

**STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2016

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

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STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

AGENCY OFFICIALS

Executive Director	Mr. Louis Apostol
Chief Administrative Law Judge	Mr. Steven Waggoner
Chief Fiscal Officer	Ms. Becky Hesse
Chief Information Officer	Mr. David Suarez

Board offices are located at:

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401 South Spring Street
Springfield, Illinois 62706

Suburban North Office Facility
9511 West Harrison Street, Suite LL-54
Des Plaines, Illinois 60016



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PROPERTY TAX APPEAL BOARD

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March 21, 2017

Honorable Frank J. Mautino
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Property Tax Appeal Board. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Property Tax Appeal Board's compliance with the following assertions during the two-year period ended June 30, 2016. Based on this evaluation, we assert that during the years ended June 30, 2015, and June 30, 2016, the State of Illinois, Property Tax Appeal Board has materially complied with the assertions below.

- A. The State of Illinois, Property Tax Appeal Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Property Tax Appeal Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

- C. The State of Illinois, Property Tax Appeal Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Property Tax Appeal Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Property Tax Appeal Board

SIGNED ORIGINAL ON FILE

Louis G. Apostol
Executive Director and General Counsel

SIGNED ORIGINAL ON FILE

Becky Hesse
Fiscal Officer

LGA/bh

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a qualified opinion on compliance and identifies a material weakness in internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	1	2
Repeated findings	1	1
Prior recommendations implemented or not repeated	1	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2016-001	9	Timeliness of Hearings	Material Weakness and Material Noncompliance
PRIOR FINDING NOT REPEATED			
A	10	Inadequate Controls over Property and Equipment Records	

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

EXIT CONFERENCE

The finding and recommendation appearing in this report was discussed with Board personnel at an exit conference on March 21, 2017. Attending were:

Property Tax Appeal Board

Louis Apostol, Executive Director
Becky Hesse, Fiscal Officer

Office of the Auditor General

Stephanie Wildhaber, Audit Manager

The response to the recommendation was provided by Mr. Louis Apostol in correspondence dated March 21, 2017.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Property Tax Appeal Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2016. The management of the State of Illinois, Property Tax Appeal Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Property Tax Appeal Board's compliance based on our examination.

- A. The State of Illinois, Property Tax Appeal Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Property Tax Appeal Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Property Tax Appeal Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Property Tax Appeal Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis,

evidence about the State of Illinois, Property Tax Appeal Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Property Tax Appeal Board's compliance with specified requirements.

As described in item 2016-001 in the accompanying schedule of findings, the State of Illinois, Property Tax Appeal Board did not comply with applicable laws and regulations in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Property Tax Appeal Board to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Property Tax Appeal Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2016.

Internal Control

Management of the State of Illinois, Property Tax Appeal Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Property Tax Appeal Board's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Property Tax Appeal Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Property Tax Appeal Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as item 2016-001 to be a material weakness.

As required by the Audit Guide, an immaterial finding excluded from this report has been reported in a separate letter.

The State of Illinois, Property Tax Appeal Board's response to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the State of Illinois, Property Tax Appeal Board's response and, accordingly, we express no opinion on the response.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2016, and June 30, 2015, in Schedules 1 through 8 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016, and June 30, 2015, accompanying supplementary information in Schedules 1 through 8. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2014, accompanying supplementary information in Schedules 3 through 7 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and the State of Illinois, Property Tax Appeal Board's membership and management, and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

BRUCE L. BULLARD, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
March 21, 2017

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2016

2016-001 **FINDING** (Timeliness of Hearings)

The Property Tax Appeal Board (Board) did not allow for the speedy hearing of all appeals.

During testing, we noted the following:

- Twenty-five of 40 (63%) cases tested were not closed within one year. The Board took between 401 and 2,276 days to process and close the appeals.
- Twenty-one of 40 (53%) cases tested were pending for a period greater than a year. As of June 30, 2016, the cases had been open between 378 and 2,621 days.

The Property Tax Code (35 ILCS 200/16-180) requires the chairman of the Board to provide for the speedy hearing of all appeals. Although speedy is not defined in this statute, we have used one year as a general criteria to gauge speedy hearings.

