this.

13 How come there's work that still has to be

14 done?

15 MR. KALTENBACH: I object as argumentative.

16 BY MR. HOFFMAN:

17 Q. You can answer.

18 A. Well, I guess we'd have to report that

19 to the trustee's office.

20 Q. How much extra did -- how much is the

21 amount described as extra, whatever that means,

22 for 109 and -- for District 109 on the

23 10/31/2011 quarter, what's the extra amount?

24 A. I don't know. I'd have to pull that

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1 that are marked interest and things. And I was
2 looking for the ones that said quarterly
3 interest on there. And then evaluating for
4 other large items on there, if there was
5 another large entry, seeing if it was like a
6 transfer, sometimes interest transfer from one
7 fund to another, those would not be included if
8 it was moving it from, oh, I don't know, just
9 for example, working cash education, they would
10 cancel each other out.

11 But it was trying to see which
12 ones would relate back to the Healy report.

13 Q. So you included -- and you never spoke
14 to any of the individuals at the TTO who
15 actually made these journal entries, did you?

16 A. No.

17 Q. So on the very first one here on
18 Bradshaw Exhibit No. 7, we can see there's a
19 quarter and -- there's a series of entries on
20 this first page for the general ledger report.
21 And so tell me which of these you used to put
22 into your summary interest income?

23 A. It should be the quarterly interest,
24 quarterly distribution of interest, quarterly

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1 distribution and the quarterly distribution
2 here.

3 Q. So the four quarterly distributions?

4 A. Yes.

5 Q. So if there are other records of
6 interest that's paid, you did not include that,
7 except you said if it was a large number and
8 you couldn't track it back to something else.
9 What do you mean by that?

10 A. I mean that in some periods if you
11 look at the detail there's a -- you know,
12 there's an interest says interest transfer.
13 Sometimes it was -- and there was also some
14 posting entries and corrections where things
15 would be reversed out that were all washed out.
16 So something washed out against another entry,
17 it was offset by another entry, I guess, it
18 wasn't included.

19 Q. When there is a correction made in one
20 quarter that applied to a prior quarter, did
21 you ever see any instances of that happening in
22 the general ledger?

23 A. I don't recall offhand actually.

24 Q. Well, in keeping with your approach,

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1 what would you have done with an entry in
2 quarter number two that corrected an interest
3 payment attributable to quarter number one?
4 How would that work?

5 A. Well, theoretically it would be on
6 this sheet, if I -- if I picked it up.

7 Q. I don't know what this sheet is.

8 A. If I -- when I was typing the entries
9 on to Martin Exhibit 6, that would just create
10 an out-of-balance between period to period. It
11 would reverse from one period to another.

12 Q. I didn't follow any of that.

13 Let me ask you this question a
14 better way.

15 A. Sure.

16 Q. According to your methodology, and
17 there are instances of this occurring by the
18 way, in quarter number two, if there's a
19 general ledger journal entry that has a
20 correction for quarterly interest paid
21 attributable to quarter number one, did you
22 attribute the correction to quarter number one
23 or quarter number two?

24 A. I don't recall.

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1 Q. In keeping with how this would make
2 sense, would that go to quarter one or quarter
3 two or really doesn't matter in your opinion?

4 A. It really wouldn't matter. If it were
5 not picked up correctly, you would see a
6 difference between -- like the comparison to
7 the Healy number, it would be offset by the
8 opposite number the following quarter.

9 Q. Didn't you try to come up with an
10 accurate record for each quarter?

11 A. Yes.

12 Q. So if there was an entry that was
13 correcting quarter number one that was written
14 in quarter number two, wouldn't it make more
15 sense to put the corrected journal entry,
16 attribute that to quarter number one for
17 purposes of your summary in Martin Exhibit 6?

18 A. Yes.

19 Q. In how many instances in producing
20 Martin Exhibit 6 did you find differences
21 between your numbers and the numbers in Ms.
22 Bradshaw's calculations?

23 A. Right, that be would the column on the
24 right on page two, that would be -- appears

26 (Pages 98 to 101)

1 there, so it was in 2005 and 2006.

2 Q. And they were minor differences in
3 2007 and 2008, as well?

4 A. Yes, that's true.

5 Q. Are those the differences you describe
6 in your disclosure statement that we looked at
7 earlier?

8 A. Yes.

9 MR. HOFFMAN: Mark this as Exhibit No. 7.
10 (WHEREUPON, said
11 document was marked as
12 Martin Deposition
13 Exhibit No. 7 for
14 Identification.)

15 BY MR. HOFFMAN:

16 Q. Sir, can you tell me what Martin
17 Exhibit No. 7 is? We received this from your
18 Counsel as a series of spreadsheets containing
19 a workbook that was entitled Interest to
20 Allocation Analysis II.

21 A. Yes.

22 Q. Was there an Interest to Allocation
23 Analysis I?

24 A. I'm assuming --

1 Q. Is this a more current version?

2 A. I'm assuming it was. I named it that
3 because that was the one that was being
4 referred to in prior depositions.

5 Q. I see. So Ms. Bradshaw had an
6 analysis number one, analysis number two, and
7 number two corrected number one, so you just
8 worked off of her number two?

9 A. Right, rather than come up with a
10 wildly different format.

11 Q. I understand. That makes sense.

12 So in looking at Bob Healy's
13 notes, were there any -- were there ever any
14 quarters during the relevant time period in
15 which Bob Healy's notes for given quarter were
16 missing?

17 A. I don't recall that. I think we had
18 the paper sheets for all of them.

19 Q. Were there ever any quarters in which
20 the general ledger information was missing?

21 A. No.

22 Q. The summary page contains your summary
23 for each fiscal year of what you claim to be
24 the overallocation to District 204, right?

1 A. Yes.

2 Q. And do you have any knowledge as to
3 how or why District 204 received any of these
4 alleged overallocations?

5 A. How or why?

6 Q. Yes, how and why.

7 A. I don't know why. I wouldn't be -- I
8 could talk about how.

9 Q. Well, tell me how.

10 A. Well, the Healy notes describe the
11 percentage ownership that each district owns of
12 the fund balance, and that was traced to the
13 analysis here to show, yes, here's the thing
14 there.

15 Except for those periods where
16 the amounts that they were ascribed for
17 interest don't match what was on those sheets.

18 Q. But I guess maybe I can ask a better
19 question.

20 You are of the opinion that
21 Healy's notes state how much interest District
22 204 should have received and that the general
23 ledger states how much District 204 did
24 receive, right?

1 A. Yes.

2 Q. And my question is:
3 Somewhere -- you're saying that somewhere
4 between Healy's handwritten notes and the
5 general ledger entries, District 204's numbers
6 in certain years increased and in some years
7 decreased, right?

8 A. Yes, there were other entries, for
9 example.

10 Q. Right. So my question is: Do you
11 know -- and some of those years go back to 1995
12 and 1997 and 1998 and 2000, correct?

13 A. Yes.

14 Q. And I guess what I'm saying is: Do
15 you know as a factual matter how it came to
16 occur that these alleged overallocations or in
17 some instances underallocations were made?

18 A. That would be the person making the
19 journal entries. I don't know why they would
20 have made those entries when they did that.

21 Q. Do you understand my question? I
22 thought it was pretty understandable.

23 A. Not exactly.

24 Q. The documents show what you claim to

<p style="text-align: right;">Page 122</p> <p>1 Q. What was the purpose at looking at the</p> <p>2 audit reports?</p> <p>3 You testified earlier it was to</p> <p>4 get background information about how the system</p> <p>5 worked; is that right?</p> <p>6 A. Exactly right. How they did</p> <p>7 accounting, what their procedures were, things</p> <p>8 like that.</p> <p>9 Q. Did you see in some of the years, in</p> <p>10 particular in '95 through 2007, that there were</p> <p>11 statements in the TTO audit reports for the</p> <p>12 amount of money they took in for interest on</p> <p>13 the pooled investments and the amount of money</p> <p>14 they distributed out or at least the net of</p> <p>15 those two numbers?</p> <p>16 A. No.</p> <p>17 Q. But you read these but you didn't</p> <p>18 notice those entries?</p> <p>19 A. I didn't read those -- I did not read</p> <p>20 the audit reports that far back.</p> <p>21 Q. How far back did you go?</p> <p>22 A. 2008.</p> <p>23 Q. It's funny, that's exactly the year</p> <p>24 where that information ceases to be on the</p>	<p style="text-align: right;">Page 124</p> <p>1 the same page.</p> <p>2 A. Yes, this one.</p> <p>3 Q. You see under receipts, the very first</p> <p>4 line has earnings on investments and then a</p> <p>5 negative number for earnings on investments</p> <p>6 distributed to school districts and then a line</p> <p>7 for net earnings on investments?</p> <p>8 A. Yes, I see that.</p> <p>9 Q. Okay. And you see that there's a</p> <p>10 comparison in this statement for the numbers</p> <p>11 for 2007 fiscal year to the numbers for 2006</p> <p>12 fiscal year, correct?</p> <p>13 A. Yes, that's the column over here.</p> <p>14 Q. In each year the TTO retained a little</p> <p>15 over a million dollars in each of those years</p> <p>16 in net earnings on investments, correct?</p> <p>17 A. That's what it shows on here, yes.</p> <p>18 Q. Okay. And do you know of any reason</p> <p>19 why the -- did anybody from -- do you remember</p> <p>20 reading in the deposition of Dr. Birkenmaier a</p> <p>21 discussion about these net earnings on</p> <p>22 investment figures in the audit reports?</p> <p>23 A. Vaguely.</p> <p>24 Q. I mean did reading that make you</p>
<p style="text-align: right;">Page 123</p> <p>1 audit reports.</p> <p>2 A. Really?</p> <p>3 Q. Yes. Is that coincidence or did</p> <p>4 somebody tell you to start looking at them in</p> <p>5 2008?</p> <p>6 A. No, I think I looked at the ones that</p> <p>7 were on the website.</p> <p>8 Q. Okay. Let's take a -- let's take a</p> <p>9 look at 2007. I'll hand that to you. I can</p> <p>10 get you the right page. It's pretty easy.</p> <p>11 MR. KALTENBACH: Is there an exhibit number</p> <p>12 on it?</p> <p>13 MR. HOFFMAN: Yes. So this is TTO</p> <p>14 Deposition Exhibit No. 19. That's from Susan</p> <p>15 Birkenmaier's deposition.</p> <p>16 BY MR. HOFFMAN:</p> <p>17 Q. Let me get to the page. We're looking</p> <p>18 at the 2007 audit report, page 13. And</p> <p>19 statement of revenue expenditures and changes</p> <p>20 in fund balance for the governmental fund in</p> <p>21 the TTO audit, right? We're looking at the</p> <p>22 same page?</p> <p>23 A. Oh, yeah.</p> <p>24 Q. I want to make sure you're looking at</p>	<p style="text-align: right;">Page 125</p> <p>1 interested in going back and looking at the</p> <p>2 audit reports and seeing what they had to say</p> <p>3 about investment earnings?</p> <p>4 A. No.</p> <p>5 Q. Why not?</p> <p>6 A. Well, again, this is related to the</p> <p>7 amount that was -- the difference between the</p> <p>8 actual earnings and the distribution earnings.</p> <p>9 Q. Right. And so what you're saying, if</p> <p>10 the TTO over this two-year fiscal period held</p> <p>11 on to over \$2 million in investment income</p> <p>12 earned, it doesn't affect your analysis because</p> <p>13 it would just be money that would be payable to</p> <p>14 all of the districts proportionately?</p> <p>15 A. In their proper proportion, yes. Same</p> <p>16 proportion by all the districts, according to</p> <p>17 their proportions, yes.</p> <p>18 Q. So I guess my question is: If this \$2</p> <p>19 million, for example, is still sitting in an</p> <p>20 account at the TTO, would that be money that</p> <p>21 District 204 would be entitled to receive and</p> <p>22 should be offset against the \$1.4 million</p> <p>23 damage claim that you came up with?</p> <p>24 A. I have no idea.</p>

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1 the other districts got uniformly underpaid
2 interest for this relevant time period because
3 District 204 was overpaid, right?

4 **A. I made the opinion that District 204**
5 **received interest out of formula with the**
6 **percentages that were -- should have been**
7 **ascribed to them versus what the other**
8 **districts should have gotten.**

9 Q. That's not my question. That wasn't
10 what I asked you.

11 What I asked you was: You
12 earlier articulated in this deposition an
13 opinion that the other districts got shorted in
14 an equal and proportionate amount because
15 District 204 got too much for the entirety of
16 this period, right?

17 **A. That's what the effect of that would**
18 **be, yes.**

19 Q. But that's not the effect of it if the
20 other districts were not getting paid in a
21 proportionate amount or way; isn't that true?
22 If the other districts got paid
23 disproportionately, like you claim 204 did,
24 then your opinion would be incorrect as to the

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1 hours, but I won't object to you going a little
2 longer.

3 BY MR. HOFFMAN:

4 Q. Page four. On page four, sir, you
5 talk about corrections that you made, right?

6 **A. You mean here in the middle paragraph?**

7 Q. First large paragraph.

8 **A. Yes.**

9 Q. You talk about the entry for 6/30/04
10 should be \$147,979,000?

11 **A. Yes.**

12 Q. But you see that further down in the
13 paragraph you don't make an adjustment to
14 fiscal year 2004. Can you explain why not?

15 **A. No, I don't. That's odd.**

16 Q. And this is one of the three
17 corrections you made to Bradshaw, and you're
18 unable to verify -- why don't you tell me what
19 you're finding, sir. You understand the
20 question, right?

21 **A. Oh, yes.**

22 Q. Go ahead and tell me what you're
23 finding and what you're looking at.

24 **A. Well, tracing from Martin 4 to**

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1 other districts?

2 **A. Well, no. Those districts would need**
3 **to be adjusted as well theoretically. But for**
4 **those periods where I have identified a**
5 **misallocation in 204, the other districts got**
6 **exactly the percentage that's detailed on the**
7 **Healy notes.**

8 Q. Well, they certainly don't -- that's
9 not what's indicated on this document Martin
10 Exhibit No. 10, is it, based on the Gurrie
11 adjustments?

