

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

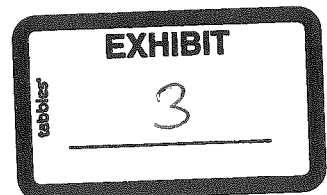
TOWNSHIP TRUSTEES OF SCHOOLS)	
TOWNSHIP 38 NORTH, RANGE 12)	
EAST,)	
)	No. 13 CH 23386
Plaintiff,)	
)	Judge Sophia H. Hall
vs.)	Calendar 14
)	
LYONS TOWNSHIP HIGH SCHOOL)	
DISTRICT NO. 204,)	
)	
Defendants.)	

AFFIDAVIT OF DR. SUSAN BIRKENMAIER

The undersigned, under penalties provided by law pursuant to Section 1-109 of the Code of Civil Procedure, certifies that the statements set forth in this Affidavit are true and correct, except as to such matters herein stated to be on information and belief, and as to such matters the undersigned certifies as aforesaid that she verily believes them to be true.

1. My name is Susan Birkenmaier, Ed.D. I am presently the Lyon's Township School Treasurer ("Treasurer"). I was appointed to my position by the Township Trustees of Schools ("TTO"), Township 38 North, Range 12 East, the plaintiff in this case. I have served as Treasurer since October 2013. Before that, I served as Superintendent of Lemont-Bromberek School District 113, and as the Director of Operations for LaGrange Highlands School District 106.

2. I have a Bachelor of Arts in Political Science from Northern Illinois University. I also have a Masters of Arts in Public Affairs from Northern Illinois University, and a Doctor of Education in Educational Leadership and Administration, General, from Indiana University.



3. I am submitting this Affidavit in support of a Motion for Summary Judgment that the plaintiff has filed in this case. I have personal knowledge of the facts set forth herein, unless I state otherwise, and am competent to testify thereto. I am acquainted with the business and procedures at issue. I am personally familiar with the Treasurer's Office's procedures for creating and maintaining business records.

OVERVIEW OF THE TREASURER AND THE TREASURER'S OFFICE

4. My office, the Treasurer's Office uses a fiscal year ("FY") running from July 1 to June 30 of the following year. For example, FY 2000 ran from July 1, 1999 to June 30, 2000.

5. I have certain statutory duties as Treasurer, including generally managing approximately \$500,000,000 each year in revenue and investments. With respect to my investments on behalf of the school districts in Lyons Township, at the close of the most recent FY, June 30, 2016, my office was holding and investing \$198,827,322. District 204's share of this was \$41,764,445 or about 23.5%.

6. The Illinois School Code permits the Treasurer, when managing and investing the money belonging to the school districts, to combine (or "pool") the money being invested. In fact, at times relevant to this lawsuit, the Treasurer did pool the investments. I know this based upon my personal knowledge and experience during the relevant time frame and from my review of countless business records.

7. In each FY, the Treasurer's Office incurs certain expenses of its office. These include, by way of example, rent for the Treasurer's Office space, salaries for staff, computers, office supplies, and accountant fees. In addition, I receive compensation for serving as Treasurer.

8. In the regular course of business, the Treasurer's Office receives invoices for its expenses concurrently with the service or within a reasonable amount of time afterwards. These invoices and other records of the Treasurer's Office are retained and stored in accordance with Illinois law.

9. The Illinois Local Records Act (50 ILCS 205) and guidelines issued by the Illinois Records Commission regulate the preservation or disposal of public records of all units of local government in Illinois. Pursuant to these, the Treasurer's Office is required to submit an application to the Commission and wait its approval before it can destroy any records. It is the regular course of business for the Treasurer's Office to maintain its records pursuant to this law. These records are kept in the course of the Treasurer's Office's regularly conducted business activities.

10. The Treasurer's Office currently retains original or paper copies of invoices dating back to FY 1998. These invoices are relied upon by the Treasurer's Office for its routine day-to-day operations.

11. The Treasurer's Office has a computer system to record and retain records and transactions. Included in this is an accounting program where all financial entries are recorded. The entries are made in the regular course of business concurrently with the transaction or within a reasonable amount of time afterwards. The entries were made by staff with personal knowledge of the information entered. The accounting program in place for FYs 1994 – 2016 was Data Control & Research, Ltd. ("DCR"). DCR was used significantly by other Treasurers in the region at the time. All the school districts in Lyons Township, with the exception of District 204, used DCR, during FY 1994 – FY 2014. The Treasurer's Office maintained a set of records of District 204's accounts in DCR, however. The Treasurer's Office began transitioning to a

new accounting program on July 1, 2015 (FY 2016) and ceased using DCR on July 1, 2016 (FY 2017). However, support is still retained for DCR and the program and its records are still accessible and viable going back to FY 1994. The Treasurer's Office relies on the records in DCR for its day to day operations. (For clarity, DCR shall be referred to as "accounting program" going forward in this Affidavit.)

12. Because the Treasurer is the sole custodian of all funds for the school districts in Lyons Township, the accounting program records not only the receipts and disbursements of the Treasurer's Office but those of the school districts. The accounting requirements are pursuant to Illinois law. The Treasurer's Office receives all tax revenue collected for the school districts and the Treasurer signs all disbursements from those funds. Therefore its accounting program has a record of all transactions.

13. Every expense of the Treasurer's Office and its school districts in the regular course of business is recorded into the accounting program and identified as an expense charged to a Treasurer's Office's account or an account of a school district. The entries are made with staff with personal knowledge of the information entered. If it is charged to a Treasurer's Office account, the code "100" is used in the accounting program. If it is charged to a school district's account, the code for that district is used – as example, "204" is used for School District 204, "101" for School District 101, and "107" for School District 107.

14. In the normal course of business, when the invoices for the Treasurer's Office's expenses are received, they are given to a member of the Treasurer's Office staff who enters the vendor name, invoice amount, and brief description into the accounting program. This information must be input within a reasonable amount of time of receipt of the invoice because it must be entered in order to issue a check to pay the vendor. At the time of payment, the date the

invoice is paid and its check number is also entered. The invoice is identified as being charged to a Treasurer's Office's account with the code 100.

15. Each invoice is assigned to a "category of expense" of the Treasurer's Office. Categories include office staff salaries, rent, equipment rental & maintenance, annual audit, legal services, and electricity. Each category has a code number that is utilized in the accounting program. The Treasurer's Office follows the code numbers set out in the Illinois Administrative Code's Requirements for Education Accounting, Budgeting, Financial Reporting, and Auditing. Under this system, for example, the code numbers "1-2520-317-0-0" are used by the Treasurer's Office for invoices from accountants and "1-2520-318-0-0" for invoices from attorneys.¹

16. Reports can be generated from the accounting program. These reports summarize the entries that were entered in the regular course of business during each FY. The reports can be limited to a specific FY or cover a date range. They can be a complete summary of all expenses or they can be limited to a specific vendor. Some reports are run, printed, and saved on a monthly or annual basis in the regular course of business. Some reports are run and archived within the accounting program (electronically) in the regular course of business.