In the previous examination, Board management stated it has accumulated a backlog of appeals since the end of Fiscal Year 2003 due to reductions in workforce and budget. In addition, with the reduction of property values since 2008, the Board has experienced a 100% increase in new appeals with insufficient staff and resources to properly address the workflow. In the current examination, Board management stated in Fiscal Years 2015 and 2016, it has received a combined 27% increase in cases from Cook County alone with no increases in staff and resources.

Without the timely processing of property tax appeals, the Board jeopardizes compliance with its statutory mandate, the taxpayer is not adequately served, and the operations of the Board will become unmanageable. (Finding Code No. 2016-001, 2014-001, 12-1, 10-1, 08-1, 06-1, and 04-2)

RECOMMENDATION

We recommend the Board provide for the speedy hearing of all appeals.

BOARD RESPONSE

The Board accepts this finding. The Board made further enhancements to its Information Technology processing systems by providing the Advanced Status Inquiry (ASI) search program that provides for the electronic retrieval of decisions and other appeal information. In addition, the Board implemented an electronic storage scanning process for all appeals beginning with assessment year 2016. In the future, this will allow for faster notifications, through electronic dissemination of correspondence, and provide a storage platform for on-line filing.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
PRIOR FINDING NOT REPEATED
For the Two Years Ended June 30, 2016

A. **FINDING** (Inadequate Controls over Property and Equipment Records)

During the previous examination, the Property Tax Appeal Board (Board) did not update its inventory records within 30 days of the acquisition or deletion of equipment items. (Finding Code No. 2014-002)

During the current examination, our sample testing indicated equipment items were added and removed from the Board's inventory records within 30 days.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2016

- Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2015

- Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances

- Schedule of Changes in State Property

- Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Significant Variations in Expenditures

- Analysis of Significant Variations in Receipts

- Analysis of Significant Lapse Period Spending

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)

- Budget Impasse Disclosures (Not Examined)

- Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)

- Interest Costs on Fiscal Year 2016 Invoices (Not Examined)

- Average Number of Employees (Not Examined)

- Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016, and June 30, 2015, accompanying supplementary information in Schedules 1 through 8. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

Schedule 1

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2016

For the Fourteen Months Ended August 31, 2016

P.A. 099-0524 and Court-Ordered Expenditures FISCAL YEAR 2016	Expenditure Authority (Net After Transfers)	Expenditures Through 6/30/16	Lapse Period Expenditures 7/1/16 - 8/31/16	Total Expenditures	Balances Lapsed
PERSONAL PROPERTY TAX REPLACEMENT FUND - 802					
Personal Services	\$ 2,650,200	\$ 2,331,122	\$ 100,386	\$ 2,431,508	\$ 218,692
State Contributions to State Employees' Retirement System	1,208,500	1,064,939	45,862	1,110,801	97,699
State Contributions to Social Security	202,800	170,908	7,367	178,275	24,525
Group Insurance	864,000	703,208	29,750	732,958	131,042
Contractual Services	67,900	-	44,040	44,040	23,860
Travel	30,000	-	10,380	10,380	19,620
Commodities	9,600	-	3,348	3,348	6,252
Printing	4,200	-	942	942	3,258
Equipment	4,400	-	-	-	4,400
Electronic Data Processing	43,200	-	38,219	38,219	4,981
Telecommunications Services	30,000	-	29,035	29,035	965
Operation of Automotive Equipment	6,000	-	907	907	5,093
Reestablish Cook County Office	200,000	-	69,225	69,225	130,775
Refunds	200	-	-	-	200
Total Personal Property Tax Replacement Fund	\$ 5,321,000	\$ 4,270,177	\$ 379,461	\$ 4,649,638	\$ 671,362

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and have been reconciled to Board records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, the Board operated without enacted appropriations until Public Act 099-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Mungler* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Board's court-ordered payroll payments were merged into the enacted appropriation within Fund 802. Further, the Board incurred non-payroll obligations within Fund 802, which the Board was unable to pay until the passage of Public Act 099-0524.

Note 4: Public Act 099-0524 authorizes the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 22 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board to be submitted against its Fiscal Year 2017 appropriation.

