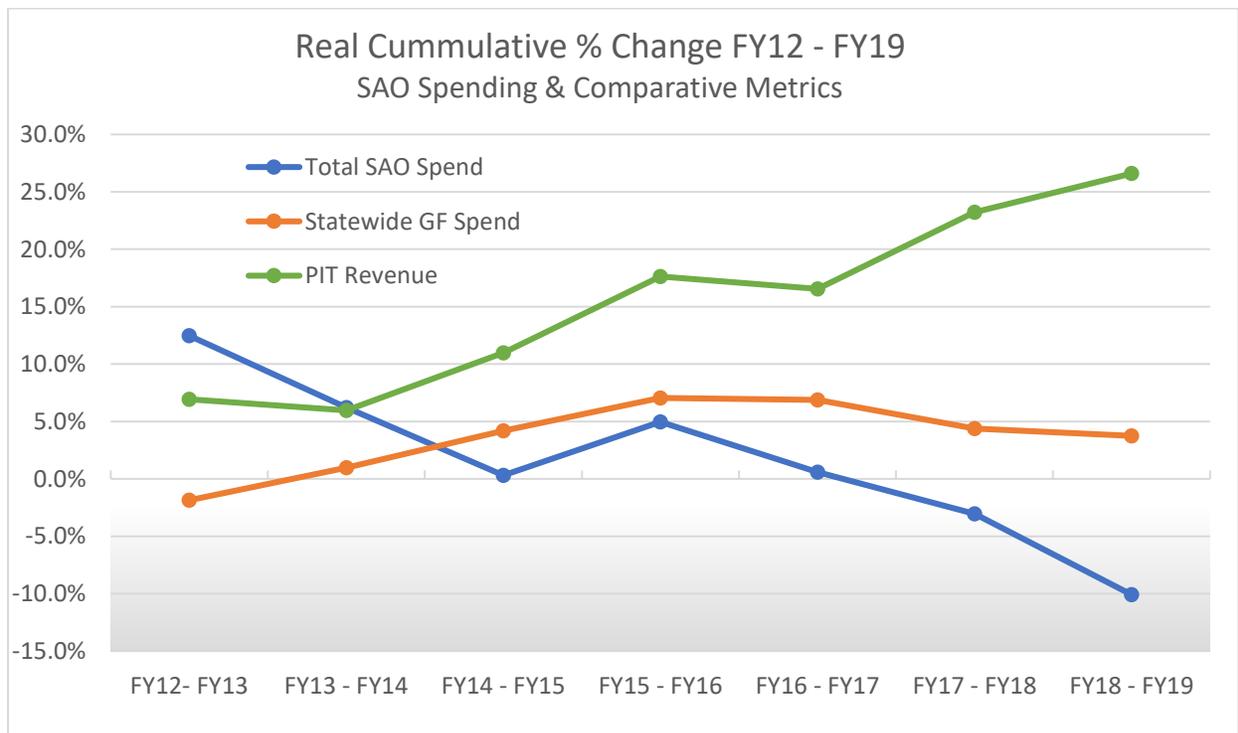




STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

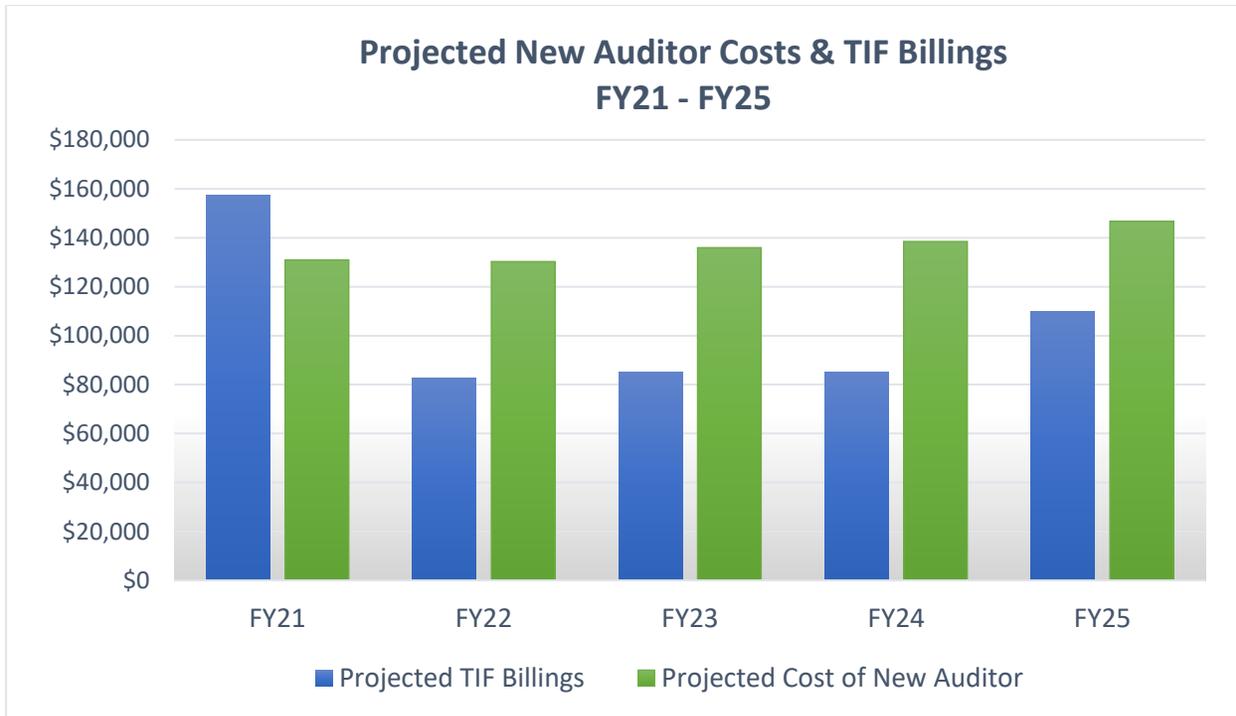
From Fiscal Year (FY) 2012 to 2019, spending at the State Auditor’s Office (SAO) declined 10.1% when adjusted for inflation. The below graph compares inflation-adjusted SAO spending with statewide GF spending and Personal Income Tax Revenues.



As outlined in Auditor Hoffer’s September 19, 2019 memo, the statutorily mandated audits of TIF districts require considerable SAO resources. The SAO is therefore requesting a new senior auditor position – the cost of which can be offset in large part by revenue from TIF Audit bills.

Over the next five FYs, the average estimated cost of the new position when offsetting expenses with TIF billings is \$32,000 annually. That \$32,000 is less than 1 percent of the SAO’s draft FY21 budget. Furthermore, FY22 is the first year that the costs of the position would outweigh the funding amounts from the TIF billing.

The below graph shows the projected costs from FY21 – FY25 of a new senior auditor at the SAO and the annual TIF billings that would be accounted for in that FY. The average annual difference highlighted below is \$32,000.



The projected cost of the new position assumes hiring of an experienced auditor at a Pay Grade 25, Step 4, with benefits for a two-person family. The estimate also accounts for initial and ongoing operational costs associated with the new position. The TIF billings accounted for in a given FY are based on the billings collected in the previous FY. The SAO and the Department of Finance and Management have agreed that accounting for TIF billings in this manner provides the State with greater certainty and stability.

The SAO plans to propose a change this legislative session that streamlines and improves the transparency of the TIF billing process by allowing the SAO to bill for TIF expenses from the Single Audit Revolving Fund. Since this fund rolls over annually, the anticipated surplus (from TIF billings compared to new position costs) for FY21 could be used to cover expenses in FY22.