17. At the end of every FY a report is run and printed and saved which summarizes the Treasurer's Office's annual expenses for that FY. The report has the title "Statement of Expenditures" on its face. See Exhibit A, tab 2000², pages 1-4³ for an example of this report for FY 2010. As part of its normal course of business, the Treasurer's Office currently has in its

¹ There have been times when an invoice has been mistakenly assigned to an incorrect category. For example, there are invoices from accountants that have been assigned to the legal services code.

² Tab numbers are by the Fiscal Year and not the number of tabs – i.e. "tab 2000" is FY 2000.

³ Page number references are to the handwritten numbers on the lower left hand corner of the page.

files these printed reports dating back to FY 1996. These reports for FYs 1996 – 2012 were pulled from the files by members of my staff, scanned, and produced for this litigation.

18. For years prior to FY 1996 where in the normal course of business the printed out reports have not been retained, the accounting program can generate reports that contain the same information. For FYs 1994 and 1995, a member of my staff ran such reports. These reports have the title “Detail Statement of Fund Accounts” on its face. See Exhibit A, tab 1994, pages 1-16 for an example of this report for FY 1994. Although these reports were run for this litigation, they are print outs of entries that were entered in the regular course of business during FYs 1994 and 1995 concurrently with the transaction or within a reasonable amount of time afterwards. The entries were made by Treasurer Office staff with personal knowledge of the information contained in the entry.

19. The Statement of Expenditures reports summarizing the Treasurer’s Office’s annual expenses are broken down by the categories of expenses and code numbers discussed above in ¶15. For example, on page 1 of Exhibit A, tab 2000 there is a line item coded “1-2520-317” and titled “Annual Audit” and a cost of \$73,578.95 listed. That is the total amount for FY 2000 for invoices coded to this code.

PAYMENT OF TREASURER’S OFFICE’S AND DISTRICT 204’S AUDIT EXPENSES

20. In accordance with Illinois law, the Treasurer hires an accounting firm (auditor) to undertake an annual audit of the Treasurer’s Office. The cost of the annual audit and its related expenses is one of the annual expenses of the Treasurer’s Office.

21. In FYs 1994 – 2012, the accounting firm William F. Gurrie & Co. and its successor companies were engaged by the Treasurer’s Office to perform financial services for it

along with its annual audit. In FY 2007, this company came to be known as Virchow, Krause & Company and in FY 2010 it was acquired by Baker Tilly.

22. The Treasurer's Office's annual audit is an audit of its own accounts, not those of its school districts. In accordance with Illinois law, each school district is required to cause an accounting firm to undertake an annual audit of its own accounts.

23. Pursuant to Illinois law, each school district pays for its own annual audit out of its own funds – the costs for the school districts' audits are not Treasurer's Office's annual expenses.

24. Between FYs 1994 and 2012, all the school districts, with the exception of District 204, paid for their own annual audits from their own accounts. On the other hand, between FYs 1994 and 2012, audit expenses of District 204 were paid for by the Treasurer's Office out of its own accounts instead of District 204's⁴.

25. The payment of District 204's audit expenses from the Treasurer's Office's accounts had occurred while a prior Treasurer, Robert Healy, held this office. After Treasurer Healy left the position, this was discovered by the TTO. The staff of the Treasurer's Office undertook an investigation of the Treasurer's Office's records to determine the exact amount. The entries in the accounting software program, reports from the accounting program summarizing the annual expenses of the Treasurer's Office, and the invoices from the auditor that performed the annual audit were examined.

⁴ Audit expenses for District 204 have not been identified with any specificity for FY 2004 and 2005. See ¶41 and ¶42 below.

26. First, all invoices paid to William F. Gurrie & Co. and its successor companies (“Gurrie”⁵) from Treasurer’s Office accounts from FYs 1994 – 2012 were identified. To do so, I and a member of my staff ran a series of reports from the accounting program that were limited to the category of expense code “1-2520-317-0-0” (the code used for invoices from the auditor). These reports were run, printed, and produced for each FY between 1994 and 2012. See Exhibit A, tab 2010, pages 5-6 for an example of this report. Although these reports were printed for purposes of this litigation, the entries listed on the reports were entered in the normal course of business in each FY concurrently with the transaction or within a reasonable amount of time afterwards. The entries were made by Treasurer Office staff with personal knowledge of the information contained in the entry.

27. I and a member of my staff additionally searched the accounting program for any other invoices in the system from Gurrie that were coded with different category of expense numbers. Additional invoices paid to Gurrie by the Treasurer’s Office were found under the following category of expense codes:

a. 1-2520-318-0-0 – “Legal Services” – FYs 1994, 1995, 1996, and 1999
(See Exhibit A, tab 1999, pages 19-20 for an example of this report)

b. 1-2520-317-204 – “Audit Work 204” - FYs 2010, 2011, and 2012 (See Exhibit A, tab 2011, pages 26-27 for an example of this report).

These reports were also printed and produced.

28. For each Gurrie entry in the accounting program, a member of my staff searched through our files to find any of the paper invoices. In the ordinary course of business the

⁵ Over the course of this litigation, counsels have collectively referred to these three firms as “Baker Tilly”, regardless of their name at that time. Because the majority of the material supporting this Affidavit is from Gurrie, they will be referred collectively here as “Gurrie”.

Treasurer's Office has such invoices in its paper files dating back to FY 1998. A member of my staff was able to find all Gurrie invoices and copies of checks and/or check remittance stubs for FY 1998 – 2012 along with a few from FY 1994. These were scanned and produced. See Exhibit A, tab 2000, pages 7-33 for examples of the invoices and check copies for FY 2000.

29. The reports and invoices were reviewed by myself and members of my staff. Based on the information contained in the invoices, the checks and check stubs, and the accounting program entries, each invoice was identified as either an invoice for services performed for the Treasurer's Office or services performed for District 204 by Gurrie.

30. With only three exceptions, no other audit invoices were found to have been paid for other school districts by the Treasurer's Office. The three exceptions are: (a) payment of \$10,352 for the LaGrange Area Department of Special Education (otherwise known as "LADSE" and "District 2045") in FY 2008; (b) payment of \$7,000 for Lyons Township Elementary School District Benefit Cooperative ("District 999") in FY 2011; and (c) payment of \$1,000 for District 999 in FY 2012.