Schedule 2

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2015

For the Fourteen Months Ended August 31, 2015

P.A. 098-0679	Appropriations (Net After Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1/15 - 8/31/15	Total Expenditures	Balances Lapsed
FISCAL YEAR 2015	\$ 2,571,000	\$ 2,386,561	\$ 123,651	\$ 2,510,212	\$ 60,788
PERSONAL PROPERTY TAX REPLACEMENT FUND - 802					
Personal Services					
State Contributions to State					
Employees' Retirement System	1,089,000	1,012,256	44,523	1,056,779	32,221
State Contributions to Social Security	196,700	174,126	9,101	183,227	13,473
Group Insurance	782,000	669,729	29,891	699,620	82,380
Contractual Services	67,900	66,973	433	67,406	494
Travel	30,000	26,240	1,795	28,035	1,965
Commodities	9,600	9,589	-	9,589	11
Printing	4,200	4,095	-	4,095	105
Equipment	4,400	-	-	-	4,400
Electronic Data Processing	43,200	42,760	-	42,760	440
Telecommunications Services	30,000	23,558	6,352	29,910	90
Operation of Automotive Equipment	6,000	3,025	456	3,481	2,519
Reestablish Cook County Office	200,000	164,669	20,501	185,170	14,830
Refunds	200	-	-	-	200
Total Personal Property Tax Replacement Fund	\$ 5,034,200	\$ 4,583,581	\$ 236,703	\$ 4,820,284	\$ 213,916

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Board records and have been reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Years Ended June 30,

	Fiscal Year		
	2016	2015	2014
	P.A. 099-0524 & Court-Ordered Expenditures	P.A. 098-0679	P.A. 098-0064
<u>APPROPRIATED FUNDS</u>			
PERSONAL PROPERTY TAX REPLACEMENT FUND - 802			
Expenditure Authority (Net After Transfers)	\$ 5,321,000	\$ 5,034,200	\$ 4,794,500
<u>Expenditures</u>			
Personal Services	\$ 2,431,508	\$ 2,510,212	\$ 2,366,512
State Contributions to State			
Employees' Retirement System	1,110,801	1,056,779	955,362
State Contributions to Social Security	178,275	183,227	172,705
Group Insurance	732,958	699,620	684,896
Contractual Services	44,040	67,406	75,790
Travel	10,380	28,035	29,973
Commodities	3,348	9,589	9,599
Printing	942	4,095	4,254
Equipment	-	-	2,574
Electronic Data Processing	38,219	42,760	43,187
Telecommunications Services	29,035	29,910	30,000
Operation of Automotive Equipment	907	3,481	4,777
Reestablish Cook County Office	69,225	185,170	197,650
Refunds	-	-	-
Total Expenditures	<u>\$ 4,649,638</u>	<u>\$ 4,820,284</u>	<u>\$ 4,577,279</u>
Lapsed Balances	<u>\$ 671,362</u>	<u>\$ 213,916</u>	<u>\$ 217,221</u>
<u>STATE OFFICERS' SALARIES</u>			
GENERAL REVENUE FUND - 001 (STATE COMPTROLLER)			
Appropriations		\$ 273,600	\$ 273,600
<u>Expenditures</u>			
Chairman	\$ 15,999	\$ 46,680	\$ 64,703
Twelve Members	218,067	197,899	208,716
Total Expenditures	<u>\$ 234,066</u>	<u>\$ 244,579</u>	<u>\$ 273,419</u>
Lapsed Balances		<u>\$ 29,021</u>	<u>\$ 181</u>

Note 1: Fiscal Year 2016 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and have been reconciled to Board records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, the Board operated without enacted appropriations until Public Act 099-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Board's court-ordered payroll payments were merged into the enacted appropriation within Fund 802. Further, the Board incurred non-payroll obligations within Fund 802, which the Board was unable to pay until the passage of Public Act 099-0524.

Note 4: Public Act 099-0524 authorizes the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 22 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board to be submitted against its Fiscal Year 2017 appropriation.