12 **A. I have no idea what's indicated by the**
13 **Gurrie adjustments.**

14 Q. So you have no idea whether Healy
15 intended to follow these Gurrie adjustments or
16 not, do you?

17 **A. I have no idea if he implemented**
18 **those.**

19 Q. And you have no idea why Gurrie was
20 recommending these adjustments, do you?

21 **A. No, I don't.**

22 Q. Okay. Let's take a look at the
23 disclosure again.

24 MR. KALTENBACH: I think we're over three

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1 calculations on Martin 7 to see how that would
2 be, so...

3 Q. Okay. We're looking at your
4 correction for the entry for 6/30/04 which you
5 say should be \$147,979, right?

6 **A. Yes.**

7 Q. Yet, you don't make an adjustment to
8 fiscal year 2004 later on in the disclosure.
9 And the question is why?

10 **A. I think it was just omitted from**
11 **the -- this paragraph here.**

12 Q. Is that what you think or -- is that
13 what you know?

14 **A. That's what I know.**

15 Q. I don't want you to guess.

16 **A. There should be a line in here that**
17 **says the new amount.**

18 Q. So --

19 **A. It was just an oversight.**

20 Q. So tell me how this disclosure should
21 read in order to be correct based on your
22 analysis of the records you just looked at?

23 **A. Right. The disclosure in terms of the**
24 **total, the total damage amount, for lack of a**

40 (Pages 154 to 157)

EXHIBIT 21

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

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

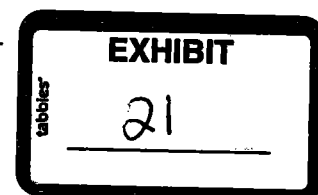
**DEFENDANT AND COUNTER-PLAINTIFF LT'S FIRST AMENDED AFFIRMATIVE
DEFENSES TO THE TTO'S FIRST AMENDED COMPLAINT,
AND LT'S SECOND AMENDED COUNTERCLAIM (VERIFIED)**

Defendant and Counter-Plaintiff Lyons Township High School District 204 ("LT") asserts the following First Amended Affirmative Defenses to the First Amended Complaint of Plaintiff Township Trustees of Schools Township 38 North, Range 12 East ("the TTO"); and the following Second Amended Counterclaim.

**First Amended Affirmative Defenses
To First Amended Complaint**

Factual Background: Payments for LT's Business Functions

1. During the period of time relevant to this case, from 1992 through 2012, LT and the TTO had a difficult and, at times contentious, relationship. LT had little faith or trust in the competence and integrity of the TTO to perform its statutorily mandated functions. The TTO objected to providing meaningful information and supporting documentation to LT concerning the investment funds that the TTO managed, the expenses that the TTO incurred, and the many questions that LT and other member districts raised about the TTO's operations.



2. During the relevant period, the TTO operated with no meaningful oversight. The TTO's Treasurer and Trustees lacked accounting and investment experience and assumed their positions based on their politics and not merit. This created an environment in which the Treasurer, over a period of years, was able to steal millions of dollars belonging to LT and the other member districts.

3. During the relevant period, LT performed its own business/accounting functions – essentially, accounts payable, payroll, accounting computer services, and check preparation – through the employment of its own skilled and trained personnel. LT refused the TTO's invitations to take the business functions at LT inside the TTO's office due to LT's legitimate concerns about the ability of the TTO's personnel and systems to handle the complex functions needed for LT's large high school operations.

4. LT's performance of its own business functions meant that the TTO did not have to hire and pay for additional employees in order to perform LT's business functions.

5. During the relevant period, the chief administrator for the TTO was Lyons Township School Treasurer Robert G. Healy ("Healy").

6. During the relevant period, Healy sent LT an annual invoice for LT's pro rata share of the TTO's expenditures. These invoices were substantial, in the range of \$150,000 to \$200,000 for most of the relevant years (and, unfortunately, significantly higher in more recent years). This meant that in years that included the 1990's, LT paid the direct costs of its own business functions, plus an approximately 25 percent share of the TTO's services, which LT not want or need to use.

7. This inequity was the subject of many communications in 1999 between LT and the TTO.

8. On May 28, 1999, Healy attended the meeting of the Finance Committee of the Board of Education for LT. According to the minutes, the Finance Committee “directed Mr. Healy and Dr. Beckwith to work during the summer months to prepare options for the Board of Education to review that would provide more equity in the services provided the District.”

9. On July 27, 1999, the Board of Trustees for the TTO held a regular meeting. As reflected in the minutes, “There was a discussion regarding Lyons Township High School and the problems the district has with the Pro Rata billing system. The Trustees discussed with Treasurer Healy several options to improve relations with the high school. Some of the items discussed are for the Treasurer’s office to assume more duties, possibly fund certain business functions, computer sharing and legislation.”

10. On August 18, 1999, Healy sent Beckwith a long letter (“the 8/18/1999 Letter”, attached as Exhibit A) concerning the “Pro-Rata Billing System.” Healy said that the letter was “[i]n response to our most recent discussion regarding the possibility of instituting certain measures to balance the efforts of our respective staffs.” Healy said that he was presenting “proposed possible solutions.” The letter contains five distinct proposals from the TTO to LT.

11. The first proposal in the 8/18/1999 Letter was entitled “Deviation from Pro-Rata Billing.” Healy said that the first proposal would involve LT not paying its pro rata share of the TTO’s expenses, and having the other eleven member districts absorb LT’s share. Healy represented that this proposal would require all twelve member districts to sign an intergovernmental agreement, which Healy said was “highly unlikely.”

12. The second proposal in the 8/18/1999 Letter was entitled “Funding by Township School Treasurer of Some District Functions.” This was the proposal that Healy recommended to LT. Healy explained, “If the responsibilities for the Accounts Payable and Payroll production

were returned to the School Treasurer's office [*i.e.*, the TTO] it would mean higher operating costs for the Treasurer's office in the form of salaries and benefits for increased staff and higher related expenses to accommodate the increase in work load."

13. In the 8/18/1999 Letter, Healy explained why the TTO's Board of Trustees was likely to approve the second proposal: "I would expect that when the Trustees of Schools takes into consideration these necessary increases, they would logically conclude that a partial funding by the Treasurer's office to cover District 204's costs for the business functions District 204 now performs would be reasonable. Especially in light of the fact that the Treasurer's office is currently performing the same business functions for the eleven other districts."

14. In the 8/18/1999 Letter, Healy represented that unlike the first proposal, the second proposal would not require an intergovernmental agreement or the consent of the other member districts.

15. The 8/18/1999 Letter contained three more proposals, none of which Healy recommended. The third was for the TTO to take over LT's business functions. The fourth was to change the pro-rata billing system through legislative action. The fifth was for the TTO to use LT's computer system.

16. Healy sent copies of the 8/18/1999 Letter to the members of the TTO's Board of Trustees.

17. On September 29, 1999, the Finance Committee of LT met and considered Healy's written proposals. Healy was present at the meeting. The Finance Committee decided to proceed with the second proposal spelled out in Healy's letter, and asked Beckwith and Healy to work on a definitive agreement: "The committee directed Dr. Beckwith to work with Mr. Healy to further define the costs of the business office that can be charged to the Treasurer's office. These charges

could include salaries for the accounts payable, payroll and computer services staff. Also an amount for computer processing was discussed. In addition to salaries, costs associated with reconciliation, printing of checks, audit, legal fees and office costs could also be transferred to the Treasurer's office. These costs would be included in the Treasurer's pro rata billing. Mr. Healy indicated the Township Board of Trustees is supportive of this method."

18. Healy and Beckwith negotiated the terms of a written agreement that fleshed out Healy's second option in the 8/18/1999 Letter. In the February 29, 2000 Memorandum that Beckwith sent to Healy ("the 2/29/2000 Memo," attached as Exhibit B), LT provided the TTO with the specific responsibilities that the TTO would pay LT to perform in-house during the 2000 fiscal year:

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable., payroll, imprest, and student activities.
- Annual salary and benefits costs for 3 employees as listed below:

[Three job positions listed, with salary and benefit costs specified for each, for a total cost for the 1999-2000 fiscal year of \$106,403.]

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the year.

19. On March 21, 2000, the Board of Trustees of the TTO conducted a regular meeting. The Agenda for the meeting included an item for "8. District 204 Business Office." The meeting packet that the TTO produced in this case show that the Trustees received a copy of the written agreement set forth in the 2/29/2000 Memo.

20. According to the meeting minutes for the March 21, 2000 meeting, Healy presented the written agreement to the Trustees for their approval. Healy explained to the Trustees the basis on which he recommended the approval of this agreement:

Healy submitted to the Trustees the proposal from District 204 stating that this office absorb certain payroll, accounts payable and computer processing expenditures by District 204. As these costs would be incurred by the Treasurer's office if Lyons Township High School were to totally utilize the facilities of the Treasurer's office.

21. The Trustees of the TTO who attended the March 21, 2000 meeting then voted unanimously to approve the agreement between LT and the TTO:

A motion was made by Russell Hartigan seconded by Joseph Nekola to accept the proposal given to the Lyons Township Trustees of Schools by Cook County High School District #204.

ROLL CALL: Ayes – Joseph Nekola, Russell Hartigan
 Nays – None

22. On March 22, 2000, the Finance Committee of LT met and discussed the agreement with the TTO. According to the minutes, "The Committee reviewed the recommended changes in the Township Treasurer billing. The billing will include transferring the cost of 3 business office staff salaries and benefits to the Township Treasurer."

23. On June 14, 2000, Beckwith wrote a memorandum to the Board of Education of LT. Beckwith explained the details of the implementation of the agreement with the TTO and provided copies of the key documents – including the TTO's pro rata expense invoice and the 2/29/2000 Memo setting forth the terms of the agreement. Beckwith explained that the TTO's invoice was for \$165,476, and that the Treasurer would pay \$106,403 for the business functions at LT. Beckwith asked the Board to approve the agreement by authorizing the net payment to the TTO.

24. On June 19, 2000, the Board of Education of LT held a regular meeting. The agenda includes a line item for "P. Township Treasurer's Invoice." The minutes state that the

Board received the "Township Treasurer's Invoice Exhibit T," which was a copy of Beckwith's June 14, 2000 memorandum. The Board approved the recommended handling of the TTO's pro rata invoice and the offset for the TTO's agreement to pay the costs of LT's business functions by a unanimous vote of all present Board members on the consent agenda.

25. On or about July 15, 2000, LT authorized payment to the TTO of \$59,073. The TTO accepted this amount as full payment of LT's pro rata share of the TTO's expenses as offset by the costs of LT's business functions.

26. In each year from 2001 through 2012, the TTO and LT took affirmative steps, with the approval of both boards, to reaffirm their agreement on the payment of LT's business functions and accept the specific financial terms applicable to each year.

27. On September 7, 2000, Healy sent a letter to LT that expressly recognized that the TTO, in the 2001 fiscal year, would continue to operate under the parties' agreement in the same manner as in 2000: "As was done last year the Trustees will continue funding certain business functions. Funding last year totaled \$106,403.00 (which brought the district's net payment to \$59,073.00)."

28. On January 12, 2001 – four months after writing to affirm the agreement for the 2001 fiscal year – Healy sent LT a letter detailing the duties and responsibilities of the TTO. Healy specifically noted that "105 ILCS 5/8-4 requires that all school districts pay there [sic] proportionate share of the expenses of the Treasurer's Office. The contribution formula is prescribed by statute and allows for no variation."

29. Until 2013, the TTO viewed the agreement on the payment of LT's business functions as fully consistent with LT's obligations to pay its pro rata share of expenses under School Code Section 8-4.

30. Each year from 2001 through 2012, the TTO and LT followed the same procedure to reaffirm their agreement on the TTO's payment of the costs of LT's business functions: Healy sent LT a written invoice under Section 8-4 for LT's pro rata share of the TTO's expenditures; LT sent Healy a written memorandum (all similar to the 2/29/2000 Memo, and attached as Exhibit C) detailing the exact costs of LT's business functions that LT proposed the TTO would pay; the TTO accepted the amount in LT's memorandum and any net payment it indicated; the Board of Education of LT considered and approved the TTO's pro rata invoice, LT's memorandum specifying the TTO's payment of LT's business functions, and any net payment due to the TTO; and the Board of Trustees of the TTO (several times during the year) approved the expenditures of the TTO, which included the payment of LT's business functions.

31. The parties' agreement on the TTO's payment of the costs of LT's business functions, and the parties' long course of dealing under the agreement, ended in 2013. On April 19, 2013, the TTO sent a letter to LT denying the existence of the agreement; accusing LT of violating School Code Section 8-4 in past years; and demanding payment from LT of over \$2 million.

Factual Background: Annual Audits

32. Since at least 1992 through 2012, the TTO paid for the annual audits of LT.

33. The TTO's payment for each of LT's annual audits, through its payment of the multiple invoices for each of the annual audits, was knowing and intentional.

34. Each year from 1992 through 2012, the Trustees of the TTO voted several times during each year to approve the expenditures of the TTO, which expenditures included the TTO's payments for the annual audits of LT.

35. During the period 1992 through 2012, the TTO repeatedly represented to LT – both in writing and in oral communications – that the TTO was paying the annual audit costs not just for LT, but also for the other member districts of the TTO (“the Other Districts”).

36. During the period 1992 through 2012, LT accepted as true – and had no reason to doubt – the TTO’s repeated representations that the TTO was paying the annual audit costs for LT and the Other Districts.

37. At no time from 1992 to 2012 did the TTO ever refuse to pay for the costs of LT’s annual audits, or reject an invoice relating to the work performed on LT’s annual audits.

38. During the relevant time, because the TTO was paying for the annual audits, LT let the TTO select the accounting firm to perform the annual audit for LT. That audit firm was the firm now known as Baker Tilly Virchow Krause, LLP, and its predecessor firms (“Baker Tilly”).

39. No law or principal of equity prevented the TTO from paying for the annual audits of LT.

40. No law or principal of equity prevented LT and the Other Districts from accepting the TTO’s payment for the costs of its annual audits.

41. From 1992 through 2012, LT was the largest member district in the TTO, accounting for about 25 percent of the district’s pooled investment funds.

42. By paying for the annual audits of LT from 1992 through 2012, the TTO during this time period encouraged LT to continue to remain a member of the TTO, and to not seek to depart from this archaic, unprofessional, and unnecessary organization through a legislative act, as many other school districts have done successfully in order to save their taxpayers money.