31. **FY 1994.** In FY 1994, the Treasurer's Office paid \$59,900 (\$44,112 + \$73 + \$15,715) to Gurrie for audit invoices.

a. \$44,112 was coded to 1-2520-317-0-0 for audit invoices. Of this, \$16,057 (\$1,205 + \$1,475 + \$2,970 + \$1,250 + \$1,540 + \$4,285 + \$2,343 + \$989) was identified as for District 204's invoices. (See Exhibit A, tab 1994, page 17. Amounts circled in orange are District 204's invoices.)

b. \$73 was coded to 1-2520-318-0-0 and identified as a District 204 invoice. (See Exhibit A, tab 1994, page 19.) The rest of the items coded to this code are for legal expenses and not included in the audit invoices total.

c. \$15,715 was coded to 1-2520-325-0-0 and identified as related to District 204 invoices. (See Exhibit A, tab 1994, page 22). (The rest of the items coded to this code are not related to audit invoices.) The \$15,715 was for eight District 204 invoices (\$3,500 + \$1,600 + \$5,000 + \$1,056 + \$1,900 + \$196 + \$463 + \$2,000) that had be previously been paid to Gurrie by District 204 from its own accounts. (See Exhibit A, tab 1994, pages 26-40 for the invoices and District 204 check copies showing they were paid for by District 204 in August 1993 – April 1994). In June 1994, this amount was subsequently credited back to District 204’s account (See Exhibit A, tab 1994, page 24 showing the credit to District 204’s account) and charged to the Treasurer’s Offices account. (See Exhibit A, tab 1994, page 22).

d. In FY 1994, of the \$59,900 paid to Gurrie from the Treasurer’s Office’s accounts, \$31,845 (\$16,057 + \$73 + \$15,715) was for District 204 invoices.

32. **FY 1995**. In FY 1995, the Treasurer’s Office paid \$43,646 (\$42,915 + \$731) to Gurrie for audit invoices.

a. \$42,915 was coded to 1-2520-317-0-0 for audit invoices. Of this, \$8,775 (\$8,700 + \$75) was identified as for two District 204’s invoices. (See Exhibit A, tab 1995, page 20. Amounts circled in orange are District 204’s invoices.)

b. \$731 (\$441 + \$290) was coded to 1-2520-318-0-0 and identified as for two District 204 invoices. (See Exhibit A, tab 1995, page 22.) The rest of the items coded to this code are for legal expenses and not included in the audit expenses total.

c. In FY 1995, of the \$43,646 paid to Gurrie from the Treasurer’s Office’s accounts, \$9,506 (\$8,775 + \$731) was for District 204 invoices.

33. **FY 1996**. In FY 1996, the Treasurer’s Office paid \$60,890 (\$58,975 + \$1,915) to Gurrie for audit invoices.

a. \$58,975 was coded to 1-2520-317-0-0. Of this, \$16,810 (\$350 + \$160 + \$7,500 + \$2,500 + \$1,500 + \$4,800) was for six District 204 invoices. (See Exhibit A, tab 1996, page 5. Amounts circled in orange are District 204's invoices.)

b. \$1,915 (\$430 + \$1,485) was coded to 1-2520-318-0-0. Of this, \$430 was for one District 204 invoice and \$1,485 for a Treasurer's Office invoice. (See Exhibit A, tab 1996, page 7.) The rest of the items coded to this code are for legal expenses and not included in the audit invoices total.

c. In FY 1996, of the \$60,890 paid to Gurrie from the Treasurer's Office's accounts, \$17,240 (\$16,810 + \$430) was for District 204 invoices.

34. **FY 1997**. In FY 1997, the Treasurer's Office paid \$59,365 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$15,800 (\$7,200 + \$1,600 + \$7,000) was for three District 204's invoices. (See Exhibit A, tab 1997, page 5. Amounts circled in orange are District 204's invoices.)

35. **FY 1998**. In FY 1998, the Treasurer's Office paid \$48,010 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$9,300 (\$6,150 + \$3,150) was for two District 204 invoices. (See Exhibit A, tab 1998, page 5. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 1998, pages 7-27 for all invoices and copies of checks paid. District 204's invoices are on pages 16-17 and 20-21.)

36. **FY 1999**. In FY 1999, the Treasurer's Office paid \$66,716 (\$24,866 + \$41,850) to Gurrie for audit invoices.

a. \$24,866 was coded to 1-2520-317-0-0. Of this, \$5,200 was for one District 204 invoice. (See Exhibit A, tab 1999, page 5. Amount circled in orange is District

204's invoice.) (Also see Exhibit A, tab 1999, pages 7-18 for all invoices and copies of checks paid. District 204's invoice is on pages 9-10).

b. \$41,850 (\$4,950 + \$3,800 + \$8,000 + \$4,000 + \$4,000 + \$15,900 + \$1,200) was coded to 1-2520-318-0-0. Of this, \$9,200 (\$4,000 + \$4,000 + \$1,200) was for three District 204 invoices. (See Exhibit A, tab 1999, page 19.) The other four invoices (\$4,950 + \$3,800 + \$8,000 + \$15,900) are Treasurer's Office invoices. (Also see Exhibit A, tab 1999, pages 21-33 for all invoices and copies of checks paid. District 204's invoices are on pages 27-28, 29, 31, and 32-33.) The rest of the items coded to this code are for legal expenses and not included in the audit invoices total.

c. In FY 1999, of the \$66,716 paid to Gurrie from the Treasurer's Office's accounts, \$14,400 (\$5,200 + \$9,200) was for District 204 invoices.

37. **FY 2000**. In FY 2000, the Treasurer's Office paid \$73,578.95 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$25,331.95 (\$2,475 + \$4,450 + \$6,000 + \$4,105 + \$1,431 + \$172.70 + \$936.25 + \$5,762) was for eight District 204 invoices. (See Exhibit A, tab 2000, page 5. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2000, pages 7-33 for all invoices and copies of checks paid. District 204's invoices are on pages 7, 9, 10-11, 12-14, 15-16, 18-19, 26-28, and 30-31.)

38. **FY 2001**. In FY 2001, the Treasurer's Office paid \$59,220 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$14,380 (\$3,880 + \$3,500 + \$4,000 + 3,000) was for four District 204 invoices. (See Exhibit A, tab 2001, page 5. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2001, pages 7-25 for all invoices and copies of checks paid. District 204's invoices are on pages 7-8, 11-12, 15, 17, and 22-23.)

39. **FY 2002.** In FY 2002, the Treasurer's Office paid \$90,333.19 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$16,800 (\$5,000 + \$4,400 + \$2,500 + \$4,900) was for four District 204 invoices. (See Exhibit A, tab 2002, page 5. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2002, pages 7-35 for all invoices and copies of checks paid. District 204's invoices are on pages 7, 9, 11, 13-14.)

40. **FY 2003.** In FY 2003, the Treasurer's Office paid \$100,708.77 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$18,143.75 (\$1,750 + \$11,600 + \$4,200 + \$593.75) was identified as four District 204 invoices. (See Exhibit A, tab 2003, page 5. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2003, pages 7-39 for all invoices and copies of checks paid. District 204's invoices are on pages 8-9, 14, 16, 17, 19, 28, and 30.)

