

AUDIT SCOPE STATEMENT – April 16, 2024

Tax Increment Financing Deliverables

Why audit Tax Increment Financing Deliverables?

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 assistance. Approval of a TIF plan allows increments of increased tax revenues generated by the redevelopment area to be redirected to pay for approved project-related costs, infrastructure, and capital improvements. The total amount of city tax redirections in Fiscal Year 2023 was approximately \$90.6 million.

The redirection of future tax revenues reduces the funds available for other city programs and taxing jurisdictions. Public constituency groups have raised concerns about the use of TIF and performance of approved plans. They also expressed concerns about TIF to the Office of the City Auditor and suggested we audit this program.

Each approved TIF plan has specific objectives, unique goals, and a list of eligible redevelopment projects. Evaluating the progress of TIF plans and how progress is monitored and reported to the City Council and the public can help identify whether public incentives are achieving promised impacts as well as opportunities to improve processes and transparency.

Audit objective

Our objective is to answer the following questions:

- Are approved Tax Increment Financing plans making progress towards promised goals and objectives?

Audit methods

We will select a sample of active and completed TIF plans to evaluate progress towards completing the plan's objectives and goals; compare TIF annual reports to TIF plan objectives and goals; interview city and TIF Commission staff and review relevant procedures to identify the process for monitoring project performance; compare current monitoring practices to recommended practices and state and city requirements.

Anticipated release date

We plan to issue the audit report in July 2024.

¹ RSMo §[99.800-99.865](#)