43. From 1992 through 2012, LT relied on the TTO’s payments of LT’s annual audit costs in budgeting for and allocating LT’s funds to teacher and staff salaries, educational programs,

building construction and maintenance, and other education-related responsibilities and programs in each fiscal year.

44. From 1992 through 2012, the payments that the TTO made for the annual audits of LT were part of the expenditures of the TTO. The TTO's expenditures, in turn, formed the basis of the TTO's pro rata expense invoices. During this period, LT's pro rata share was about 25 percent. Therefore, through the pro rata billing process, the TTO invoiced LT for about 25 percent of the costs of LT's own annual audit.

Factual Background: Interest Payments

45. From 1995 through 2012, the TTO held and invested the funds belonging to LT and the other school districts within the TTO's jurisdiction ("the Other Districts").

46. From 1995 through 2012, the TTO would make payments to LT and the Other Districts of funds that the TTO represented to be interest on the investments the TTO made with their pooled funds.

47. From 1995 through 2012, the TTO would make these interest payments on a periodic basis, which sometimes but not always was done quarterly.

48. From 1995 through 2012, the TTO provided LT and the Other Districts with little or no information or supporting documentation about the specific investments that the TTO made of the members' funds, the rates of return on these investments, the terms of these investments, the amount of interest that the TTO actually earned on the pooled investments, or the amount of interest that each school district was entitled to receive as its share of the investment earnings.

49. From 1995 through 2012, the TTO never provided LT with sufficient information or documentation to allow LT to calculate the amount of interest on investments it was entitled to receive from the TTO.

50. From 1995 through 2012, the TTO never provided LT with sufficient information or documentation to allow LT to confirm that the amount of the interest earnings that it received from the TTO was correct.

51. From 1992 through 2012, LT relied on the TTO's representations on the amounts of interest on investments due to LT in budgeting for and allocating LT's funds to teacher and staff salaries, educational programs, building construction and maintenance, and other education-related responsibilities and programs in each fiscal year.

First Affirmative Defense – Laches

52. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

53. This case presents extraordinary circumstances showing that the TTO unreasonably delayed in pursuing its claims in this case.

54. These extraordinary circumstances include (a) entering into an agreement in 2000 with LT for the payment of LT's annual business functions, reaffirming that agreement every year from 2001 through 2012 with the approval of both boards, knowingly and intentionally accepting the agreed setoff against the pro rata invoice, and then – in 2013 – terminating the agreement and only then denying its existence or validity and seeking to recover 12 years of past payments to LT exceeding \$2 million; (b) making interest payments on investments to LT from 1995 to 2012, failing to provide LT with information or documentation sufficient to allow LT to confirm the

accuracy of the amount, failing to keep sufficient records at the TTO to document the interest earnings, and then – in 2013 – claiming that the TTO overpaid interest to LT over a 17 year period and demanding the return of over \$1.5 million; and (c) knowingly, and without coercion or duress, paying for the annual audits of LT from at least 1992 through 2012, representing repeatedly to LT that the TTO was paying for the audits of the Other Districts, selecting for LT the auditor that performed the annual audits (for LT, the TTO, and the Other Districts), and then – in 2013 – claiming that its own payments for the past 20 years to Baker Tilly were improper and seeking the return of over \$500,000.

55. During the relevant time period, LT relied on its financial arrangements with the TTO and its long course of dealings with the TTO in formulating budgets, allocating resources, and managing its public funds.

56. Under these extraordinary circumstances, the TTO's claims are barred in whole or part by the doctrine of laches.

Second Affirmative Defense – Statute of Limitations

57. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

58. The TTO's claims in the First Amended Complaint are subject to the five-year catch-all statute of limitations set forth in 735 ILCS 5/13-205.

59. The application of this statute of limitations bars those claims and alleged damages of the TTO that occurred or arose five years before the filing date of this case.

Third Affirmative Defense – Promissory Estoppel

60. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

61. Promissory estoppel is an equitable device invoked to prevent a party from being injured by a change in position made in reasonable reliance on another's conduct. This affirmative defense is pled in the alternative to LT's positions in this case and the facts contained in the record.

62. From 1992 through 2012, the TTO agreed with LT to pay the TTO's chosen auditor Baker Tilly for the costs of LT's annual audit. The parties reaffirmed that agreement several times during each of these years as Baker Tilly sent periodic invoices to the TTO (or LT forwarded the invoices to the TTO), and the TTO paid them. Nevertheless, the TTO now claims in this case that this agreement did not exist, and/or that it was not legally enforceable.

63. In correspondence and communications between the TTO and LT that occurred over many years, the TTO repeatedly and unambiguously promised LT that it would pay for LT's annual audits, and in fact did so.

64. LT reasonably relied on the promises that the TTO made with respect to the annual audits payments, and LT also relied on the TTO's annual audit payments themselves.

65. LT's reliance on the TTO's promises to pay LT's annual audit costs, and the TTO's actual payments themselves, was expected and foreseeable by the TTO.

66. During the relevant years, LT relied on TTO's promises to pay for LT's annual audit costs to its detriment – if the TTO actually is able to avoid this agreement and reverse the parties' 20 year course of dealing. This detriment was based on the annual budgeting that LT conducted over the last 20 years; its deferral of efforts to remove itself from the archaic, corrupt, and unnecessary TTO system; its continued use of the audit firm that the TTO selected for the use

of LT; and the disruption to LT's educational mission and its teachers, students, parents, and taxpayers that will result from the reversal of 20 years' worth of payments that exceed \$500,000.

67. In 2000, the TTO and LT reached an agreement in which the TTO agreed to pay for the costs of LT's business functions. The parties reaffirmed their agreement each year from 2001 through 2012. By this agreement, the TTO accepted LT's payment of the pro rata invoice with an offset for the TTO's payment for LT's business functions. Nevertheless, the TTO now claims in this case that this agreement did not exist, and/or that it was not legally enforceable.

68. In correspondence and communications between the TTO and LT from 1999 through 2012, the TTO repeatedly and unambiguously promised LT that it would pay for LT's business functions, and in fact did so.

69. LT reasonably relied on the promises that the TTO made with respect to the business functions payments, and LT also relied on the annual offsets for the business function payments themselves.

70. LT's reliance on the TTO's promises to pay for LT's business functions, and the annual offsets for the business function payments themselves, was expected and foreseeable by the TTO.

71. During the relevant years, LT relied on TTO's promises to pay for LT's business functions to its detriment – if the TTO actually is able to avoid this agreement and reverse the parties' 12 year course of dealing. This detriment was based on the annual budgeting that LT conducted over the last 20 years; its deferral of efforts to remove itself from the archaic, corrupt, and unnecessary TTO system; its hiring, retention, and payment of the salaries and benefits of the many employees who performed LT's business functions during the relevant years; its decision not to use the business services of the TTO in light of the TTO's agreement with LT; and the

disruption to LT's educational mission and its teachers, students, parents, and taxpayers that will result from the reversal of 12 years' worth of offsets exceeding \$2 million.

72. Accordingly, the TTO's claims are barred in part by the doctrine of promissory estoppel.

Fourth Affirmative Defense – Equitable Estoppel

73. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

74. Equitable estoppel is a doctrine that is invoked to prevent fraud and injustice. It arises whenever a party, by its word or conduct, reasonably induces another to rely on its representations, leading the other party to change its position so as to be injured. This affirmative defense is pled in the alternative to LT's positions in this case and the facts contained in the record.

75. From 1992 through 2012, the TTO agreed with LT to pay its chosen auditor Baker Tilly for the costs of LT's annual audit. The parties reaffirmed that agreement several times during each of these years as Baker Tilly sent periodic invoices to the TTO (or LT forwarded the invoices to the TTO), and the TTO paid them. Nevertheless, the TTO now claims in this case that this agreement did not exist, and/or that it was not legally enforceable.

76. In 2000, the TTO and LT reached an agreement in which the TTO agreed to pay for the costs of LT's business functions. The parties reaffirmed their agreement each year from 2001 through 2012. By this agreement, the TTO accepted LT's payment of the pro rata invoice with an offset for the TTO's payment for LT's business functions. Nevertheless, the TTO now claims in this case that this agreement did not exist, and/or that it was not legally enforceable.

77. In this case, the TTO made periodic payments to LT for interest on investments, and represented to LT with each payment that the amount was correct and proper – while not supplying LT with documentation and information sufficient for LT to verify the amounts of the payments.

78. The TTO, as detailed above, engaged in a pattern of conduct and communications over 20 years that (based on the TTO's current claims and positions taken in this case, and not necessarily on LT's positions or the factual record in this case) amounted to misrepresentation or concealments of material facts – namely, that the TTO would not abide by its agreement with LT to pay the annual audit costs; that the TTO did not have the ability to agree to pay for the annual audit costs of LT; that the TTO did not pay for the annual audits of the other districts; that the TTO could or would deny the existence of this agreement and seek to recover these payments many years later; that the TTO would not abide by its agreement to pay for LT's business functions; that the Board of Trustees of the TTO in 2000 did not accept the proposal of LT on the payment of LT's business functions, and did not approve the expenditures of the TTO that included those payments during each subsequent year from 2001 to 2012; that the TTO was not willing to accept LT's annual offset for the cost of its business functions against the annual pro rata expenses invoice; that the payment of LT's annual audits costs and costs of business functions were illusory and misleading incentives for LT to remain in the TTO's jurisdiction; that the TTO did not maintain complete and proper records of its investment income; that the TTO did not pay the investment income to LT and the other districts as required; and that the TTO made incorrect and arbitrary payments paid to LT and other districts.

79. Under the circumstances alleged above, the TTO had at least implied knowledge of these actions and communications amounting to misrepresentations and concealments, and

intended that LT would act on these misrepresentations and concealments. LT had no knowledge of the true facts (as the TTO now alleges them to be) and was innocent in its dealings with the TTO.

80. LT reasonably and in good faith changed its position and relied on the TTO's misrepresentations and concealments to its detriment, in that LT relied on the TTO's conduct and statements with respect to the annual audit costs, costs of business functions, and interest payments for investments in its preparation of annual budgets over the last 20 years; its deferral of efforts to remove itself from the archaic, corrupt, and unnecessary TTO system; its hiring, retention, and payment of the salaries and benefits of the many employees who performed LT's business functions during the relevant years; its decision not to use the business services of the TTO in light of the TTO's agreement with LT; its continued use of the audit firm that the TTO selected for the use of LT and the Other Districts; its decisions not to pursue more aggressively its repeated requests for reasonable information and documentation of the TTO's statements and calculations about LT's investments, its earnings on those investments, and the payments of interest to LT by the TTO; and the disruption to LT's educational mission and its teachers, students, parents, and taxpayers that will result from the reversal of 12 years' worth of offsets for LT's business functions exceeding \$2 million, 20 years of audit cost payments exceeding \$500,000, and 17 years of interest payments involving alleged overpayments of interest exceeding \$1.5 million.

81. Under the circumstances of this case, conscience and honest dealing require that the TTO be equitably estopped from pursuing all or some of its claims in this case.

Fifth Affirmative Defense – Waiver

82. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

83. The affirmative defense of waiver is based on a party's express or implied voluntary and intentional relinquishment of a known and existing right. This affirmative defense is pled in the alternative to LT's positions in this case and the facts contained in the record.

84. From 2000 to 2012, the TTO had a statutory right to send invoices to LT seeking payment of LT's pro rata share of the TTO's expenditures authorized by statute, and to collect on those invoices.

85. From 2000 to 2012, LT never refused to pay its pro rata share of the TTO's annual expenditures. In each year, the Board of Education of LT received and approved the TTO's annual pro rata invoice through its approval of the consent agenda at Board meetings.

86. From 2000 to 2012, in accordance with LT's agreement with the TTO on the payment of LT's business expenses, LT annually offset against the annual pro rata expense payment the annual cost of its business functions, and informed the TTO in writing of the amount of the offset.

87. To the extent that the TTO alleges that it had a legal right to receive LT's pro rata expense payments separate from the offsets for the costs of LT's business functions, and to the extent that the offsets were in any way improper or illegal, the TTO knowingly, and without coercion or duress, relinquished this right through its course of dealings and communications conducted with LT over a 12 year period.

88. Accordingly, at least part of the TTO's claims in this case are barred by the doctrine of waiver.

Sixth Affirmative Defense – Unclean Hands

89. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

90. In the First Amended Complaint, the TTO fails to provide any legal theory of recovery to support its claims for declaratory relief and an award of over \$4 million in compensatory damages.

91. Nevertheless, it appears from the First Amended Complaint that the TTO is seeking equitable relief from this Court.

92. The TTO intentionally engaged in bad faith conduct toward LT starting in 2013. This bad faith conduct includes the TTO denying the existence of the long-standing agreement on payment of LT's business expenses; the TTO's current claim that an intergovernmental agreement was required, despite its representations to LT to the contrary in 1999; the TTO's claims about the calculations of interest on investments that were made without regard for the absence of sufficient records at the TTO to support valid calculations of interest due; and the TTO's claims made about the payments for the annual audits of LT in spite of the intentional nature of these payments, the lack of any legal bar to these payments, and the TTO's repeated representations to LT that it made these payments for the Other Districts.

93. Due to this bad faith conduct, the TTO's claims in this case are barred in whole or part by the doctrine of unclean hands.

Seventh Affirmative Defense – Unjust Enrichment

94. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

95. In 2000, the TTO and LT reached an agreement in which the TTO agreed to pay for the costs of LT's business functions. The parties reaffirmed their agreement each year from 2001 through 2012. By this agreement, the TTO accepted LT's payment of the pro rata invoice with an offset for the TTO's payment for LT's business functions. Nevertheless, the TTO now claims in this case that this agreement did not exist, and/or that it was not legally enforceable.

96. This affirmative defense is pled in the alternative to LT's positions in this case and the facts contained in the record.

97. The TTO represented to LT that it was willing to enter into the agreement with LT concerning the payment for LT's business functions because if LT personnel did not perform those functions, the TTO would have to provide its own personnel at the TTO's expense to perform those functions.

98. Accordingly, in the event that the TTO's agreement with LT on paying the costs of LT's business functions is unenforceable or illegal, the TTO retained the benefit of the performance of LT's business functions without paying LT for that benefit. The TTO's retention of the benefits of these services would be to the detriment of LT, which paid for the salaries and benefits of employees that the TTO otherwise would have had to pay itself.