41. **FY 2004.** In FY 2004, the Treasurer's Office paid \$106,498.00 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Originally, no invoices from this period were identified as that of District 204. However, a subsequent review of the invoices identified one for \$1,455 to be that of District 204. (See Exhibit A, tab 2004, page 5. The amount circled in orange is the District 204 invoice.) (Also see Exhibit A, tab 2004, pages 7-31 for all invoices and copies of checks paid. District 204's invoice is on pages 24-25.) This invoice was not included in the amount the TTO is claiming for the audit expenses in this litigation. Based on the years prior and subsequent to this one, it is my belief that some of the remaining fifteen invoices from this year are also those of District 204 and not the Treasurer's Office. But none of the report descriptions, invoices, or checks identify them as such so they are not included in the amount the TTO is claiming.

42. **FY 2005.** In FY 2005, the Treasurer's Office paid \$77,068 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. (See Exhibit A, tab 2005, page 5.) (Also see Exhibit A, tab 2005, pages 7-33 for all invoices and check remittance stubs.) No invoices from this period were identified as that of District 204 or included in the amount the TTO is claiming for the audit expenses in this litigation. However, based on the years prior and subsequent to this one, it is my belief that some of the sixteen invoices from this year are also those of District 204 and not the Treasurer's Office. But none of the report descriptions, invoices, or checks identifies them as such so they are not included in the amount the TTO is claiming.

43. **FY 2006.** In FY 2006, the Treasurer's Office paid \$105,762.92 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0⁶. Of this, \$42,266.19 (\$6,500 + \$8,000 + \$12,300 + \$6,500 + \$3,448.69 + \$1,017.5 + \$7,500) was identified as seven District 204 invoices. (See Exhibit A, tab 2006, page 5. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2006, pages 7-35 for all invoices and check remittance stubs. District 204's invoices are on pages 7, 9, 14-15, 16, 18, 21-22, 26, 28, 31-32, and 34-35.)

44. **FY 2007.** In FY 2007, the Treasurer's Office paid \$113,256 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$44,047.50 (\$4,120 + \$17,855 + \$11,695 + \$4,255 + \$3,510 + \$2,295 + \$317.50) was identified as seven District 204 invoices. (See Exhibit A, tab 2007, page 4. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2007, pages 6-34 for all invoices and check remittance stubs. District 204's invoices are on pages 6-7, 10, 12, 13, 14-15, 24, 26, 27-28, and 31-32.)

⁶ The Statement of Expenditures report in Exhibit A, tab 2006, page 1 lists this amount. However, the 1-2530-317-0-0 breakdown report (Exhibit A, tab 2006, page 5) totals \$106,482.92. This is because it includes an invoice from Cheryl Sudd for \$720 that was not included in the Expenditures total.

45. **FY 2008.** In FY 2008, the Treasurer's Office paid \$170,625.82 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$55,800.10 (\$10,950 + \$1,250 + \$19,990 + \$10,445 + \$3,910 + \$5,985 + \$485 + \$855.10 + \$1,930) was identified as nine District 204 invoices. (See Exhibit A, tab 2008, page 4. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2008, pages 6-34 for all invoices and check remittance stubs. District 204's invoices are on pages 6-7, 10-11, 12, 14, 15, 16-17, 21-22, 24-25, 29, 31, and 33-34.) Also included in the \$170,625.82 is one invoice paid for LADSE (School District 2045) for \$10,352 and discussed above in ¶30. (See Exhibit A, tab 2008, page 4 for the amount circled in green.) The remaining nine invoices are for that of the Treasurer's Office's audit invoices.

46. **FY 2009.** In FY 2009, the Treasurer's Office paid \$195,586.49 to Gurrie for audit invoices. The full amount was coded to 1-2520-317-0-0. Of this, \$49,687.55 (\$9,000 + \$7,900 + \$11,872.76 + \$8,942.44 + \$5,654.8 + \$5,267.55 + \$1,050) was identified as seven District 204 invoices. (See Exhibit A, tab 2009, page 4. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2009, pages 6-36 for all invoices and check remittance stubs. District 204's invoices are on pages 6, 8, 13-14, 18-19, 20, 23, 24, 26, 28-29, 30, and 32.)

47. **FY 2010.** In FY 2010, the Treasurer's Office paid \$124,523.40 (\$116,000 + \$23.40 + \$8,500) to Gurrie for audit invoices.

a. \$116,000 was coded to 1-2520-317-0-0. Cheryl Sudd's invoices are not included in this total. Of this, \$51,000 (\$6,500 + \$22,000 + \$10,000 + \$4,000 + \$1,500 + \$7,000) was identified as six District 204 invoices. (See Exhibit A, tab 2010, page 5. Amounts circled in orange are District 204's invoices.)

b. There are two amounts for \$8,500 and -\$8,500 circled in orange on Exhibit A, tab 2010, page 5 and identified with a * but as they void each other out, they are not included in the total on this page. Instead, this District 204 invoice was re-coded to 1-2520-317-204-0. (See Exhibit A, tab 2010, page 7) and is the only invoice under this code.

c. See Exhibit A, tab 2010, pages 9-33 for all invoices and check remittance stubs for invoices coded under 1-2520-317-0-0 and 1-2520-317-204-0. District 204's invoices are on pages 10-11, 13-14, 16-17, 19-20, 22-23, 24-25, and 32-33.

d. There was also \$23.40 coded to 1-2520-317-107 and included in the \$127,293.40 total. (See Exhibit A, tab 2010, page 1.) No supporting documents related to this expense have been located. As it is for such a minor amount, it is considered de minimis and part of the Treasurer's Office's audit invoices.

e. In FY 2010, of the \$124,523.40 paid to Gurrie from the Treasurer's Office's accounts, \$59,500 (\$51,000 + \$8,500) was for District 204 invoices.

48. **FY 2011.** In FY 2011, the Treasurer's Office paid \$100,970.56 (\$65,700 + \$35,270.56) to Gurrie for audit invoices.

a. \$65,700 (\$2,500 + \$14,200 + \$7,000 + \$7,500 + \$7,000 + \$12,000 + \$8,500 + \$2,300 + \$972.50 + \$3,727.50) was coded to 1-2520-317-0-0 and were Treasurer's Office's invoices. (See Exhibit A, tab 2011, page 5.) Cheryl Sudd's invoices are not included in these numbers. One invoice for \$7,000, the one circled in green, is for an invoice for District 999, discussed above in ¶30. (Also see Exhibit A, tab 2011, pages 7-25 for all invoices and copies of checks paid.)

b. \$35,270.56 was coded to 1-2520-317-204-0. All six of these invoices (\$23,500 + \$2,000 + \$5,000 + \$3,625 + \$750 + \$395.56) are for District 204 invoices. (See

Exhibit A, tab 2011, page 26. Amounts circled in orange are District 204's invoices.) (Also see Exhibit A, tab 2011, pages 28-39 for all District 204 invoices and check remittance stubs.)

