



STATE OF VERMONT  
OFFICE OF THE STATE AUDITOR

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**State Auditor Tom Salmon Releases Report on City of Winooski Tax Increment Financing District**

*Overall, the audit found Winooski did not always administer its district according to statutory requirements and did not remit \$1.5 million owed to the state's education fund*

**MONTPELIER** – On October 18, 2012, State Auditor Tom Salmon, CPA, CFE, released the results of the last of four planned audits that evaluate the state's current active tax increment financing (TIF) districts. The TIF audit reports for the City of Newport, the Town of Milton and the City of Burlington were released in June 2011, January 2012 and June 2012, respectively. State law requires that the state auditor audit all active TIF districts every four years.

The audit found that through June 30, 2011, Winooski used all of its \$4.1 million of incremental property tax revenue for eligible purposes, however, the audit identified that there is risk the city intends to use future incremental property tax revenue to repay ineligible debt. For example, the city has committed to repay \$4.1 million of private loan obligations with incremental property tax revenue, but these are not eligible TIF district financing instruments.

Winooski miscalculated incremental property tax revenue, thereby retaining too much statewide education increment, and underpaid \$1.5 million of education property taxes to the state. The city's miscalculations were due to multiple errors in its calculation of the base value of properties in the district (original taxable value), predominantly the failure to adjust original taxable value after a city-wide reappraisal occurring in 2007. If the city does not correct its misstated OTV, it will continue to underpay statewide education property taxes.

“Our audit identified significant matters, including the miscalculation of original taxable value and related errors in calculating incremental property tax revenue, which we believe compel the city to take corrective action. Although city officials disagree with our conclusions, based on the evidence we gathered during our audit and guidance we obtained from the Attorney General's office, we are confident our conclusions are correct,” said Salmon.

*The report “Tax Increment Financing District: Winooski Made Errors In Administering the TIF District and Underpaid the State” can be found on the auditor’s website @ [www.auditor.vermont.gov](http://www.auditor.vermont.gov) or by clicking [here](#).*

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