99. The TTO's retention of the benefit of these services is unjustified, given that the TTO had a statutory obligation to perform these services and chose to outsource these services to LT – with the promise of fair compensation for these services in an amount to be agreed on in each year.

100. The fair value of these business services is set forth in the annual memoranda that LT sent to the TTO from 2000 through 2012 (attached as Exhibit C).

101. Because the TTO's retention of the value of LT's performance of business services without payment would violate fundamental principles of justice, equity, and good conscience, the TTO's claims are barred in part by the doctrine of unjust enrichment.

Eighth Affirmative Defense – Quantum Meruit

102. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

103. In 2000, the TTO and LT reached an agreement in which the TTO agreed to pay for the costs of LT's business functions. The parties reaffirmed their agreement each year from 2001 through 2012. By this agreement, the TTO accepted LT's payment of the pro rata invoice with an offset for the TTO's payment for LT's business functions. Nevertheless, the TTO now claims in this case that this agreement did not exist, and/or that it was not legally enforceable.

104. This affirmative defense is pled in the alternative to LT's positions in this case and the facts contained in the record.

105. From 2000 to 2012, LT provided business services to the TTO by having its personnel perform the accounts payable, payroll, and reconciliation work that the TTO was statutorily obligated to perform for LT.

106. LT did not perform these business services gratuitously, and instead performed them under the promise of compensation from the TTO.

107. The TTO received an annual statement of the nature and the cost of the business services from LT, which the TTO received and approved.

108. The TTO accepted the business services that LT's personnel provided and used the information generated from these services.

109. In the event that the TTO is able to reverse its 12 year history of promises to pay and of acceptance of offsets for these services, LT would be uncompensated for the value of these services.

110. The fair value of these services is set forth in the annual memoranda that LT sent to the TTO from 2000-12 (Exhibit C).

111. Accordingly, the TTO's claims in this case are barred in part by the doctrine of quantum meruit.

Ninth Affirmative Defense – Voluntary Payment Doctrine

112. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses as set forth above.

113. In accordance with the voluntary payment doctrine, money voluntarily paid under a claim of right to the payment, and with knowledge of the facts by the person making the payment, cannot be recovered by the payor solely because the claim was illegal. Absent fraud, coercion, or mistake of fact, monies paid under a claim of right to payment but under a mistake of law are not recoverable.

114. During the period 2000 to 2012, LT annually submitted to the TTO a claim for reimbursement for the costs of LT's business functions. Those annual claims included a detailed description of the employees who performed the business functions, their salaries and benefits, and any ancillary expenses. With full knowledge of the relevant facts, the TTO each year during that period made payment on LT's claims by agreeing to offset the costs of LT's business functions against LT's annual pro rata expense invoices, and by its acceptance of any net payments that LT made to the TTO.

115. There was no fraud, coercion, or mistake of fact involved in the TTO's decisions to pay for the costs of LT's business functions.

116. During the period 1992 through 2012, LT made claims for payment several times a year in form of invoices that either LT or Baker Tilly submitted to the TTO for work on LT's annual audit. Those periodic claims included a description of the work that Baker Tilly performed, and the fact that the work was for LT's annual audit. With full knowledge of the relevant facts, the TTO several times a year during that period made payment on LT's claims by sending payment in full to Baker Tilly on the invoices.

117. There was no fraud, coercion, or mistake of fact involved in the TTO's decisions to pay for the costs of LT's annual audits.

118. During the period 1995 through 2012, LT periodically made claims for payment of interest on the funds that the TTO held and invested for the benefit of LT. These periodic claims came in the form of discussions concerning the nature and sufficiency of the investments, requests for more information about the investments, and – according to the allegations of the TTO in this case, which LT expressly denies as false – alleged requests of LT for payments of interest beyond the amounts that LT was entitled to receive. With full knowledge of the relevant facts, the TTO several times a year during that period made payment on LT's claims by paying interest to LT's funds through journal entries made at the TTO that increased the balances of LT's funds.

119. There was no fraud, coercion, or mistake of fact involved in the TTO's decisions to pay to LT periodic interest on invested funds.

120. Accordingly, the TTO's claims are barred in whole or part by the voluntary payment doctrine.

WHEREFORE, LT respectfully asks this Court to enter judgment in its favor and against the TTO, deny the TTO any recovery under the First Amended Complaint, and award LT its costs of suit.

Second Amended Counterclaim

1. LT is a public school district organized under the laws of the State of Illinois with a principal office located in LaGrange, Cook County, Illinois.

2. The TTO is a local public entity organized under the law of the State of Illinois with a principal office located in LaGrange, Cook County, Illinois.

3. The TTO has three elected Trustees. The Trustees select a salaried Treasurer.

4. The Treasurer manages the TTO's office, supervises its support staff, and interfaces with the school districts that are members of the TTO.

5. LT is a member district of the TTO. LT's membership in the TTO is mandated by state statute.

6. The TTO holds the funds (received through taxes and other sources) belonging to LT and the other member school districts ("the Other Districts"). The TTO pools the funds of the member districts together and invests those funds on behalf of LT and the Other Districts.

7. During all relevant times through about August 2012, Robert Healy served as Treasurer of the TTO.

Count I: Setoff

8. LT incorporates by reference the allegations in paragraphs 1-51 of the Affirmative Defenses and paragraphs 1-7 of the Counterclaim as set forth above.

9. In the First Amended Complaint, the TTO contends that LT did not pay in full the invoices that the TTO sent LT from 2000 to 2012 for LT's pro rata share of the TTO's expenses. Implicit in the First Amended Complaint is a refusal to acknowledge that the TTO and LT agreed in 2000, and reaffirmed in each subsequent year through 2012, that the TTO would pay the costs of LT's business functions and offset those costs against the pro rata invoices.

10. In its other pleadings in this case, the TTO has claimed that the parties' agreement on the payment of LT's business functions is illegal and unenforceable.

11. The TTO's position on this agreement is wrong. As detailed above, in 2000, the TTO and LT knowingly entered into a valid and binding written agreement, approved by both boards, in which the TTO agreed to pay the costs of LT's business expenses as set forth in the 2/29/2000 Memo (Exhibit B).

12. In each subsequent year from 2001 to 2012, the TTO and LT reaffirmed this agreement when LT presented the TTO with a written statement of the annual costs that it proposed the TTO would pay (Exhibit C). In each of those years, the TTO accepted those amounts, as well as LT's offset of those amounts against the annual pro rata expense invoice that the TTO provided to LT. The boards of both parties provided their consents to this arrangement.

13. In 2013, the TTO terminated this arrangement. LT does not contest the TTO's right to terminate in 2013 for 2013 fiscal year. LT does not assert any claims or seek any damages relating to the TTO's 2013 termination.

14. Under the circumstances of this case, LT is entitled to a setoff, in the amounts set forth in the memoranda attached as Exhibit A, which cover the years 2000 through 2012, against any claim of the TTO relating to the alleged non-payment of the TTO's pro rata expense invoices from 2000 to 2012.

15. In asserting this claim for setoff, LT does not seek any affirmative recovery of damages against the TTO.

WHEREFORE, LT respectfully asks this Court to enter judgment in favor of LT and against the TTO on Count I, and award LT its costs of suit.

Count II: Breach of Fiduciary Duty

16. LT incorporates by reference the allegations in paragraphs 1-7 of the Counterclaim as set forth above.

17. During the relevant period, in accordance with state law requirements, the TTO purchased fidelity bonds that applied to Healy's service as Treasurer ("the Bonds").

18. Liberty Mutual Insurance Company and The Hanover Insurance Company (a/k/a Massachusetts Bay Insurance Company) issued the Bonds to the TTO.

19. Through their pro rata share payments of the TTO's expenditures, LT and the Other Districts paid the premiums on the Bonds.

20. After Healy resigned from the TTO in 2012, the TTO learned that Healy had stolen more than \$1 million through wrongful wire transfers of funds from the TTO's bank and through wrongful payments for sick and vacation days. This money that Healy stole was money that the TTO held in trust for LT and the Other Districts.

21. In 2013, the State of Illinois charged Healy with the crime of Theft in Excess of \$1 million, a Class X felony. Healy pled guilty and received a sentence of nine years in prison.

22. The TTO made claims on the Bonds. The TTO's claims alleged that Healy had stolen more than in excess of \$1 million through wrongful wire transfers of funds from TTO's bank and through wrongful payments for sick and vacation days.

23. The TTO recovered \$1,040,000 on its claims on the Bonds.

24. In an affidavit filed in this case and dated June 5, 2015, the current Treasurer of the TTO, Dr. Susan Birkenmaier, claimed that \$1,040,000 in recoveries on the Bonds “has been set aside while Township Trustees continue their efforts to recover additional sums.” Birkenmaier further claimed that the TTO can apply the \$1,040,000 recovery “to pay unrelated expenses of the Treasurer’s office”; that the TTO can “otherwise” use the money in an unspecified manner “in accordance with Illinois law”; and that the TTO has no obligation to allocate the recoveries on the Bonds amongst its member districts.

25. Since June 5, 2015, the TTO has not distributed to LT any of the recoveries on the Bonds, or explained why it has not made this distribution to LT.

26. The TTO serves as the fiscal agent of LT and the Other Districts with respect to its possession and investment of the funds of LT and the Other Districts, and as such, owes fiduciary duties to LT.

27. Among the purposes of the Bonds was to protect LT and the Other Districts from losing money as a result of theft by the Treasurer of the TTO.

28. The \$1,040,000 in recoveries on the Bonds is money that rightly belongs to LT and the Other Districts, and that must be used to compensate LT and the Other Districts for Healy’s theft of their funds.

29. LT’s share of the \$1,040,000 recoveries on the Bonds is determined by its pro rata ownership of the pooled investment fund at the time of the recoveries, which was approximately 25 percent.

30. Despite LT’s repeated demands to the TTO for payment of LT’s share of the recoveries on the Bonds, the TTO still has refused to make payment.

31. The TTO has no legal right, as the fiduciary agent of LT, to take LT's share of the recoveries on the Bonds and spend that money on expenses unrelated to the misconduct of Healy that gave rise to the claims on the Bonds.

32. The TTO's refusal to pay to LT its share of the recoveries on the Bonds is a breach of the TTO's fiduciary duties owed to LT. This breach directly and proximately caused injury to LT in the form of lost funds of about \$250,000.

WHEREFORE, LT respectfully asks this Court to enter judgment in favor of LT and against the TTO on Count II; award LT compensatory damages in the amount of LT's rightful share of the \$1,040,000 payments on the Bonds; and award LT its costs of suit.

Respectfully submitted,

LYONS TOWNSHIP HIGH SCHOOL
DISTRICT 204

By s/Jay R. Hoffman
Its Attorney

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EDUCATION IS EVERYONE'S RESPONSIBILITY

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August 18, 1999

Dr. Lisa Beckwith
Business Manager
Lyons Township High School District #204
100 S. Brainard Avenue
LaGrange, IL 60525

RE: Pro-Rata Billing System

Dear Dr. Beckwith:

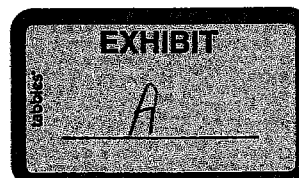
In response to our most recent discussion regarding the possibility of instituting certain measures to balance the efforts of our respective staffs, I would like to elaborate on the issue as explained to me by you and the Board of Education and some proposed possible solutions.

1. *Proposal - Deviation from Pro-Rata Billing.*

Bluntly put, it is my understanding that the Board's concern is that High School District #204's proportionate share of the Township Treasurer's expenses, as mandated by School Code, is too large when compared to the services District 204 receives from the Treasurer's office.

One proposal that emanated from the Board to reduce District 204's expenses is to draft an Intergovernmental Agreement among all twelve taxing bodies in the Township, wherein the other eleven taxing bodies would agree to absorb the costs of the services District 204 claims it pays for but does not receive.

Simply put, it is highly unlikely that the Boards of those other eleven taxing bodies would ever agree to absorb those claimed costs to save District 204 money. We must keep in mind that the other taxing entities are currently utilizing all of the available services of the Township Treasurer's office.



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Dr. Lisa Beckwith
August 18, 1999
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2. Proposal - *Funding by Township School Treasurer of Some District Functions.*

If the responsibilities for the Accounts Payable and Payroll production were to be returned to the School Treasurer's office it would mean higher operating costs for the Treasurer's office in the form of salaries and benefits for increased staff and higher related expenses to accommodate the increase in work load.

I would expect that when the Trustees of Schools takes into consideration these necessary increases, they would logically conclude that a partial funding by the Treasurer's office to cover District 204's costs for the business functions District 204 now performs would be reasonable. Especially in light of the fact that the Treasurer's office is currently performing the same business functions for the eleven other school districts.

3. Proposal - *Treasurer's Office to Assume Additional Duties.*

You and I have discussed at previous meetings the possibility that the Treasurer's office would start performing tasks not currently done for District 204. For example, the reconciliation of District 204's books to the Treasurer's ledger. My office has already assumed a significant part of this function because I feel it is imperative that the requirement be performed in a timely fashion.

4. Proposal - *Legislative Action to Change Pro-Rata Billing System.*

The Finance Committee of the Board has suggested the possibility that the Pro-Rata billing system currently in effect throughout Cook County be changed through legislative action. This is a complicated process requiring the introduction of the proposed bill and the cooperation of both houses and the governor. You understand as well as I the likelihood of success of any bill. Keep in mind that this billing process is in use throughout the other townships in Cook County and has been for a very long time.

5. Proposal - *Use of District 204's Computer by the Treasurer's Office.*

There are a number of significant obstacles to this proposal.

The Treasurer's office would have to locate its hardware near District's 204's hardware. This would necessitate moving the Treasurer's office close to District 204. Back ups, communication problems and our "Catastrophe Plan" all require that Treasurer's office personnel be working at the location where the system is run.

Such a move would require the re-location of all communication's equipment, phone lines and high speed data lines currently in use. I cannot adequately estimate the tens if not

Dr. Lisa Beckwith
August 18, 1999
Page 3

hundreds of thousands of dollars it would cost to relocate the office and all its hardware and systems.

