

# AUDIT SCOPE STATEMENT – September 20, 2022

## Central City Economic Development Sales Tax Program

### Background

Kansas City, Missouri, voters approved the Central City Economic Development (CCED) Sales Tax on April 4, 2017. The purpose of this 10-year, 1/8 cent sales tax is to fund economic development projects in the Central City. The area identified as the Central City is bounded by 9th Street on the north, Gregory Boulevard on the south, The Paseo on the west, and Indiana Avenue on the east.

The sales tax is expected to generate about \$10 million annually. The total revenue from fiscal year 2018 to fiscal year 2022 is about \$46 million. Revenues for fiscal year 2023 are expected to be over \$11 million.

A five-member board reviews and recommends projects to the city council for approval. City staff provide administrative support to the program, including project monitoring and fund disbursement. The city council has approved over \$40 million for 28 projects to date. The program has distributed over \$20 million to those projects. To date, four projects have been completed.

### Why audit the CCED sales tax program?

The sales tax is nearing the midpoint of its 10-year lifespan. The public is interested in learning how the CCED sales tax is being used. Some external and internal stakeholders have concerns about the slow progress of projects with approved funding.

The city has a fiduciary duty to safeguard public tax monies by following rules, regulations, and the city's policies and procedures. Analyzing the progress of CCED projects could identify barriers affecting project completion.

### Audit objectives

Our objectives are to answer the following questions:

- Are Central City Economic Development Sales Tax projects making progress towards completion?
- Were Central City Economic Development Sales Tax funds spent according to funding agreements for the projects in our sample?

### Audit methods

We will review state statutes, city code, and other relevant procedures; interview city staff, CCED board members, and project developers; select a number of projects to review relevant documents and analyze progress these projects have made towards meeting their goals; and for a sample of projects compare project expenses to the funding agreements.

### Anticipated release date

We plan to issue the audit report in January 2023.



**KANSAS CITY  
MISSOURI**

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