

AUDIT SCOPE STATEMENT – December 18, 2023

Tax Increment Financing Project Cost Reimbursements

Why audit Tax Increment Financing Project Cost Reimbursements?

Tax Increment Financing (TIF) is a financing and development tool created by state statute¹ to encourage the development of blighted, substandard, and economically underutilized areas that might not be developed without public investment. The TIF Commission reviews proposed projects and makes recommendations to the City Council. Approval of a TIF project allows increments of increased tax revenues generated by the redevelopment to pay for approved project-related costs, infrastructure, and capital improvements.

The TIF Commission uses a funding agreement to monitor and reimburse project costs as they are incurred. The City Council approves some TIF projects where the city constructs public improvements. This requires the city to follow the standard TIF process of submitting reimbursement documentation within 18 months of incurring a cost.

Stakeholders are concerned that the city has missed deadlines for reimbursement submissions for some TIF projects. When anticipated reimbursement funds from a TIF project are not received, the city must redirect funds from other sources to cover shortfalls. This impacts the city's ability to fund other priorities.

The TIF Commission could deny reimbursements that are not submitted on time. Analyzing TIF projects for which the city has incurred reimbursable project costs and determining whether those costs were timely submitted and supported by the appropriate documentation could identify process improvements to ensure the city recovers eligible costs from TIF projects.

Audit objective

Our objective is to answer the following question:

- Do city departments timely submit TIF project expenses for reimbursement?

Audit methods

We will select a sample of completed and active TIF projects to determine whether departments submitted eligible project costs in accordance with funding agreements; interview city and TIF Commission staff, review city code, administrative regulations, and other relevant city procedures to identify potential issues or gaps in the established process for submitting cost reimbursements compared to recommended practices.

Anticipated release date

We plan to issue the audit report in April 2024.

¹ RSMo § [99.800-99.865](#).