Note 5: Fiscal Year 2015 and 2014 appropriations, expenditures, and lapsed balances were obtained from Board records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2016

	<u>Equipment</u>
Balance at July 1, 2014	\$ 169,805
Additions	33,643
Deletions	(802)
Net Transfers	<u>(9,719)</u>
Balance at June 30, 2015	<u>\$ 192,927</u>
Balance at July 1, 2015	\$ 192,927
Additions	-
Deletions	(2,997)
Net Transfers	<u>-</u>
Balance at June 30, 2016	<u>\$ 189,930</u>

Note: The above schedule has been derived from Board records and reconciled to property reports submitted to the Office of the State Comptroller

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**

For the Years Ended June 30,

	Fiscal Year		
	2016	2015	2014
General Revenue Fund - 001			
Photocopying Charges	\$ 3,724	\$ 3,920	\$ 5,065
Reimbursements, Jury Duty, and Recoveries	120	333	340
Prior Year Refunds	20	-	-
Total Cash Receipts per the Board	<u>\$ 3,864</u>	<u>\$ 4,253</u>	<u>\$ 5,405</u>
Add: Deposits in Transit, Beginning of Year	32	-	-
Less: Deposits in Transit, End of Year	348	32	-
Deposits Recorded by the Comptroller	<u><u>\$ 3,548</u></u>	<u><u>\$ 4,221</u></u>	<u><u>\$ 5,405</u></u>

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2016

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2016 AND 2015

Personal Property Tax Replacement Fund - 802

Contractual Services, Travel, and Reestablish Cook County Office

The decrease in expenditures was due to the budget impasse. The Property Tax Appeal Board (Board) worked to keep incurred invoices to a minimum during the time the Board was without a budget. The Board received a Fiscal Year 2016 budget from Public Act 099-0524 on June 30, 2016.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2015 AND 2014

There were no instances of significant variations in expenditures between Fiscal Years 2015 and 2014.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Fiscal Years Ended June 30, 2016

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2016 AND 2015

There were no significant variations in receipts between Fiscal Years 2016 and 2015.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2015 AND 2014

There were no significant variations in receipts between Fiscal Years 2015 and 2014.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2016

FISCAL YEAR 2016

Contractual Services, Travel, Electronic Data Processing, Telecommunication Services, and Reestablish Cook County Office

The significant spending during the lapse period is primarily due to the Board processing invoices received during Fiscal Year 2016 after the passage of Public Act 099-0524 on June 30, 2016. As a result, all expenditures, with the exception of personal services, were paid during the lapse period.

FISCAL YEAR 2015

There were no instances of significant lapse spending during Fiscal Year 2015.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2016
(Not Examined)

Agency Functions

The Property Tax Appeal Board (Board) was created by statute to adjudicate real property tax assessment appeals Statewide. Appeals are filed by any taxpayer dissatisfied with the decision of a county board of review as such decision pertains to the assessment of property for taxation purposes, or by any taxing body that has an interest in the decision of the board of review pertaining to a property assessment. The Board determines the correct assessment of a parcel of land which is subject to appeal based upon facts, evidence, exhibits, and briefs submitted to or elicited by the Board. Appeals must be filed with the Board within 30 days after the date of written notice of the decision of the board of review.

The bipartisan Board is comprised of five members, appointed by the Governor, with advice and consent of the Senate, with one Board member serving as Chairman.

The members of the Board as of June 30, 2016, were:

- Mauro Glorioso, Chairman
- Kevin Freeman
- Jim Bilotta
- Robert Steffen
- Vacant

The daily operations are managed by the Executive Director, who is appointed by the Board. The Executive Director is responsible for planning, formulating, directing, monitoring, and controlling the overall policies, objectives, and programs of the Board and supervises the management of the Board's fiscal, personnel, budget, legislative, and program operations. He confers with the Chairman and the members of the Board with respect to the overall Board operations, attends all board meetings, and serves as the Board's Clerk. He also acts as the Board's General Counsel and as a liaison to the executive, legislative, and judicial branches of government.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2016
(Not Examined)

Planning Program

The Board's goals and objectives are guided by statute and revised based on monitoring the Board's performance. Board members and the Executive Director meet monthly or as needed to monitor Board operations. Staff prepared reports and case statistics are used to monitor the status of property tax appeal cases and assess progress towards goals and objectives.