In addition, if the Treasurer's office were to use District 204's computer system it would require that the software used now for all the business tasks of all the other districts would have to be scrapped and their software programs converted to that of District 204. Also, approximately two hundred and fifty users from the various districts would have to undergo costly re-training and the Districts would have to purchase expensive additional software and probably hardware to make the change to your system. Invariably, the change would lead to the inevitable growing pains that would negatively affect the ongoing operations of the other districts.

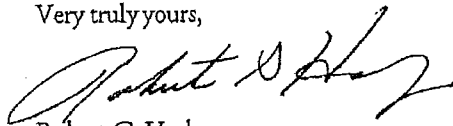
It is important to note that my computer programmer has informed me that the software the Treasurer's office is currently using cannot be run on the AS400 computer.

All of the problems would have to be faced, solved and paid for by the Treasurer's office. The other eleven districts seem to be eminently satisfied with the current operation and services they are receiving from the Treasurer's office.

Given all of these issues, it is hard to see what advantage a changeover would be to the operation of the Treasurer's office and the thirteen other districts I serve.

I look forward to meeting with you at your convenience to further discuss these proposals.

Very truly yours,



Robert G. Healy
Lyons Township School Treasurer

RGH/grm

CC: Lyons Township Trustees of Schools

Memorandum

To: Robert Healy

From: Lisa Beckwith

Date: February 29, 2000

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>99-00</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$41,205	\$3,152	\$3,045		\$48	\$47,450
Accounts Payable Bkkeeper	\$23,192	\$1,774	\$1,714	\$7,028	\$48	\$33,756
Payroll Bookkeeper	\$21,861	\$1,672	\$1,616		\$48	\$25,197
Total	\$86,258	\$6,598	\$6,375	\$7,028	\$144	\$106,403

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.

EXHIBIT

B

Memorandum

To: Robert Healy

From: Lisa Beckwith

Date: February 29, 2000

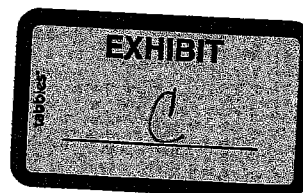
Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>99-00</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$41,205	\$3,152	\$3,045		\$48	\$47,450
Accounts Payable Bkkeeper	\$23,192	\$1,774	\$1,714	\$7,028	\$48	\$33,756
Payroll Bookkeeper	\$21,861	\$1,672	\$1,616		\$48	\$25,197
Total	\$86,258	\$6,598	\$6,375	\$7,028	\$144	\$106,403

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.



D204-00176

POSITION TITLE: Programmer/Analyst
DEPARTMENT: Computer Services
REPORTS TO: Director of Computer Services

SUMMARY: Responsible for development and support of computer applications including reports, job processing cycles and distribution of system over district network.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (other duties may be assigned)

- Develops and maintains reports as needed from district database.
- Implements systems applications and enhancements.
- Establishes processing cycles and controls, and monitors regularly.
- Updates and maintains all systems database.
- Responsible for production processing of finance daily, as well as budget build, fiscal year end, fiscal year set-up.
- Responsible for production processing of human resources, payroll, including scheduled payrolls, fiscal year end, fiscal year set-up, calendar year end and professional register.
- Determines needs of users; assists in designing systems to be programmed.
- Revises existing programs to reflect changes in system; writes program documentation or revises existing documentation; designs new screens.
- Answers technical questions from users; modifies job controls to accommodate non-routine or new run requests.
- Performs related work as required.

SUPERVISORY RESPONSIBILITIES: Office personnel in absence of Director of Computer Services.

QUALIFICATION REQUIREMENTS: *To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*

EDUCATION AND/OR EXPERIENCE: A minimum of two-year college degree with major course work in computer science. One year of working experience helpful.

LANGUAGE SKILLS: Ability to read, analyze and interpret general business periodicals, professional journals, technical procedures or governmental regulations. Ability to write reports and procedure manuals. Ability to effectively present information and respond to questions from groups of administrators and staff.

MATHEMATICAL SKILLS: Ability to work with mathematical concepts such as probability and statistical inference. Ability to apply concepts such as fractions, percentages, ratios, and proportions to practical situations.

POSITION TITLE
DEPARTMENT
REPORTS TO.

~~Senior~~ Accounts Payable Clerk
Business Services
Purchasing/Accounting Manager

SUMMARY: Processes Accounts Payable and maintains associated vendor and invoice files for the District.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (other duties may be assigned)

- Reviews, processes and pays all authorized invoices. Ensures timely entry of data to automated system.
- Maintains vendor file including vendor numbers and responds to vendor inquiry regarding payment.
- Maintains files of paid and unpaid invoices and purchase orders.
- Assists with annual audit.
- Prepares verifies and distributes checks; files copies.
- Prepares information in response to ad hoc requests for payment histories.
- Assists with annual Student Processing/Registration.
- Performs clerical duties such as typing, photocopying and distributing mail.
- Responds to telephone inquiries, supplies information to callers, and records messages.
- Processes and disperses all District Purchase Orders.
- Phones in repairs for business machines.
- Back-up for Accounts Payable Clerk.

SUPERVISORY RESPONSIBILITIES: None

QUALIFICATION REQUIREMENTS: *To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*

EDUCATION AND/OR EXPERIENCE: High School Graduate or equivalent. Knowledge of accounting/bookkeeping procedures helpful.

LANGUAGE SKILLS: Ability to read and interpret documents such as safety rules and operating and maintenance instructions; ability to write routine reports and correspondence; and ability to speak effectively with vendors, administrators and staff.

MATHEMATICAL SKILLS: Ability to calculate figures and amounts such as discounts, interest, commissions, proportions, and percentages.

REASONING ABILITY: Ability to apply common sense understanding to carry out instructions furnished in written or oral form. Ability to deal with problems involving several concrete variables in standardized situations.

OTHER SKILLS AND ABILITIES: Personal Computer and Mainframe spreadsheet experience. Technical skills to program/repair telecommunications. Ability to perform duties with awareness of all District requirements and Board of Education policies.

POSITION TITLE: Payroll Bookkeeper
DEPARTMENT: Business Services
REPORTS TO: Purchasing/Accounting Manager

SUMMARY: Works independently while providing accurate and systematic payroll services.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (other duties may be assigned)

- Processes payroll data for all school district employees and maintains accurate, up-to-date files of all payroll information.
- Computes deductions, hours worked, rate, and totals for balancing.
- Prepares, verifies, and distributes checks.
- Prepares and controls the electronic transfers of payroll checks.
- Distributes payroll deductions in compliance with local, State and Federal statutes.
- Prepares required governmental reports: IMRF and TRS retirement, IRS, W-2, etc.
- Balance District Financial statement as it relates to Payroll, IMRF, FICA, and Medicare. This information is presented to the Board of Education monthly and is used to balance the District finances with the Township Treasurer.
- Prepares special statistical reports on payroll costs for use in budgeting and personnel.
- Processes mortgage verifications and final salary affidavits.
- Distributes payroll deductions to numerous annuity companies, credit union and Flex Spending Account.
- Answers telephone and directs inquiries from employees and vendors.

SUPERVISORY RESPONSIBILITIES: None

QUALIFICATION REQUIREMENTS: *To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.*

EDUCATION AND/OR EXPERIENCE: High School Graduate or equivalent. Knowledge of accounting/bookkeeping experience necessary; payroll experience helpful.

LANGUAGE SKILLS: Ability to read and interpret documents; ability to write routine reports and correspondence; and ability to speak effectively with vendors, administrators and staff.

MATHEMATICAL SKILLS: Ability to calculate figures and amounts such as commissions, proportions, and percentages.

REASONING ABILITY: Ability to apply common sense understanding to carry out instructions furnished in written or oral form. Ability to deal with problems involving several concrete variables in standardized situations.

Memorandum

To: Robert Healy

From: Harold Huang

Date: May 30, 2001

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	00-01	Medicare	IMRF	Medical	Life	Total
Programmer Analyst	\$43,265	\$3,310	\$2,328		\$48	\$48,903
Accounts Payable Bkkeeper	\$29,431	\$2,252	\$1,583	\$7,650	\$48	\$40,916
Payroll Bookkeeper	\$34,000	\$2,601	\$1,829	\$4,896	\$48	\$43,326
Total	\$106,696	\$8,163	\$5,740	\$12,546	\$144	\$133,289

An invoice will be sent to the Township Treasurer in May with receipt of funds expected prior to the close of the fiscal year.

INVOICE 7890

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road
Suites 6 and 7
LaGRANGE, ILLINOIS 60525
(708) 352-2070
FAX: (708) 352-2086

INVOICE DATE December 12, 2000

CUSTOMER ORDER NO. 032897

SOLD TO:

SHIP TO:

Attn: Business Office

Same

Lyons Township High School

Attn: Ilona/Room 108

100 S. Brainard Avenue

LaGrange, IL 60525

[illegible]

Thank You

DELIVERY

PARTIAL

X COMPLETE

WE ARE NOT SUBJECT TO FEDERAL OR STATE RETAIL TAX

ALL DELIVERY CHARGES MUST BE PREPAID

•• FOR BUDGET PURPOSES ONLY ••
INVOICE AT CURRENT
SCHOOL DISCOUNTED PRICES

ATIONS:

1. THIS ORDER NUMBER MUST APPEAR ON ALL INVOICES AND SHIPMENTS TO AVOID DELAY IN PAYMENT.
2. BILL TO LYONS TOWNSHIP HIGH SCHOOL, 100 S. BRAINARD, LA GRANGE, IL 60525-2100
3. SEND ALL INVOICES TO THE ATTENTION OF THE BUSINESS OFFICE; DO NOT SEND INVOICES TO DEPARTMENTAL OFFICES OR PERSONNEL.
4. INVOICES SUBJECT TO YOUR USUAL DISCOUNT IF PRESENTED AT THE FIRST MEETING OF THE BOARD OF EDUCATION FOLLOWING RECEIPT OF INVOICE.
5. DO NOT OVERSHIP OR SUBSTITUTE WITHOUT PRIOR PURCHASING DEPARTMENT APPROVAL.

AB-22-0291

ALPHABETICAL

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

Memorandum

To: Robert Healy

From: Harold Huang *HH*

Date: February 4, 2002

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost and responsibility of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 3 employees as listed below:

	Salary	OASDI		Insurance	Insurance	
	<u>01-02</u>	<u>Medicare</u>	<u>IMRF</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Programmer Analyst	\$43,000	\$3,290	\$2,124	\$2,836	\$152	\$51,402
Accounts Payable Bkkeeper	\$30,618	\$2,342	\$1,454	\$7,946	\$51	\$42,411
Payroll Bookkeeper	\$34,908	\$2,670	\$1,571	\$5,386	\$51	\$44,586
Total	\$108,526	\$8,302	\$5,149	\$16,168	\$254	\$138,399

An invoice will be sent to the Township Treasurer in February with receipt of funds expected prior to the close of the fiscal year.

Memorandum

To: Robert Healy

From: Harold Huang

Date: March 10, 2003

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- The attached invoices were paid by LTHS. Future invoices will be sent to the Township Treasurer for payment.
- Annual salary and benefit costs for 4 employees as per attached invoice.

Receipt of funds in payment of attached invoice is expected prior to close of the fiscal year.

**LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2002-03**

	Salary 02-03	OASDI Medicare	IMRF	TRS	Medical Insurance	Life Insurance	Total
Database Administrator (75%)	\$ 50,625	\$ 3,873	\$ 2,784		\$ 2,701	\$ 279	\$ 60,262
Accounts Payable							
Bookkeeper	\$ 31,845	\$ 2,436	\$ 1,751		\$ 9,932	\$ 55	\$ 46,020
Payroll Specialist	\$ 36,774	\$ 2,813	\$ 2,023		\$ 6,732	\$ 55	\$ 48,397
Accounts Manager (15%)	\$ 9,070			\$ 956	\$ 540	\$ 370	\$ 10,936
							\$ 165,615
Invoices paid to Ladwig Business Forms for envelopes used for payroll and accounts payable							\$ 2,939
						TOTAL	\$ 168,554

INVOICE DATE July 31, 2001
CUSTOMER ORDER NO. 20583

1030 S. LaGrange Road
Suites 6 and 7
LaGRANGE, ILLINOIS 60525
(708) 352-2070
FAX: (708) 352-2086

01 AUG -7 AM 7:48
SHIP TO:

Same

Attn: Debbie Cook/Room 108

LaGrange, IL 60525

[illegible]

Thank You

Additional Comments:

Instructions to Vendor:

1. Do not send invoices to the departmental offices or personnel. Payment terms are net 45 days.
2. The Purchase Order Number must appear on all invoices and shipments to avoid delay in payment.
3. We do not pay C.O.D. charges of any kind. All shipping charges must be prepaid.
No substitutions of any items or any alterations allowed without prior approval of Business Manager/Purchasing Manager.
4. We are exempt from Illinois Sales & Use Tax and Federal Excise Tax.
5. This contract is subject to and governed by the rules and regulations of the Illinois Fair Employment Practices Act, the Equal Employment Opportunity Clause, the Illinois Human Rights Act and Illinois Human Rights Commission's Rules and Regulations for public contracts.
6. Materials furnished under this order which contain substances listed under Section 205, Table A, Toxic Substances Disclosure to Employees' List (56 Illinois Administrative Code, Chapter 1, Sec. 205, Tab. A, Sub-Chapter b) shall obligate the supplier thereof to furnish a Material Safety Data Sheet (MSDS) pertinent to the product(s).

White: Vendor Pink: Business Office Green and Blue: Requisitioner Yellow: Receiving

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

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road
Suites 6 and 7
LaGRANGE, ILLINOIS 60525
(708) 352-2070
FAX: (708) 352-2086

INVOICE DATE March 21, 2002

CUSTOMER ORDER NO. _____ 22656

02 APR -2 AM 10:39

SOLD TO:

SHIP TO:

Attn: Business Office

Lyons Township High School

100 S. Brainard Avenue

LaGrange, IL 60525

Same

Attn: Deb Cook/Storeroom

[illegible]

Thank You

TERMS: NET 15 DAYS

DELIVERY

PARTIAL

X COMPLETE

Additional Comments:

NOT SUBJECT TO FEDERAL/STATE RETAIL TAX.
SEND ALL INVOICES TO THE ATTENTION OF
THE BUSINESS OFFICE.