49. In FY 2011, of the \$100,970.56 paid to Gurrie from the Treasurer's Office's accounts, \$35,270.56 was for District 204 invoices.

50. **FY 2012.** In FY 2012, the Treasurer's Office paid \$102,750 (\$96,050 + \$6,700) to Gurrie for accounting invoices.

a. \$96,050 (\$2,210 + \$3,000 + \$29,800 + \$1,000 + \$5,755 + \$15,160 + \$6,000 + \$2,500 + \$5,950 + \$4,185 + \$8,740 + \$2,000 + \$9,750) was coded to 1-2520-317-0-0. Cheryl Sudd's invoices are not included in these numbers. Of this, \$42,050 (\$29,800 + \$2,500 + \$9,750) was identified as three District 204 invoices. (See Exhibit A, tab 2012, page 5. Amounts circled in orange are District 204's invoices.) All of the remaining invoices were for Treasurer Office invoices. One invoice for \$1,000, the one circled in green, is for an invoice for School District 999 for \$1,000, discussed above in ¶30. (See Exhibit A, tab 2012, pages 7-27 for all invoices and check remittance stubs. District 204's invoices are on pages 11, 14, 18, 21, and 26-27.)

b. \$6,700 was coded to 1-2520-317-204-0 and it was for one District 204 invoice. (See Exhibit A, tab 2012, page 28.) (Also see Exhibit A, tab 2012, pages 30-31 for this District 204 invoice and check remittance stub.)

51. In FY 2012, of the \$102,750 paid to Gurrie from the Treasurer's Office's accounts, \$48,750 (\$42,050 + \$6,700) was for District 204 invoices.

52. After FY 2012, when Treasurer Healy left office, District 204 has resumed paying for its own audit expenses.

53. Between FYs 1994 and 2012, the Treasurer's Office paid \$1,759,409 to Gurrie for accounting services. Of that amount, \$511,068.60⁷ is attributable to District 204's audit expenses.

**THE TREASURER'S OFFICE DID NOT PAY AUDIT EXPENSES FOR OTHER
SCHOOL DISTRICTS**

54. A review of the Treasurer's Office's accounts and records determined that the Treasurer's Office had only paid for its own audit expenses and that of District 204 (with the three exceptions discussed above).

55. To confirm this information, a member of my staff searched the accounting program for entries of payments by each school district to their auditors for their audit expenses.

56. The searches run to determine this information were of specific vendor names such as Gurrie and also by category of expense codes. (The school districts do not necessarily use the same code numbers as the Treasurer's Office for their own accounts.)

57. A series of reports for each school district were run, printed, scanned, and produced for FY 1994 – 2012 from the accounting program. Although these reports were printed for purposes of this litigation, the entries listed on the reports were entered in the normal course of business in each FY concurrently with the transaction or within a reasonable amount of time afterwards. The entries were made by staff with personal knowledge of the information contained in the entry. The reports summarizing these entries demonstrate that all other school districts paid their own audit expenses from their own accounts.

58. **District 101.** District 101 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 70 entries of payments totaling \$170,874 that

⁷ This amount does not include the \$1,455 invoice that was discussed above in ¶41 as it was not originally claimed in amount owed for audit expenses. Including this invoice the total would be \$512,523.60.

were paid from District 101's accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 101, pages 1-22 for the 9 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from a District 101 account is indicated by the "101" in the 4th column from the left for each entry on pages 1-21 and by the "School District 101" header on page 22. Any vendors other than Gurrie listed on these reports are not included in these calculations.

59. **District 102.** District 102 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 128 entries of payments totaling \$646,978 that were paid from District 102's accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 102, pages 1-17 for the 6 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 102's accounts is indicated by the "102" in the 4th column from the left on pages 1-16 and by the "School District 102" header on page 17. Any vendors other than Gurrie listed on these reports are not included in these calculations.

60. **District 103.** District 103 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 75 entries of payments totaling \$364,978 that were paid from District 103's accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 103, pages 1-9 for the 5 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 103's accounts is indicated by the "103" in the 4th column from the left on pages 1-8 and by the "School District 103" header on page 9. Any vendors other than Gurrie listed on these reports are not included in these calculations.

61. **District 104.** District 104 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 338 entries of payments totaling \$902,127 that were paid from District 104’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 104, pages 1-11 for the 3 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 104’s accounts is indicated by the “104” in the 4th column from the left on pages 1-8 and by the “School District 104” header on pages 9-11. Any vendors other than Gurrie listed on these reports are not included in these calculations.

62. **District 105.** District 105 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 96 entries of payments totaling \$305,594 that were paid from District 105’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 105, pages 1-6 for the 3 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 105’s accounts is indicated by the “105” in the 4th column from the left on pages 1-4 and by the “School District 105” header on pages 5-6. Any vendors other than Gurrie listed on these reports are not included in these calculations.

63. **District 106.** District 106 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 107 entries of payments totaling \$274,064 that were paid from District 106’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 106, pages 1-27 for the 10 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 106’s accounts is indicated by the “106” in the 4th column

from the left on pages 1-26 and by the “School District 106” header on page 27. Any vendors other than Gurrie listed on these reports are not included in these calculations.

64. **District 107.** District 107 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 50 entries of payments totaling \$150,004 that were paid from District 107’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 107, pages 1-5 for the 3 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 107’s accounts is indicated by the “107” in the 4th column from the left on pages 1-4 and by the “School District 107” header on page 5.

65. **District 108.** District 108 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 310 entries of payments totaling \$503,393 that were paid from District 108’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 108, pages 1-10 for the 3 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 108’s accounts is indicated by the “108” in the 4th column from the left on pages 1-7 and by the “School District 108” header on pages 8-10. Any vendors other than Gurrie listed on these reports are not included in these calculations.

66. **District 109.** District 109 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 67 entries of payments totaling \$350,077 were paid from District 109’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 109, pages 1-5 for the 3 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 109’s accounts is indicated by the “109” in the 4th column

from the left on pages 1-4 and by the “School District 109” header on page 5. Any vendors other than Gurrie listed on these reports are not included in these calculations.

67. **District 217**. District 217 engaged Gurrie and its successor companies as its auditor from FY 1994 – 2012. The reports detail 359 entries of payments totaling \$832,471 were paid from District 217’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 217, pages 1-19 for the 7 reports listing the payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 217’s accounts is indicated by the “217” in the 4th column from the left on pages 1-16 and by the “School District 217” header on pages 17-19. Any vendors other than Gurrie listed on these reports are not included in these calculations.

