



STATE OF VERMONT  
OFFICE OF THE STATE AUDITOR

For Immediate Release  
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## State Auditor Tom Salmon Releases Report on City of Newport Tax Increment Financing District

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**MONTPELIER** – State Auditor Tom Salmon, CPA, has released the results of the first of four planned audits that evaluate the state's current active TIF districts. State law requires that the State Auditor audit all active TIF districts every four years. The objectives of this audit included determining if the City of Newport's TIF district was established and administered according to statutory requirements. The audit also examined the extent to which the municipality established TIF performance measures and monitored the actual performance results to determine if the TIF district is meeting its intended goals.

Overall, the auditor's office found that the City generally complied with state statutes, but miscalculated the total incremental property tax generated by its TIF district, resulting in the City owing the state's education fund \$81,612.

The audit attributed the miscalculation to internal control weaknesses, such as the City's over-reliance on a single individual to manage the TIF district operations, and not having documented financial procedures in place. Additionally, the City did not consistently track, monitor and report the TIF's results and lacked a mechanism to evaluate whether the TIF was meeting its intended goals.

The audit recommended that the City arrange to pay the amounts owed to the education fund and that the City designate an official to be responsible for developing, documenting and implementing a system to accurately calculate incremental property tax revenue and that this work be reviewed by another individual. The report also recommended the City appoint an official to have the responsibility to prepare required annual municipal and state reports and to monitor TIF district performance.

"I am confident that implementation of our audit recommendations will help the City of Newport to improve the TIF's overall management and provide for accurate measurement and reporting of the TIF's annual activity" said Salmon.

City Manager John Ward stated in a letter to the auditor's office: "While I am disappointed that we did not fully comply with all the requirements for the TIF, we appreciate your efforts to help us understand our financial and reporting obligations for the future."

The report "*Tax Increment Financing; City of Newport Generally Complied with Statutes, But Miscalculated Payments To State*" can be found on the auditor's web site @ [www.auditor.vermont.gov](http://www.auditor.vermont.gov).