Instructions to Vendor:

1. Do not send invoices to the departmental offices or personnel. Payment terms are net 45 days.
 2. The Purchase Order Number must appear on all invoices and shipments to avoid delay in payment.
 3. We do not pay C.O.D. charges of any kind. All shipping charges must be prepaid.
 4. No substitutions of any items or any alterations allowed without prior approval of Business Manager/Purchasing Manager.
- We are exempt from Illinois Sales & Use Tax and Federal Excise Tax.
5. This contract is subject to and governed by the rules and regulations of the Illinois Fair Employment Practices Act, the Equal Employment Opportunity Clause, the Illinois Human Rights Act and Illinois Human Rights Commission's Rules and Regulations for public contracts.
 7. Materials furnished under this order which contain substances listed under Section 205, Table A, Toxic Substances Disclosure to Employees' List (56 Illinois Administrative Code, Chapter 1, Sec. 205, Tab. A, Sub-Chapter b) shall obligate the supplier thereof to furnish a Material Safety Data Sheet (MSDS) pertinent to the product(s).

White: Vendor Pink: Business Office Green and Blue: Requisitioner Yellow: Receiving

Memorandum

To: Robert H. Hilly

From: Harold Huang 

Date: March 10, 2003

Re: Treasurer's Office Responsibilities


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

- 1. Payroll and accounts payable bank reconciliation.
- 2. Balance monthly funds between Treasurer and LEFIS.
- 3. Provide printing costs for checks and envelopes for accounts payable, payroll, interest and statement envelopes.
- 4. The attached invoices were paid by LEFIS. Future invoices will be sent to the Pennsylvania Treasurer for payment.
- 5. Annual salary and benefit costs for 4 employees as per attached invoice.

Receipt of funds in payment of attached invoice is expected prior to close of the fiscal year.

Memorandum

To: Robert Healy

From: David Sellers 

Date: April 12, 2004

Re: Treasurer's Office Responsibilities

Following is a list of responsibilities that District 204 proposes become the direct cost of the Township Treasurer's office:

- Payroll and accounts payable bank reconciliation.
- Balance monthly totals between Treasurer and LTHS.
- Provide printing costs for checks and envelopes for accounts payable, payroll, imprest and student activities.
- Annual salary and benefit costs for 4 employees as per attached invoice.

Receipt of funds in payment of attached invoice is expected prior to close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2003-04

	Salary 03-04	OASDI Medicare	IMRF	TRS	Medical Insurance	Life Insurance	Total
Database Administrator (75%) 71604	\$ 51,638	\$ 3,950	\$ 3,305		\$ 3,336	\$ 261	\$ 62,489
Accounts Payable							
Bookkeeper 34 443.33	\$ 33,119	\$ 2,534	\$ 2,120		\$ 12,137	\$ 50	\$ 49,959
Payroll Specialist 37 775.20	\$ 38,245	\$ 2,926	\$ 2,448		\$ 18,227	\$ 50	\$ 51,896
Accounts Manager (15%)	\$ 9,387			\$ 999	\$ 667	\$ 350	\$ 11,403
54000							\$ 175,747

INVOICE 8603

LADWIG BUSINESS FORMS, INC.

1030 S. LaGrange Road

Suites 6 and 7

LaGRANGE, ILLINOIS 60525

(708) 352-2070

FAX: (708) 352-2086

INVOICE DATE January 13, 2003

CUSTOMER ORDER NO. _____ 31912

02 JAN 16 AM 9:10

SOLD TO:

SHIP TO:

Attn: Business Office

Same

Lyons Township High School

Attn: Deb Cook/Storeroom

100 S. Brainard Avenue

LaGrange, IL 60525

[illegible]

Thank You

Additional Comments:

**NOT SUBJECT TO FEDERAL/STATE RETAIL TAX.
SEND ALL INVOICES TO THE ATTENTION OF
THE BUSINESS OFFICE.**

Instructions to Vendor:

1. Do not send invoices to the departmental offices or personnel. Payment terms are net 45 days.
 2. The Purchase Order Number must appear on all invoices and shipments to avoid delay in payment.
 3. We do not pay C.O.D. charges of any kind. All shipping charges must be prepaid.
- No substitutions of any items or any alterations allowed without prior approval of Business Manager/Purchasing Manager.
- We are exempt from Illinois Sales & Use Tax and Federal Excise Tax.
6. This contract is subject to and governed by the rules and regulations of the Illinois Fair Employment Practices Act, the Equal Employment Opportunity Clause, the Illinois Human Rights Act and Illinois Human Rights Commission's Rules and Regulations for public contracts.
 7. Materials furnished under this order which contain substances listed under Section 205, Table A, Toxic Substances Disclosure to Employees' List [56 Illinois Administrative Code, Chapter 1, Sec. 205, Tab. A, Sub-Chapter b] shall obligate the supplier thereof to furnish a Material Safety Data Sheet (MSDS) pertinent to the product(s).

White: Vendor Pink: Business Office Green and Blue: Requisitioner Yellow: Receiving

D204-00217

TO: Robert Healy
FROM: David Sellers
SUBJECT: Treasurer's Office Responsibilities
DATE: June 14, 2005

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2004-2005

	Salary 04-05	OASDI Medicare	IMRF	Medical Insurance	Life Insurance	Total
Database Administrator (75%)	\$ 53,703.00	\$ 4,108.28	\$ 3,587.36	\$ 4,447.50	\$ 309.00	\$ 66,155.14
Accounts Payable Bookkeeper	34,443.33	2,634.91	2,300.81	12,137.00	50.00	51,566.06
Payroll Specialist	39,775.20	3,042.80	2,656.98	8,226.50	50.00	53,751.49
Accounting Manager (15%)	8,100.00	619.65	541.08	2,070.97	47.00	11,378.70
Printing Expense - see attached						1,717.10
						<u>\$184,568.48</u>

LYONS TOWNSHIP HIGH SCHOOL

DAVID S. SELLERS
Director of Business Services

DISTRICT OFFICE

NORTH CAMPUS
100 S. Brainard Ave.
LaGrange, IL 60525
(708) 579-6462

SOUTH CAMPUS
4900 S. Willow Springs Rd.
Western Springs, IL 60558

TO: Robert Healy

FROM: David Sellers

SUBJECT: Treasurer's Office Responsibilities

DATE: June 14, 2006

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

Lyons Township High School District 204
Service Costs for 2005-06


	Salary	Taxes	LIFE Bld Paid	Medical/Dental Bld Paid	Total	Percentage	Total
Accounting Mgr-KM	\$ 62,400.00	\$ 10,302.24	\$ 311.04	\$ 11,762.41	\$ 84,775.69	15.00%	\$ 12,716.35
Payroll-LT	\$ 41,927.04	\$ 6,922.15	\$ 86.40	\$ 8,349.31	\$ 57,284.90	100.00%	\$ 57,284.90
Accts Payable-DC	\$ 36,310.32	\$ 5,994.83	\$ 86.40	\$ 12,317.42	\$ 54,708.97	100.00%	\$ 54,708.97
Database Adm-BH-75%	\$ 43,043.18	\$ 5,329.82	\$ 129.60	\$ 2,843.08	\$ 51,345.67	75.00%	\$ 38,509.26
Database Adm-SB-25%	\$ 22,500.00	\$ 3,714.75	\$ 97.20	\$ 2,940.60	\$ 29,252.55	75.00%	\$ 21,939.41
							\$ 185,158.90

Lyons Township High School District 204
BUSINESS OFFICE RATE HISTORY '06

		Salary	Taxes	LIFE Brd Paid	Medical/Dental Brd Paid	Total	Percentage	Total
Accounting Mgr-KM	F-PPO	\$ 62,400.00	\$ 10,302.24	\$ 311.04	\$ 11,762.41	\$ 84,775.69	15.00%	\$ 12,716.35
Payroll-LT	C-NROA	\$ 41,927.04	\$ 6,922.15	\$ 86.40	\$ 8,349.31	\$ 57,284.90	100.00%	\$ 57,284.90
Accts Payable-DC	F-NROA	\$ 36,310.32	\$ 5,994.83	\$ 86.40	\$ 12,317.42	\$ 54,708.97	100.00%	\$ 54,708.97
Database Adm-BH	S-PPO	\$ 57,390.90	\$ 9,475.24	\$ 172.80	\$ 3,790.77	\$ 70,829.71	75.00%	\$ 53,122.28
Insurance-MM	S-PPO	\$ 43,242.48	\$ 7,139.33	\$ 86.40	\$ 3,790.77	\$ 54,258.98	0.00%	\$ -
Michael Ditchie		\$ 45,356.82	\$ 7,488.41	\$ 86.40		\$ 52,931.63		
								\$ 177,832.51

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert Healy
FROM: David Sellers 
SUBJECT: Treasurer's Office Responsibilities
DATE: June 7, 2007

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

District	6/30/2005	6/30/2006
101	\$11,971,408.83	\$12,297,000.03
102	\$28,196,462.00	\$25,582,652.33
103	\$22,656,170.51	\$23,218,834.09
104	\$16,015,978.94	\$17,948,816.10
105	\$15,550,783.91	\$12,581,984.14
106	\$16,084,343.97	\$15,518,083.16
107	\$10,509,369.15	\$10,070,253.37
108	\$4,765,240.24	\$3,489,369.73
109	\$24,431,446.25	\$23,599,076.08
204	\$59,967,953.39	\$52,660,293.44
2045	\$16,153,006.16	\$16,873,357.90
217	\$27,252,017.21	\$26,539,133.96
999	\$1,996,311.01	\$1,022,195.52
	\$255,550,491.57	\$241,401,049.85

To: KATHY MORAN
From: BOB HEALY

5/30/2007

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2006-2007

	Salary 06-07	OASDI 6.2%	Medicare 1.45%	IMRF 8.86%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 78,000.00	\$ 4,836.00	\$ 1,131.00	\$ 6,910.80	\$ 11,622.19	\$ 759.72	\$ 103,259.71	\$ 0.75	\$ 77,444.78
Accounts Payable Bookkeeper	\$ 37,627.20	\$ 2,332.89	\$ 545.59	\$ 3,333.77	\$ 12,672.83	\$ 39.60	\$ 56,551.88	\$ 1.00	\$ 56,551.88
Payroll Specialist	\$ 43,430.40	\$ 2,692.68	\$ 629.74	\$ 3,847.93	\$ 7,514.80	\$ 39.60	\$ 58,155.16	\$ 1.00	\$ 58,155.16
Accounting Manager (15%)	\$ 65,520.00	\$ 4,062.24	\$ 950.04	\$ 5,805.07	\$ 11,622.19	\$ 638.16	\$ 88,597.70	\$ 0.15	\$ 13,289.66
Microtoner for check printing	\$224,577.60	\$ 13,923.81	\$ 3,256.38	\$ 19,897.58	\$ 43,432.01	\$ 1,477.08	\$ 306,564.45	\$	\$ 994.96
									\$ 206,436.44

Morici, Mary Ann

From: Moran, Kathy

Sent: Tuesday, May 29, 2007 1:52 PM

To: Morici, Mary Ann

Subject: Insurance expense

Mary Ann,

Can you tell me the FY07 board expense for medical and life insurance for the following employees?

	MED	LIFE	LTD
Kathy Moran	\$11,622.19/YR	\$172.92/YR	\$465.24/YR
Lisa Touloumis	\$11,622.19/YR	\$39.60/YR	—
Debbie Cook	\$12,672.83/YR	\$39.60/YR	—
Sherri Bugyis	\$11,622.19/YR	\$205.93/YR	\$553.80/YR

What was Lisa's old amount?

Thanks,
Kathy

LISA - couple - \$7514.80

5/30/2007

D204-00238

PAY 315.12 - FY 07 - Employee Assignments/Contracts

EMPLOYEE: []

POSITION: []

DATE: []

TABLE:

EMPLOYEE	POSITION	DATE
18,888,252.1531.7303	188.8888	37,627.28

Log out

PAY.345.12 - FY 07 - Employee Assignments/Contracts

EMPLOYEE: [REDACTED] PERIOD: [REDACTED]

PERIOD: [REDACTED] CONTRACT: [REDACTED]


PERIOD: [REDACTED] CONTRACT: [REDACTED]

PERIOD	CONTRACT	AMOUNT
18.8.00.2529.1581.7308	100.0000	43,438.48

Logout

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert Healy
FROM: David Sellers 
SUBJECT: Treasurer's Office Responsibilities
DATE: June 7, 2007

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

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


Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2006-2007

	Salary 06-07	OASDI 6.2%	Medicare 1.45%	IMRF 8.86%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 78,000.00	\$ 4,836.00	\$ 1,131.00	\$ 6,910.80	\$ 11,822.19	\$ 759.72	\$ 103,259.71	\$ 0.75	\$ 77,444.78
Accounts Payable Bookkeeper	\$ 37,827.20	\$ 2,332.89	\$ 545.59	\$ 3,333.77	\$ 12,872.83	\$ 39.60	\$ 56,551.88	\$ 1.00	\$ 56,551.88
Payroll Specialist	\$ 43,430.40	\$ 2,692.68	\$ 629.74	\$ 3,847.93	\$ 7,514.80	\$ 39.60	\$ 58,155.16	\$ 1.00	\$ 58,155.16
Accounting Manager (15%)	\$ 65,520.00	\$ 4,062.24	\$ 950.04	\$ 5,805.07	\$ 11,622.19	\$ 638.16	\$ 88,597.70	\$ 0.15	\$ 13,289.66
Microtoner for check printing									\$ 984.96
	\$224,577.60	\$ 13,923.81	\$ 3,256.38	\$ 19,897.58	\$ 43,432.01	\$ 1,477.08	\$ 306,564.45		\$ 206,436.44

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert Healy
FROM: David Sellers 
SUBJECT: Treasurer's Office Responsibilities
DATE: June 9, 2008