68. **District 2045** (LADSE). District 2045 (not to be confused with District 204) engaged McGladrey & Pullen as well as Gurrie and its successor companies as its auditors from FY 1994 – 2012. The reports detail 124 entries of payments totaling \$289,295 were paid from District 2045’s accounts between FY 1994 and 2012 to Gurrie. See Exhibit B, tab 2045, pages 1-40 for the 19 reports listing the individual payments to Gurrie. The reports are by category of expense code numbers. The dollar amounts circled in green are the payments to Gurrie. That the payments were made from District 2045’s accounts is indicated by the “2045” in the 4th column from the left on pages 1-39 and by the “School District 2045” header on page 40. Any vendors other than Gurrie listed on these reports are not included in these calculations.

69. In total, the school districts paid \$4,789,855 for their own audit expenses between FY 1994 and 2012. During this same period, the Treasurer’s Office paid \$1,759,409 for its audit expenses and that of District 204. Based on these amounts and my review of the records it is

clear the school districts, with the exception of District 204, paid their own audit expenses between FY 1994 and 2012.

TREASURER OFFICE'S PRO-RATA BILL AND DISTRICT 204'S FAILURE TO PAY

70. At the end of every FY, the Treasurer's Office summarizes the annual expenses of the Office. These expenses are listed in the Statement of Expenditures report, discussed above in ¶17.

71. The Treasurer's Office does not have any source of its own funding with which to pay these bills. It is not a taxing body. Instead, pursuant to the School Code, the Treasurer apportions its expenses among the school districts in Lyons Township.

72. The percentage that each school district is billed each FY is determined by the amount of revenue received by that school district during that FY. For example, see Exhibit C, tab 2001(1), page 2 for FY 2001. In FY 2001 the annual expenses of the Treasurer's Office were \$756,403. Pursuant to the School Code, those expenses are covered by charging the school districts their proportionate ("pro-rata") share of those expenses. Under the School Code there is no discretion allowed to charge otherwise. The pro-rata share is determined by taking the revenue received by each school district and dividing that amount by the total revenue received by all school districts. So in FY 2001, District 204 had revenue of \$47,830,303.38 which was 23.651% of the total revenue. A school district cannot be billed for an amount that exceeds its share of the total revenue. Pursuant to the School Code, District 204's share was \$178,897. Any pro-rata share not paid results in a deficit to the Treasurer's Office.

73. The Treasurer's Office's then sends out the pro-rata bill to each school district for its proportionate share of the Treasurer's Office expenses. (See Exhibit C, tab 2001(1), page 3 for an example of the pro-rata bill sent to District 101.) The pro-rata bills are sent out annually.

They are prepared by the Treasurer in the regular course of business pursuant to a regularly conducted practice by the Treasurer's Office.

74. Each school district then prepares a check to pay for its pro-rata bill and sends it to the Treasurer for signature. The payment comes from that school district's account; it does not come from the Treasurer's Office's account.

75. Between FY 1994 and FY 2013, all the school districts, with the exception of District 204, have paid their pro-rata bills in full.

76. To confirm this, I had a member of my staff review the entries in the accounting program to confirm that all these payments were made. These are the records that are maintained in the accounting program as part of the regular course of business as part of pro-rata billing and payment procedures. The entries regarding the payments were entered in the regular course of business as the payments were made in each FY. My staff determined that all districts, except District 204, had made all the payments in full.

77. In addition, I had members of my staff review the paper files regarding the Treasurer's Office's pro-rata bills. As part of its normal course of business, the Treasurer's Office currently has in its files the paper pro-rata billing files dating back to FY 1994. It is the regular course of business of the Treasurer's Office to maintain such files. The files were maintained concurrently in each FY by the Treasurer's Office. The paper pro-rata billing files for FY 1994 – 2013 are attached as part of Exhibit C⁸.

78. **Pro-Rata Billing FY 1994.** In FY 1994, the Treasurer's Office's total expenses were \$564,883.57. (See Exhibit A, tab 1994, page 16.) However, Treasurer Healy underbilled the expenses by \$59,999.57 and only billed out \$504,884 to the school districts. (See Exhibit C,

⁸ The paper pro-rata files are Exhibit C, tabs 1994 – 2013, one for each FY. Duplicative or non-responsive documents have been removed.

tab 1994, page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in March 1995. District 204 was billed \$131,900 for its pro-rata share. The FY 1994 pro-rata bills were paid in full for by all school districts, including District 204. (See Exhibit C, tab 1994, pages 5-33 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$31,845 of District 204's audit expenses (discussed above in ¶31) were included in summary of the Treasurer's Office's FY 1994 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$59,999.57 it is evident that he only included a percentage of District 204's audit expenses on the FY 1994 pro-rata bill.

79. **Pro-Rata Billing FY 1995.** In FY 1995, the Treasurer's Office's total expenses were \$670,448.19. (See Exhibit A, tab 1995, page 19.) However, Treasurer Healy underbilled the expenses by \$100,000 and only billed out \$570,448.19 to the school districts. (See Exhibit C, tab 1995, page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in April 1996. District 204 was billed \$129,770 for its pro-rata share. The FY 1995 pro-rata bills were paid in full for by all school districts, including District 204. (See Exhibit C, tab 1995, pages 4-32 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$9,506 of District 204's audit expenses (discussed above in ¶32) were included in summary of the Treasurer's Office's FY 1995 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$100,000 it is evident that he only included a percentage of District 204's audit expenses on the FY 1995 pro-rata bill.

80. **Pro-Rata Billing FY 1996.** In FY 1996, the Treasurer's Office's total expenses were \$632,072.28. (See Exhibit A, tab 1996, page 3.) However, Treasurer Healy underbilled the expenses by \$50,000 and only billed out \$582,072.28 to the school districts. (See Exhibit C, tab 1996, page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May

1997. District 204 was billed \$144,051 for its pro-rata share. The FY 1996 pro-rata bills were paid in full for by all school districts, including District 204. (See Exhibit C, tab 1996, pages 3-27 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$17,240 of District 204's audit expenses (discussed above in ¶33) were included in summary of the Treasurer's Office's FY 1996 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$50,000 it is evident he only included a percentage of District 204's audit expenses on the FY 1996 pro-rata bill.

81. **Pro-Rata Billing FY 1997.** In FY 1997, the Treasurer's Office's total expenses were \$673,056.25. (See Exhibit A, tab 1997, page 3.) However, Treasurer Healy underbilled the expenses by \$50,000 and only billed out \$623,056.25 to the school districts. (See Exhibit C, tab 1997, page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 1998. District 204 was billed \$144,004 for its pro-rata share. The FY 1997 pro-rata bills were paid in full for by all school districts, including District 204. (See Exhibit C, tab 1997, pages 3-25 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$15,800 of District 204's audit expenses (discussed above in ¶34) were included in summary of the Treasurer's Office's FY 1997 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$50,000 it is evident that he only included a percentage of District 204's audit expenses on the FY 1997 pro-rata bill.