It is the Board's mission to hear and adjudicate real property assessment disputes filed before it as authorized by law. To achieve this goal and instill public confidence in the State's property tax appeal process, the Board will provide an informal forum open to the public for speedy hearings; resolve appeals in a timely fashion by issuing impartial decisions based upon the evidence set forth in the Board's findings; establish clear, concise, accurate, and timely communications with the public; and, maintain a work force that demonstrates the highest standards of integrity, efficiency, and performance.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
BUDGET IMPASSE DISCLOSURES
For the Year Ended June 30, 2016
(Not Examined)

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 099-0524 authorized the Property Tax Appeal Board (Board) to pay Fiscal Year 2016 costs using the Board's Fiscal Year 2017 appropriations for non-payroll expenditures. The Board did not have any outstanding invoices from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. Therefore, the Board does not intend to use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Year Ended June 30, 2016
(Not Examined)

Transactions Involving the Illinois Finance Authority

The Property Tax Appeal Board (Board) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State's vendors arising from the State's cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as "qualified purchasers" of accounts receivable from "participating vendors" who had submitted invoices which had not been paid by the State.

A participating vendor's accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

During Fiscal Year 2015 and Fiscal Year 2016, none of the Board's vendors participated in the Vendor Payment Program (VPP).

Vendor Support Initiative Program (VSI)

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Board lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Board was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
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For the Year Ended June 30, 2016
(Not Examined)

Comptroller ultimately paid/pays the invoice after the Board receives/received appropriations or other legal expenditure authority to pay the invoice, the participating vendor receives/received the remaining 10% due (less any offsets).

During Fiscal Year 2016, the Board had 2 vendors participate in VSI for 10 invoices, totaling \$3,528. A summary of the amount of transactions by qualified purchaser follows:

TRANSACTIONS BY QUALIFIED PURCHASER	
Qualified Purchaser	Total
VAP Funding Master Note Trust (Illinois)	\$ 3,528
	<u>\$ 3,528</u>

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
INTEREST COSTS ON FISCAL YEAR 2016 INVOICES
For the Year Ended June 30, 2016
(Not Examined)

Prompt Payment Interest Costs

The Property Tax Appeal Board (Board) plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2016. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Board. The following chart shows the Board's prompt payment interest incurred related to Fiscal Year 2016 invoices, calculated on the accrual basis of accounting, through June 30, 2016, by fund:

PROMPT PAYMENT INTEREST INCURRED
Year Ended June 30, 2016

Fund #	Fund Name	Invoices	Vendors	Dollar Value
802	Personal Property Tax Replacement Fund	105	26	\$ 1,302
		105	26	\$ 1,302

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2016
(Not Examined)

The following table, prepared from Property Tax Appeal Board records, presents the average number of employees, by function, for the Fiscal Year Ended June 30,

	2016	2015	2014
Administration	21	21	20
Hearing Officers	13	13	14
Total Average Full-Time Employees	34	34	34

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2016
(Not Examined)

The Property Tax Appeal Board (Board) conducts hearings to resolve real property tax assessment appeals filed before it. An appeal may be filed relating to one parcel of property or several parcels of property.

Appeals Filed and Closed - Caseload Statistics

	<u>Downstate</u>	<u>Cook County</u>	<u>Total</u>
Property Appeals Pending - June 30, 2014*	8,840	48,421	57,261
New Appeal Filed	4,712	18,302	23,014
Property Appeals Closed	<u>(6,888)</u>	<u>(18,445)</u>	<u>(25,333)</u>
Property Appeals Pending - June 30, 2015	<u>6,664</u>	<u>48,278</u>	<u>54,942</u>
New Appeal Filed	6,281	19,193	25,474
Property Appeals Closed	<u>(5,229)</u>	<u>(17,181)</u>	<u>(22,410)</u>
Property Appeals Pending - June 30, 2016	<u><u>7,716</u></u>	<u><u>50,290</u></u>	<u><u>58,006</u></u>

*Numbers as of June 30, 2014, were revised and updated by the Board during the engagement period.