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2007-2008

	Salary 07-08	OASDI 6.2%	Medicare 1.45%	IMRF 8.86%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 81,120.00	\$ 5,029.44	\$ 1,176.24	\$ 7,187.23	\$ 11,622.19	\$ 759.72	\$ 106,894.82	\$ 0.75	\$ 80,171.12
Accounts Payable Bookkeeper	\$ 39,351.36	\$ 2,439.78	\$ 570.59	\$ 3,486.53	\$ 12,872.83	\$ 39.60	\$ 58,560.70	\$ 1.00	\$ 58,560.70
Payroll Specialist	\$ 45,351.36	\$ 2,811.78	\$ 657.59	\$ 4,018.13	\$ 7,514.80	\$ 39.60	\$ 60,393.27	\$ 1.00	\$ 60,393.27
Accounting Manager (15%)	\$ 68,796.00	\$ 4,265.35	\$ 997.54	\$ 6,095.33	\$ 11,622.19	\$ 638.16	\$ 92,414.57	\$ 0.15	\$ 13,862.19
	\$234,618.72	\$ 14,546.36	\$ 3,401.97	\$ 20,787.22	\$ 43,432.01	\$ 1,477.08	\$ 318,263.36		\$ 212,987.27



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INVOICE DATE		INVOICE NUMBER		INVOICE TERMS		DUE DATE		
12/11/2006		CTP6937		NET 30 Days-Gov/Ed		01/10/2007		
OUR PART NO. 076514	DESCRIPTION TROY MICR 8000 SSI TONER CART Manufacture Part Number: 02-17981-001			QTY ORD	QTY SHIP	QTY B/O	UNIT PRICE	TOTAL
				1	1	0	\$371.99	\$371.99
<i>H. Soulaumes Recd.</i>				20 DEC 2006 14:05				
BANK INFORMATION: THE NORTHERN TRUST 50 SOUTH LASALLE STREET CHICAGO, IL 60675				ROUTING NO.: 071000152 ACCOUNT NAME: CDW GOVERNMENT INC ACCOUNT NO.: 91057				
HAVE QUESTIONS ABOUT YOUR ACCOUNT? PLEASE EMAIL US AT: credit@cdw.com								
ORDER DATE 12/07/2006	SHIP VIA UPS Ground (1-2 day)	PURCHASE ORDER NO. 71607		CUSTOMER NO. 191500		PRODUCT SUBTOTAL		\$371.99
SALESPERSON KEVIN MCMAHON 847-371-7113 kevinmcm@cdwg.com		SHIP TO: LYONS TOWNSHIP HIGH SCHOOL KAREN R BROWN 100 S BRAINARD AVE LA GRANGE IL 60525-2106		SALES ORDER NUMBER DVN8878		SHIPPING		\$12.99
						SALES TAX		\$0.00
						INVOICE AMOUNT		\$384.98
						AMOUNT DUE		\$384.98

CDW GOVERNMENT, INC. AN ILLINOIS CORPORATION FEIN 36-4230110

ILLINOIS STATE DEPARTMENT OF REVENUE
SALES TAX REPORT FOR PERIOD 12/01/06 TO 12/31/06

D204-00247

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert Healy
FROM: David Sellers
SUBJECT: Treasurer's Office Responsibilities
DATE: June 9, 2009

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

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

Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2008-2009

	Salary 08-09	OASDI 6.2%	Medicare 1.45%	IMRF 8.32%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 85,176.00	\$ 5,280.91	\$ 1,235.05	\$ 7,086.64	\$ 10,225.81	\$ 829.20	\$ 109,833.62	\$ 0.75	\$ 82,375.21
Accounts Payable Bookkeeper	\$ 40,841.38	\$ 2,532.17	\$ 592.20	\$ 3,398.00	\$ 11,157.46	\$ 39.60	\$ 58,560.81	\$ 1.00	\$ 58,560.81
Payroll Specialist	\$ 47,167.92	\$ 2,924.41	\$ 683.93	\$ 3,924.37	\$ 10,225.81	\$ 39.60	\$ 64,966.05	\$ 1.00	\$ 64,966.05
Accounting Manager (15%)	\$ 71,892.00	\$ 4,457.30	\$ 1,042.43	\$ 5,981.41	\$ 10,225.81	\$ 700.56	\$ 94,299.52	\$ 0.15	\$ 14,144.93
Micro Toner									\$ 781.01
	\$245,077.30	\$ 15,194.79	\$ 3,553.62	\$ 20,390.43	\$ 41,834.89	\$ 1,608.96	\$ 327,659.99		\$ 220,828.01

Morici, Mary Ann

From: Moran, Kathy
Sent: Tuesday, June 09, 2009 6:43 AM
To: Morici, Mary Ann
Subject: Insurance costs

*Board paid
2008-09*

Hi Mary Ann,

I need the district costs for medical and life insurance (listed separately) for the following employees:

	MED-DENT	LIFE	LTD
F- PPO Kathy Moran	10,225.81	190.08	510.48
F- PPO Lisa Touloumis	10,225.81	39.60	
F- BCS Deb Cook	11,157.46	39.60	
S- PPO Mary Ann Morici	3212.71	39.60	
F- PPO Lottie Komperda	10,225.81	39.60	
F- PPO Sherri Bugyis	10,225.81	224.40	604.80

Thanks,
Kathy

6/9/2009

D204-00253

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert Healy

FROM: David Sellers

SUBJECT: Treasurer's Office Responsibilities

DATE: June 14, 2010

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

- Payroll and Accounts Payable bank reconciliation
- Balance monthly totals between Treasurer and LTHS
- Provide printing costs for envelopes for payroll and accounts payable checks.
- Annual salary and benefit costs for 5 employees as per attached invoice

Payment of attached invoices is expected prior to the close of the fiscal year.

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2009-10

	Salary 09-10	OASDI 6.2%	Medicare 1.45%	IMRF 8.32%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator (75%)	\$ 87,731.00	\$ 5,439.32	\$ 1,272.10	\$ 7,299.22	\$ 10,947.53	\$ 853.89	\$ 113,543.06	\$ 0.75	\$ 85,157.30
Accounts Payable Bookkeeper	\$ 42,073.00	\$ 2,608.53	\$ 610.06	\$ 3,500.47	\$ 10,947.53	\$ 39.60	\$ 59,779.19	\$ 1.00	\$ 59,779.19
Accounts Payable Bookkeeper	\$ 38,043.36	\$ 2,358.69	\$ 551.63	\$ 3,165.21	\$ 10,947.53	\$ 39.60	\$ 55,106.01	\$ 1.00	\$ 55,106.01
Payroll Specialist	\$ 43,344.00	\$ 2,687.33	\$ 628.49	\$ 3,606.22	\$ 6,568.50	\$ 39.60	\$ 56,874.14	\$ 1.00	\$ 56,874.14
Accounting Manager (20%)	\$ 74,049.00	\$ 4,591.04	\$ 1,073.71	\$ 6,160.88	\$ 10,947.53	\$ 722.43	\$ 97,544.59	\$ 0.20	\$ 19,508.92
Micro Toner	\$285,240.36	\$ 17,684.90	\$ 4,135.99	\$ 23,732.00	\$ 50,358.62	\$ 1,695.12	\$ 382,846.99	\$	\$ 318.80
									\$ 276,744.35

	Medical Ins	Life	LTD
Bugyis, S	\$ 10,992.43	\$ 1,192.80	\$ 99.40
Moran, K	\$ 10,992.43	\$ 1,006.77	\$ 83.90
Cook, D	\$ 12,129.29	\$ 32.40	
Stone, P	\$ 10,992.43	\$ 32.40	
Henneman, K	\$ 10,992.43	\$ 32.40	
Morici, M	\$ 3,435.12	\$ 32.40	
Komperda, W	\$ 12,344.42	\$ 32.40	

10,021.82



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INVOICE DATE	INVOICE NUMBER	INVOICE TERMS	DUE DATE
12/03/2008	MMX2128	NET 30 Days-Govt/Ed	01/02/2009

OUR PART NO.	DESCRIPTION	QTY ORD	QTY SHIP	QTY B/O	UNIT PRICE	TOTAL
076514	TROY MICR 8000 55I TONER CART Manufacture Part Number: 02-17981-001	1	1	0	\$385.99	\$385.99
<p>FOR INFORMATION: THE NORTHERN TRUST ROUTING NO.: 071000152 60 SOUTH CASALLE STREET ACCOUNT NAME: CDW GOVERNMENT INC CHICAGO, IL 60676 ACCOUNT NO.: #1057</p> <p>HAVE QUESTIONS ABOUT YOUR ACCOUNT? PLEASE EMAIL US AT: credit@cdw.com</p>						
ORDER DATE 11/25/2008	SHIP VIA FEDEX Ground	PURCHASE ORDER NO. 91564		CUSTOMER NO. 191500	PRODUCT SUBTOTAL	\$385.99
SALESPERSON KEVIN MCMAHON 847-371-7113 kevinmcm@cdwg.com		SHIP TO: LYONS TOWNSHIP HIGH SCHOOL DEBBIE COOK 100 S BRANARD AVE LA GRANGE IL 60525-2100		SALES ORDER NUMBER		SHIPPING
				MMS1197		SALES TAX
					INVOICE AMOUNT	\$385.99
					AMOUNT DUE	\$385.99

CDW GOVERNMENT, INC. AN ILLINOIS CORPORATION FEIN 36-4230110





VISIT CDWG ON THE INTERNET

INVOICE DATE	INVOICE NUMBER	INVOICE TERMS	DUE DATE
05/11/2009	PBJ1796	NET 30 Days-Gov/Ed	06/10/2009

OUR PART NO	DESCRIPTION	QTY ORD	QTY SHIP	QTY B/C	UNIT PRICE	TOTAL	
076514	TROY MICR 8000 SSI TONER CART Manufacture Part Number: 02-17981-001	1	1	0	\$385.03	\$385.03	
<p>ORIGINAL INVOICE</p> <p>THANK YOU FOR YOUR ORDER</p>							
<p>ACH INFORMATION: THE NORTHERN TRUST ROUTING NO.: 071000152 60 SOUTH LASALLE STREET ACCOUNT NAME: CDW GOVERNMENT INC CHICAGO, IL 60675 ACCOUNT NO.: 81957</p> <p>HAVE QUESTIONS ABOUT YOUR ACCOUNT? PLEASE EMAIL US AT: credit@cdw.com</p>							
ORDER DATE 06/07/2009	SHIP VIA UPS Ground (1-2 day)	PURCHASE ORDER NO. 92528		CUSTOMER NO. 191500		PRODUCT SUBTOTAL	
SALESPERSON KEVIN MCMAHON 847-371-7113 kevimcm@cdwg.com		SHIP TO: LYONS TOWNSHIP HIGH SCHOOL KAREN BROWN 100 S BRAINARD AVE LA GRANGE IL 60525-2100		SALES ORDER NUMBER NTS2720		\$385.03	
						SHIPPING	\$9.99
						SALES TAX	\$0.00
						INVOICE AMOUNT	
						\$395.02	
						AMOUNT DUE	
						\$395.02	

CDW GOVERNMENT, INC. AN ILLINOIS CORPORATION FEIN 36-4230110

12345678901

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert G. Healy, Township School Treasurer

FROM: David S. Sellers, Director of Business Services

SUBJECT: Treasurer's Office Responsibilities

DATE: June 1, 2011

Following is a list of responsibilities that District 204 proposes become the direct cost of the Lyons Township Treasurer's Office:

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

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

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2010-11

	Salary 10-11	OASDI 6.2%	Medicare 1.45%	IMRF 8.32%	Medical Insurance	Life & LTD	Total	Percent applied	Total
Database Administrator	\$ 87,731.00	\$ 5,439.32	\$ 1,272.10	\$ 7,299.22	\$ 10,992.43	\$ 1,292.20	\$ 114,026.27	\$ 0.75	\$ 85,519.70
Accounts Payable Bookkeeper	\$ 43,326.00	\$ 2,686.21	\$ 628.23	\$ 3,604.72	\$ 12,129.29	\$ 1,090.67	\$ 63,465.12	\$ 1.00	\$ 63,465.12
Accounts Payable Bookkeeper	\$ 39,191.36	\$ 2,429.86	\$ 568.27	\$ 3,260.72	\$ 10,992.43	\$ 39.60	\$ 56,482.25	\$ 1.00	\$ 56,482.25
Payroll Specialist	\$ 44,516.16	\$ 2,760.00	\$ 645.48	\$ 3,703.74	\$ 10,992.43	\$ 39.60	\$ 62,657.42	\$ 1.00	\$ 62,657.42
Accounting Manager	\$ 76,270.00	\$ 4,728.74	\$ 1,105.92	\$ 6,345.66	\$ 10,992.43	\$ 722.43	\$ 100,165.18	\$ 0.15	\$ 15,024.78
Micro Toner to print checks	\$291,034.52	\$ 18,044.14	\$ 4,220.00	\$ 24,214.07	\$ 56,099.01	\$ 3,184.50	\$ 396,796.24		\$ 385.99
									\$ 283,535.26

**Office
DEPOT**Office Depot, Inc
PO BOX 630813
CINCINNATI OH
45263-0813

FEDERAL ID: 59-2663954

451819

ORIGINAL INVOICE

THANKS FOR YOUR ORDER

IF YOU HAVE ANY QUESTIONS

OR PROBLEMS, JUST CALL US

FOR CUSTOMER SERVICE ORDER: (888) 263-3423

FOR ACCOUNT: (800) 721-6592

INVOICE NUMBER	AMOUNT DUE	PAGE NUMBER
486350939001	316.80	Page 1 of 1
INVOICE DATE	TERMS	PAYMENT DUE
31-AUG-09	Net 30	02-OCT-09

BILL TO:

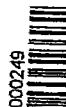
ATTN: ACCOUNTS PAYABLE
LYONS TWP HIGH SCH
C/O BUSINESS OFFICE
100 S BRAINARD AVE
LA GRANGE IL 60525-2100

005108-000249



SHIP TO:

LYONS TWP HIGH SCH
NORTH CAMPUS
100 S BRAINARD AVE
LA GRANGE IL 60525-2100



ACCOUNT NUMBER 28502485	PO # 100846 - <u>Close P.O.</u>	SHIP TO TO NORTH CAMP	ORDER NUMBER 486350939001	ORDER DATE 27-AUG-09	SHIPPED DATE 31-AUG-09
BILLING ID 173346	ACCOUNT MANAGER RELEASE	ORDERED BY STONE, PATTY	DESKTOP	ACCT # 2520.4100.7300	
CATALOG ITEM #/ MANUF CODE	DESCRIPTION/ CUSTOMER ITEM #	U/M TAX	QTY ORD	QTY SHIP	QTY B/O
905290 TRS0281300001	TONER, 4014/4015/4515, MICR, 905290	EA Y	1	1	0
				UNIT PRICE	EXTENDED PRICE
				316.800	316.80
 BY: _____ 8 SEP 2009 PM 2:41					
SUB-TOTAL					316.80
DELIVERY					0.00
SALES TAX					0.00
TOTAL					316.80

All amounts are based on USD currency

To return supplies, please repack in original box and insert our packing list, or copy of this invoice. Please note problem so we may issue credit or replacement, whichever you prefer. Please do not ship collect. Please do not return furniture or machines until you call us first for instructions. Shortage or damage must be reported within 5 days after delivery.