82. **Pro-Rata Billing FY 1998.** In FY 1998, the Treasurer's Office's total expenses were \$695,227.34. (See Exhibit A, tab 1998, page 3⁹.) However, Treasurer Healy underbilled the expenses by \$24,999.34 and only billed out \$670,228 to the school districts. (See Exhibit C,

⁹ The total listed is \$2,937,308.34. However, this includes the pro-rata amount of \$2,242,081 (listed on Exhibit A, tab 1998, page 1) which should be subtracted to get to the correct amount of \$695,227.34.

tab 1998(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in April 1999. District 204 was originally billed \$179,295 for its pro-rata share but this was revised in June 1999 to \$155,863. (See Exhibit C, tab 1998(2), pages 1-3). The other school district's pro-rata bills were not adjusted, however, to reflect this so the underbilling was increased to \$48,431.34. District 204 paid its revised FY 1998 pro-rata bill in full. All other school districts paid their FY 1998 pro-rata bills in full. (See Exhibit C, tab 1998(1), pages 4-29 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$9,300 of District 204's audit expenses (discussed above in ¶35) were included in summary of the Treasurer's Office's FY 1998 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$48,431.34 it is evident he only included a percentage of District 204's audit expenses on the FY 1998 pro-rata bill.

83. **Pro-Rata Billing FY 1999.** In FY 1999, the Treasurer's Office's total expenses were \$634,841.84. (See Exhibit A, tab 1999, page 3.) However, Treasurer Healy billed out \$691,245 to the school districts. (See Exhibit C, tab 1999, page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 2000. District 204 was billed \$165,476 for its pro-rata share. The FY 1999 pro-rata bills were paid in full for by all school districts, including District 204. (See Exhibit C, tab 1999, pages 5-30 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$14,400 of District 204's audit expenses (discussed above in ¶36) were included in summary of the Treasurer's Office's FY 1999 annual expenses.

84. **Pro-Rata Billing FY 2000.** In FY 2000, the Treasurer's Office's total expenses were \$765,518.84. (See Exhibit A, tab 2000, page 3.) Treasurer Healy billed out that amount to the school districts. (See Exhibit C, tab 2000, page 2 for the pro-rata bill.) The pro-rata bills

were sent out to the school districts in May 2001. District 204 was billed \$173,031.75 for its pro-rata share. District 204 paid \$98,815.75, leaving \$74,216 still owed. All school districts paid their FY 2000 pro-rata bills in full. (See Exhibit C, tab 2000, pages 4-29 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$25,331.95 of District 204's audit expenses (discussed above in ¶37) were included in summary of the Treasurer's Office's FY 2000 annual expenses. While included in the FY 2000 pro-rata bill, District 204 has not made full payment for FY 2000.

85. **Pro-Rata Billing FY 2001.** In FY 2001, the Treasurer's Office's total expenses were \$756,403. (See Exhibit A, tab 2001, page 3.) Treasurer Healy billed out that amount to the school districts. (See Exhibit C, tab 2001(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in April 2002. District 204 was billed \$178,897 for its pro-rata share. District 204's Board of Education only approved payment in the amount of \$40,498, leaving \$138,399 still owed. (See Exhibit C, tab 2001(2), pages 11 and 15.) The FY 2001 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2001(1), pages 3-26 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$14,380 of District 204's audit expenses (discussed above in ¶38) were included in summary of the Treasurer's Office's FY 2001 annual expenses. While included in the FY 2001 pro-rata bill, District 204 has not made full payment for FY 2001.

86. **Pro-Rata Billing FY 2002.** In FY 2002, the Treasurer's Office's total expenses were \$799,314. (See Exhibit A, tab 2002, page 3.) Treasurer Healy billed out that amount to the school districts. (See Exhibit C, tab 2002(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 2003. District 204 was billed \$186,502 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$17,948

leaving \$168,554 still owed. (See Exhibit C, tab 2002(2), pages 9 and 13.) The FY 2002 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2002(1), pages 3-28 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$16,800 of District 204's audit expenses (discussed above in ¶39) were included in summary of the Treasurer's Office's FY 2002 annual expenses. While included in the FY 2002 pro-rata bill, District 204 has not made full payment for FY 2002.

87. **Pro-Rata Billing FY 2003.** In FY 2003, the Treasurer's Office's total expenses were \$794,294. (See Exhibit A, tab 2003, page 3.) Treasurer Healy billed out that amount to the school districts. (See Exhibit C, tab 2003(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 2004. District 204 was billed \$171,264.87 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$171,264.87 still owed. (See Exhibit C, tab 2003(2), pages 11 and 15.) The FY 2003 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2003(1), pages 4-28 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$18,143.75 of District 204's audit expenses (discussed above in ¶40) were included in summary of the Treasurer's Office's FY 2003 annual expenses. While included in the FY 2003 pro-rata bill, District 204 has not made any payment for FY 2003.

88. **Pro-Rata Billing FY 2004.** In FY 2004, the Treasurer's Office's total expenses were \$936,777.26. (See Exhibit A, tab 2004, page 3.) However, Treasurer Healy underbilled the expenses by \$125,000 and only billed out \$811,777.26 to the school districts. (See Exhibit C, tab 2004(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May/June 2005. District 204 was billed \$179,345 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$179,345 still owed. (See

Exhibit C, tab 2004(2), pages 14 and 17.) The FY 2004 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2004(1), pages 4-19 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$1,455 of District 204's audit expenses (discussed above in ¶41) were included in summary of the Treasurer's Office's FY 2004 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$125,000 it is evident that he only included a percentage of District 204's audit expenses on the FY 2004 pro-rata bill. Additionally, District 204 has not made any payment for FY 2004.

89. **Pro-Rata Billing FY 2005.** In FY 2005, the Treasurer's Office's total expenses were \$828,069.14. (See Exhibit A, tab 2005, page 3.) Treasurer Healy billed out that amount (\$828,070) to the school districts. (See Exhibit C, tab 2005(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in June 2006. District 204 was billed \$180,684 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$180,684 still owed. (See Exhibit C, tab 2005(2), pages 14 and 16.) The FY 2005 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2005(1), pages 4-28 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$0.00 of District 204's audit expenses (discussed above in ¶42) were included in summary of the Treasurer's Office's FY 2005 annual expenses or on the FY 2005 pro-rata bill.

90. **Pro-Rata Billing FY 2006.** In FY 2006, the Treasurer's Office's total expenses were \$855,186. (See Exhibit A, tab 2006, page 3.) Treasurer Healy billed out that amount to the school districts. (See Exhibit C, tab 2006(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 2007. District 204 was billed \$200,679.65 for its

pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$200,679.65 still owed. (See Exhibit C, tab 2006(2), pages 11 and 13.) The FY 2006 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2006(1), pages 3-27 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$42,266.19 of District 204's audit expenses (discussed above in ¶43) were included in summary of the Treasurer's Office's FY 2006 annual expenses. While included in the FY 2006 pro-rata bill, District 204 has not made any payment for FY 2006.

