The Auditor's Newsletter

OCTOBER 2012

The Vermont State Auditor's Office

Tax Increment Financing District

Winooski Made Errors in Administering the TIF District and Underpaid the State

Act 45 of 2011 requires that the State Auditor's Office audit all active tax increment financing (TIF) districts every four years. Currently, the City of Burlington, Milton, Newport, and Winooski have established TIF districts and financed improvements in their districts.

The report assesses whether Winooski established and administered the downtown TIF district according to statutory requirements and the extent to which the city has established performance measures and monitors actual results that demonstrate the TIF district is meeting intended goals.

Winooski did not comply with many state statutes in the formation of its districts and the city did not always administer its TIF district according to statutory requirements. Al though Winooski has utilized incremental property tax revenue for eligible purposes through June 30, 2011, the city has committed incremental property tax revenue to repay $4.1 million of ineligible debt and, further, the city miscalculated incremental property tax revenue. As a result of the miscalculation, the city retained too much statewide education increment underpaying $1.5 million of education property taxes to the state.

In addition to recommending that the city pay $1.5 million of statewide education property taxes to the state, we also make many recommendations designed to improve the city's administration of the TIF district. For example, we

recommend that Winooski designate a city official to be responsible for reviewing statutory reporting requirements and documenting policies and procedures to ensure timely and accurate reporting.

Read the report here.

New England Intergovernmental Audit Forum

Deputy State Auditor Joe Juhasz traveled to Conway, NH last week to address the challenges related to fraud and internal controls.

Tom Hughes of Milton also presented to the group. Tom's session labeled *Fraud & Ethics,* touched on how he, a convicted embezzler, was presented with the opportunity and provided suggestions for preventing and uncovering fraud.

The forum included over 70 financial leaders from across New England and sessions took place over a two-day period.

Other sessions touched on Health Care Fraud, Internal Controls, Performance Management Systems in Government and State and Local Fiscal Conditions.

Attendees were awarded with a certificate stating they have completed nine hours of continued professional education.

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The Vermont State Auditor's Office

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About Us

The State Auditor is a constitutional officer, elected biennially by the citizens of Vermont. The Auditor's principal duties are generally defined by 32 VSA §163, 167, and 168. These duties include the following:

- performance audits executed in accordance with generally accepted government auditing standards promulgated by the U.S. Government Accountability Office;
- the annual audit of the State's financial statements, commonly known as the Comprehensive Annual Financial Report (CAFR);
- the annual Federal Single Audit, which requires states, local governments, and nonprofit organizations expending over $500,000 in federal awards in a year to obtain an audit in accordance with requirements set forth in the Single Audit Act.;
- audits or reviews as statutorily required by the Legislature, such as the law requiring all tax increment financing districts to be audited once every three years.

Job Programs Audit

The State Auditor's Office is currently working on an audit of job programs. The Legislature requested that the State Auditor validate job creation programs in Vermont, and to that end, SAO staff created and emailed surveys to various economic development entities throughout the state. The objective of the audit is to ascertain the number of programs which support the creation and retention of jobs in Vermont and to provide a profile of the programs identified. The surveys have been returned to the State Auditor, and the reported data is currently being analyzed and summarized. The audit report is expected to be released by the beginning of the year.

132 State Street
Montpelier, VT 05602

Phone: 802-828-2281
Fax: 802-828-2198
E-mail: Brittney.Wilson@state.vt.us

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