005108-000249

LYONS TOWNSHIP HIGH SCHOOL

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

TO: Robert Healy

FROM: David Sellers

SUBJECT: Treasurer's Office Responsibilities

DATE: June 13, 2012

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

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

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

LYONS TOWNSHIP HIGH SCHOOL DISTRICT 204
COSTS FOR 2011-12

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

PAY.315.12 - FY 12 - Employee Assignments/Contracts

EMPLOYEE: [Name] [ID] [Title]

DEPARTMENT: [Name] [ID] [Title]

GENERAL INFORMATION: [Tab] [Tab]

Contract Type	Pay Plan	Rate
1010100/2500/1114/7500	10010000	7500.00

Look up

PAY.345.12 - FY 12 - Employee Assignments/Contracts

SEARCH: [SEARCH] [F5] [F6] [F7] [F8] [F9] [F10] [F11] [F12]

FROM: [DIRECTOR, SUPERVISOR, CLERK] [OK] [Cancel]

TO: [DIRECTOR, SUPERVISOR, CLERK] [OK] [Cancel]

GENERAL INFORMATION: [GENERAL INFORMATION] [DETAILS]

Assign Date	Assign	Assign
2013/01/25 12:01:26:400	100:0000	55:0004:00

[Load up]

07/20/10	THR1890	Net 30 Days		08/19/10		
ORDER DATE	SHIP VIA	PURCHASE ORDER NUMBER		CUSTOMER NUMBER		
07/19/10	UPS Ground (1-2 day)	110479		191500		
ITEM NUMBER	DESCRIPTION	QTY ORD	QTY SHIP	QTY B/O	UNIT PRICE	TOTAL
076514	TROY MICR 8000 SSI TONER CART Manufacturer Part Number: 02-17981-001	1	1	0	385.99	385.99
<p>28 JUL 2010 AM 6:30</p> <p>PAID AUG 03 2010</p> <p>BY:</p>						
<p align="center">GO GREEN!</p> <p>CDW is happy to announce that paperless billing is now available! If you would like to start receiving your Invoices as an emailed PDF, please email CDW at paperlessbilling@cdw.com. Please include your Customer number or an Invoice number in your email for faster processing.</p> <p align="center">REDUCE PROCESSING COSTS AND ELIMINATE THE HASSLE OF PAPER CHECKS!</p> <p>Begin transmitting your payments electronically via ACH using CDW's bank and remittance information located at the top of the attached payment coupon. Email credit@cdw.com with any questions.</p>						
ACCOUNT MANAGER		SHIPPING ADDRESS:		SUBTOTAL		
KEVIN MCMAHON 847-371-7113 kevinmcm@cdwg.com		LYONS TOWNSHIP HIGH SCHOOL DEB COOK - 108 100 S BRAINARD AVE LA GRANGE IL 60525-2100		\$385.99		
SALES ORDER NUMBER				SHIPPING		
VDG2997				\$11.18		
				SALES TAX		
				\$0.00		
				AMOUNT DUE		
				\$397.17		



0001:0002

Cage Code Number 1KH72
DUNS Number 02-615-7235
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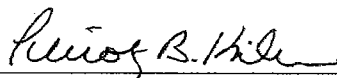
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D204-00280

VERIFICATION

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, as Superintendent of Lyons Township High School District 204, I certify that the statements set forth in the foregoing pleading are true and correct.

A handwritten signature in cursive script, appearing to read "Timothy B. Kilrea", written over a horizontal line.

Dr. Timothy B. Kilrea

CERTIFICATE OF SERVICE

Jay R. Hoffman, an attorney, certifies that on March 8, 2017, he caused the foregoing pleading to be served by email on the following attorneys:

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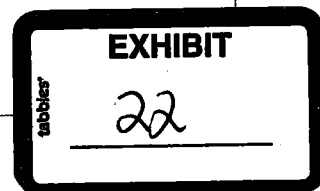
Chicago, IL 60606

s/Jay R. Hoffman

EXHIBIT 22

1 STATE OF ILLINOIS)
 2) SS:
 3 COUNTY OF C O O K)
 4 IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
 5 COUNTY DEPARTMENT - CHANCERY DIVISION
 6 TOWNSHIP TRUSTEES OF SCHOOLS)
 7 TOWNSHIP NORTH, RANGE 12 EAST,)
 8)
 9 Plaintiff/Counter-Defendant,)
 10)
 11 vs.) No. 13 CH 23386
 12)
 13 LYONS TOWNSHIP HIGH SCHOOL)
 14 DIST. 204,)
 15)
 16 Defendant/Counter-Plaintiff.)
 17 _____)

18 REPORT OF PROCEEDINGS at the motion of
 19 the above-entitled cause before the Honorable
 20 SOPHIA H. HALL, Judge of said Court, at the
 21 Richard J. Daley Center, Room 2301, on the 20th
 22 day of February, 2018, at the hour of 11:00 a.m.
 23 Reported By: Gina M. Callahan, CSR
 24 License No.: 084-003623



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APPEARANCES:

MILLER, CANFIELD, PADDOCK AND STONE, P.C.

BY: MR. BARRY P. KALTENBACH and

MR. GERALD E. KUBASIAK

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On behalf of the Township Trustees;

LAW OFFICES OF JAY R. HOFFMAN, by

MR. JAY R. HOFFMAN

20 North Clark Street, Suite 2500

Chicago, Illinois 60602

(312) 899-0899

jay@hoffmanlegal.com

On behalf of LTSD.



1 THE COURT: Okay TTO versus Lyons.

2 MR. HOFFMAN: Here, Judge. Jay Hoffman
3 for the defendant LTSD.

4 MR. KALTENBACH: Good morning. Barry
5 kaltenbach for plaintiff TTO and Gerald Kubasiak
6 is also with me.

7 THE COURT: Oh. He gave your name?

8 MR. KUBASIKA: Yes.

9 THE COURT: All right. The reason I
10 called you in earlier is that I don't have a
11 written opinion for you, but I do need to tell
12 you what's going on with it, just so you have
13 some idea where I think this is with respect to
14 the Statute of Limitations.

15 I'm going to deny the motion for
16 Statute of Limitations without prejudice because
17 I think there is some factual matters that may
18 have a bearing on whether or not a Statute of
19 Limitations will apply. And it may be that I
20 just don't have that information and it is
21 available somewhere else or not.

22 So this was a motion for partial
23 summary judgment of the Statute of Limitations
24 issue. Usually that comes up in a Motion to



1 Dismiss, but I understand why it didn't happen.

2 So again repeating, the Court denies
3 the motion without prejudice.

4 So the factual issues arise around how
5 the tax collections are handled. You kind of
6 leapt into the middle of this, so there is a lot
7 about just how the money is handled piece by
8 piece by piece.

9 So the township, I gather, collects the
10 taxes. I gather that. Not a great deal of
11 conversation. I did look at the statute and
12 maybe I missed it, but the township collects the
13 taxes. And then the township trustees, the
14 school trustees, they have a treasurer who is
15 designated to do all the money handling. And
16 pursuant to statute, there are various
17 provisions about how the money that's collected
18 is to be managed and how the items are
19 distributed, more in a conclusory fashion
20 they're supposed to do this. So here's where
21 the questions come up.

22 So dealing with the investment income,
23 the investment income apparently is -- and I'm
24 going to use this as an analogy because it



1 helped me. If the analogy doesn't fit what is
2 happening actually, then let me know. But I
3 think of the treasurer, and I'm going to talk
4 about the trustees as like a bank. They are --
5 and they have custody like a bank has of monies
6 in their depositor's accounts.

7 So using that as the analogy, the bank,
8 as custodian of the money, has no trusteeship
9 duties as custodian and the depositors like --
10 this is my understanding of it. And the
11 depositors, like each of the districts, have
12 their own bank account.

13 So any money which is to be distributed
14 from the district's bank account is distributed
15 pursuant to the order of the accountholder, the
16 district's. And the fact that the treasurer --
17 let's just use the treasurer for the trustees is
18 a second signer on the account, it is just that
19 because, I guess, there is a real bank that has
20 the monies on deposit. Okay. So -- but the
21 relationship between the treasurer and the
22 districts is over accounts that are depositing
23 into with the collections.

24 So then I'm asking myself how is the



1 money moved around? So apparently, the statute
2 allows for the treasurer to take the agency
3 accounts and put them into one big account to
4 invest the monies, and then the treasurer will,
5 as the income comes in on the combined
6 investment account which contains the district's
7 money that has already been distributed to the
8 districts, then those monies are distributed. I
9 don't know if there is any trusting around that.
10 It doesn't -- and if it is a trust account, then
11 it would have to be very specific that there is
12 a trust.

13 Let me cut to the chase in a moment. I
14 don't see anything that indicates that the
15 treasurer is holding -- at this point holding
16 any money in trust subject to the treasurer's
17 discretion as to how they might spend things.
18 It just seems to me the treasurer is moving the
19 district's monies according to the statutory
20 requirements. So I'm not seeing that.

21 So that means the issue of the Statute
22 of Limitations, in my view, at this point is not
23 going to be resolved by saying the Statute of
24 Limitations doesn't apply because there is some



1 trust account happening.

2 All right. So now we get to what
3 remains is whether there is a public interest
4 exemption. Yes. And it would seem to me that
5 there is a public interest exemption because,
6 from what I can tell from how the monies are
7 moving, because the district's -- and this case
8 is kind of backwards in a way. But the monies
9 in the district accounts or however they're
10 being moved, the people have an interest in
11 them. So it would seem that whatever is going
12 to happen here, there is a public interest
13 exemption. So it would seem that that doesn't
14 apply based upon what I can see. The investment
15 income is of interest, and that's a different
16 kind of account. I don't know. More
17 information has to be had about that.

18 Then the operating expenses. How are
19 the operating expenses paid? It would seem that
20 the distribution of the operating expenses are
21 connected to the whether or not the audit
22 payments to -- let me back up.

23 Moving to the audit expenses, the audit
24 expenses seem -- of Lyons Township seem to come



1 out of the operating income. And so if the
2 audit expenses were properly paid or not paid,
3 it would affect the percentages that were being
4 distributed from the operating income. Though
5 these two pots of money are treated separately,
6 they are connected, because I think that the
7 only question here is because the audit expenses
8 for Lyons Township is being paid out of -- is
9 being paid as a part of the operating expenses
10 of the treasurer's office, as such, then that
11 affects the portion that everybody is paying to
12 reimburse for the operating expenses.

13 I know this sounds a little confusing
14 as I'm expressing this, but that's because it is
15 not totally clear how the monies are traveling.
16 And in any event, with respect to the elements
17 of the public interest exception as is set up,
18 those elements seem to be based on -- and they
19 look like they are separate ones -- the effect
20 of the interest on the public, the handling of
21 that money does have an interest in the public
22 in terms of the monies available to address the
23 operation of the schools. Clearly, a connection
24 there, unlike the so-called insurance premium



1 issue in the other case that was cited which was
2 the King case, the Champaign County Forest
3 Preserve District Versus King. This is a
4 different situation. And the King facts don't
5 fit this one.

6 There is an obligation of the
7 governmental unit to act on behalf of the
8 public, it appears, and the extent to which the
9 expenditure -- my understanding of that language
10 is how much money is involved here. And that
11 extent of expenditure is there is a lot of money
12 involved here. So I think that the Statute of
13 Limitations does not prevent the trustees from
14 pursuing this.

15 Now, there are a lot of other questions
16 in the cause of action that I think we still end
17 up having to get to, but this was intended to
18 narrow what's at stake. And based upon what's
19 been presented here, I do not see a basis for it
20 narrowing it.

21 MR. KUBASIAK: Thank you, your Honor.
22 You probably don't have too many cases that go
23 back to the 1800s that we have to reply upon.

24 THE COURT: And it was fascinating



1 looking at. And I looked at the -- spent a lot
2 of time looking at the District 5, District 1
3 case.

4 MR. KUBASIAK: Yes, yes.

5 THE COURT: And District 5 District 1 is
6 really kind of different. It doesn't help in a
7 sense, because it was a fight between District 5
8 who already -- where the money had already
9 been -- it was district --

10 MR. KALTENBACH: It was District 5's
11 money but given to District 1.

12 THE COURT: It was District 5's money
13 given to District 1. And I bet that even the
14 judges who were deciding that one were having
15 difficulty because the language was not totally
16 clear, even in the way they wrote it.

17 MR. KALTENBACH: It is archaic.

18 THE COURT: Inartfully written is the
19 word for it.

20 MR. HOFFMAN: So before the order, your
21 Honor.

22 THE COURT: I'm going to deny it.

23 MR. HOFFMAN: Without prejudice.

24 THE COURT: Summary judgment for



1 application of the Statute of Limitations
2 without prejudice.

3 MR. HOFFMAN: Without prejudice based
4 upon -- well --

5 MR. KALTENBACH: The reasoning of the
6 Court.

7 MR. HOFFMAN: Subject to proof being
8 presented at trial.

9 MR. KALTENBACH: Well, without
10 prejudice.

11 MR. HOFFMAN: Without prejudice.

12 THE COURT: So that takes care of that.

13 (Whereupon, these were all the
14 proceedings had at this time.)
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1 STATE OF ILLINOIS)
2) SS:
3 COUNTY OF C O O K)
4

5 Gina Callahan, being first duly sworn,
6 on oath says that she is a court reporter doing
7 business in the City of Chicago; and that she
8 reported in shorthand the proceedings of said
9 hearing, and that the foregoing is a true and
10 correct transcript of her shorthand notes so
11 taken as aforesaid, and contains the proceedings
12 given at said hearing.

13 *Gina Callahan*
14

15 Gina Callahan, CSR
16 LIC. NO. 084-003623
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