91. **Pro-Rata Billing FY 2007.** In FY 2007, the Treasurer's Office's total expenses were \$855,350. (See Exhibit A, tab 2007, page 2.) Treasurer Healy billed out that amount to the school districts. (See Exhibit C, tab 2007(1), page 1 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in June 2008. District 204 was billed \$190,327.88 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$190,327.88 still owed. (See Exhibit C, tab 2007(2), pages 10 and 13.) The FY 2007 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2007(1), pages 2-28 for the pro-rata bills sent to the school districts.)

a. \$44,047.50 of District 204's audit expenses (discussed above in ¶44) were included in summary of the Treasurer's Office's FY 2007 annual expenses. While included in the FY 2007 pro-rata bill, District 204 has not made any payment for FY 2007.

92. **Pro-Rata Billing FY 2008.** In FY 2008, the Treasurer's Office's total expenses were \$1,152,033. (See Exhibit A, tab 2008, page 2.) Treasurer Healy billed out that amount to the school districts. (See Exhibit C, tab 2008(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in June 2009. District 204 was billed \$245,176.53 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00

leaving \$245,176.53 still owed. (See Exhibit C, tab 2008(2), pages 12 and 13.) The FY 2008 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2008(1), pages 3-31 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$55,800.10 of District 204's audit expenses (discussed above in ¶45) were included in summary of the Treasurer's Office's FY 2008 annual expenses. While included in the FY 2008 pro-rata bill, District 204 has not made any payment for FY 2008.

93. **Pro-Rata Billing FY 2009.** In FY 2009, the Treasurer's Office's total expenses were \$1,318,693.06. (See Exhibit A, tab 2009, page 2.) Treasurer Healy underbilled by \$3,000 and only billed out \$1,315,693.06 to the school districts. (See Exhibit C, tab 2009(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 2010. District 204 was billed \$289,560.14 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$289,560.14 still owed. (See Exhibit C, tab 2009(2), pages 13 and 17.) The FY 2009 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2009(1), pages 3-30 for the pro-rata bill letters and records regarding payment from the school districts.)

94. \$49,687.55 of District 204's audit expenses (discussed above in ¶46) were included in summary of the Treasurer's Office's FY 2009 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$3,000 it is evident that he only included a percentage of District 204's audit expenses on the FY 2009 pro-rata bill. Additionally, District 204 has not made any payment for FY 2009.

95. **Pro-Rata Billing FY 2010.** In FY 2010, the Treasurer's Office's total expenses were \$1,186,421.16. (See Exhibit A, tab 2010, page 3.) Treasurer Healy underbilled by \$200,000 and only billed out \$986,421.16 to the school districts. (See Exhibit C, tab 2010(1),

page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 2011. District 204 was billed \$215,973.48 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$215,973.48 still owed. (See Exhibit C, tab 2010(2), pages 10 and 13.) The FY 2010 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2010(1), pages 3-29 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$59,500 of District 204's audit expenses (discussed above in ¶47) were included in summary of the Treasurer's Office's FY 2010 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$200,000, it is evident that he only included a percentage of District 204's audit expenses on the FY 2010 pro-rata bill. Additionally, District 204 has not made any payment for FY 2010.

96. **Pro-Rata Billing FY 2011.** In FY 2011, the Treasurer's Office's total expenses were \$1,172,639.70. (See Exhibit A, tab 2011, page 3.) Treasurer Healy underbilled by \$150,000 and only billed out \$1,022,639.70 to the school districts. (See Exhibit C, tab 2011(1), page 2 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May/June 2012. District 204 was billed \$216,348.13 for its pro-rata share. District 204's Board of Education approved payment in the amount of \$0.00 leaving \$216,348.13 still owed. (See Exhibit C, tab, 2011(2), pages 10 and 13.) The FY 2011 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2011(1), pages 4-35 for the pro-rata bill letters and records regarding payment from the school districts.)

a. \$35,270.56 of District 204's audit expenses (discussed above in ¶48 and ¶49) were included in summary of the Treasurer's Office's FY 2011 annual expenses. However, as Treasurer Healy underbilled the expenses this year by \$150,000 it is evident that he only

included a percentage of District 204's audit expenses on the FY 2011 pro-rata bill. Additionally, District 204 has not made any payment for FY 2011.

97. **Pro-Rata Billing FY 2012.** In FY 2012, the Treasurer's Office's total expenses were \$1,355,768.95. (See Exhibit A, tab 2012, page 3.) Treasurer Bradley (Treasurer Healy's successor) underbilled by \$147,729.07 and only billed out \$1,208,039.88 to the school districts. (See Exhibit C, tab 2012(1), page 3 for the pro-rata bill.) The pro-rata bills were sent out to the school districts in May 2013. District 204 was billed \$253,929.98 for its pro-rata share. District 204 did not pay its pro-rata bill leaving \$253,929.98 still owed. (See Exhibit C, tab 2012(2), pages 1-3.) The FY 2012 pro-rata bills were paid in full by all other school districts. (See Exhibit C, tab 2012(1), pages 4-22 for the pro-rata bill letters and records regarding payment from the school districts.)


a. \$48,750 of District 204's audit expenses (discussed above in ¶50) were included in summary of the Treasurer's Office's FY 2012 annual expenses. However, as Treasurer Bradley underbilled the expenses this year by \$147,729.07 it is evident that he only included a percentage of District 204's audit expenses on the FY 2012 pro-rata bill. Additionally, District 204 has not made any payment for FY 2012.

98. **Pro-Rata Billing FY 2013.** In FY 2013, the Treasurer's Office's total expenses were \$1,472,375.26. (See Exhibit C, tab 2013(1), page 65.) I was responsible for billing FY 2013. \$1,144,319.88 was billed out to the school districts. (See Exhibit C, tab 2013(1), page 2 for the pro-rata bill.) I underbilled in FY 2013 as I did not charge the school districts for the Treasurer Healy litigation fees in that FY. The pro-rata bills were sent out to the school districts in May 2014. District 204 was billed \$253,900 for its pro-rata share. District 204 paid \$149,551 leaving \$104,349 still owed. (See Exhibit C, tab 2013(2), pages 1-5.) The FY 2013 pro-rata

bills were paid in full by all other school districts. (See Exhibit C, tab 2013(1), pages 7-36 for the pro-rata invoices and records regarding payment from the school districts.)

a. \$0.00 of District 204's audit expenses were included in summary of the Treasurer's Office's FY 2013 annual expenses or on the FY 2013 pro-rata bill.

99. For FYs 1994 through 2013, District 204 owes \$2,628,807 for its unpaid pro-rata share of the Treasurer's Office's pro-rata bills.

 7/17/17

Susan Birkenmaier, Ed. D. DATE