

***Kansas City International Airport
Community Improvement District (KCICID)
(a component unit of the City of Kansas City, Missouri)***

Annual Financial Report

For the years ended April 30, 2024 and 2023



***Prepared by:
Finance and Accounting Division
Kansas City Aviation Department***



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*This is a copy of the KCICID annual financial statements reproduced
from an electronic file. An original copy of this document
is available at the KCICID's office.*



INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Directors
Kansas City International Airport
Community Improvement District
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of the Kansas City International Airport Community Improvement District (KCICID), a component unit of the City of Kansas City, Missouri, as of and for the years ended April 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the KCICID's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the KCICID as of April 30, 2024 and 2023, and the respective changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the KCICID and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the KCICID's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KCICID's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the KCICID's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other supplementary information listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial

statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Allen, Gibbs & Houlik, L.C
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 29, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

This management's discussion and analysis (MD&A) of the Kansas City International Airport Community Improvement District (KCICID) financial performance provides an introduction and overview of the KCICID's financial activities for the fiscal years ended April 30, 2024 and 2023. Please review this analysis in conjunction with the KCICID's financial statements and related footnotes.

The KCICID is a component unit of the City of Kansas City, Missouri (the City).

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying government-wide financial statements (i.e., the statement of net position and the statement of activities) display information on all the activities of the KCICID. These statements are reported using the total economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Expenditures are recorded when the related liability is incurred.

The general fund is the only fund of the KCICID. At April 30, 2024 and 2023, the KCICID had no assets that are not current economic resources. Thus, there are no adjustments needed to convert the government fund financial statements to government-wide financial statements except reclassifying the fund balance to net position.

The statements of activities present information showing how the KCICID's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

MANAGEMENT'S DISCUSSION & ANALYSIS

SUMMARY OF OPERATING REVENUES

For fiscal year ended April 30, 2024, the KCICID earned \$1,998,848 in revenue as compared to \$1,631,600 and \$960,215 for the years ended April 30, 2023 and 2022, respectively. Of the amounts for fiscal years 2024 and 2023 respectively, \$1,998,848 and \$1,631,600 were generated from earnings, utility tax and sales and use tax.

SUMMARY OF OPERATING EXPENSES

For fiscal year ended April 30, 2024, total operating expenses were \$1,998,729 as compared to \$1,631,339 and \$960,042 for the years ended April 30, 2023 and 2022, respectively. In fiscal year 2024, \$1,988,163 was paid to the KCI Overhaul Base Fund while \$1,621,294 and \$950,486 were remitted in the fiscal year 2023 and 2022 respectively.

SUMMARY OF NET POSITION

As of April 30, 2024, the KCICID had \$3,443 in unrestricted net position as compared to \$3,324 and \$3,063 as of April 30, 2023 and 2022, respectively. The unrestricted net position balance consisted of cash balances in the amounts of \$3,432 and \$3,317, sales tax receivable balances of \$126,781 and \$98,747 and current liabilities of \$126,770 and \$98,740 for the fiscal years 2024 and 2023, respectively.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the KCICID's finances and to demonstrate its accountability for the funds it receives and expends. For additional information about this report, please contact the undersigned at Kansas City International Airport, P.O. Box 20047, Kansas City, Missouri 64195-0047.

This report is respectfully submitted by,

Fred O'Neill
Deputy Director of Aviation Accounting & Finance
Department of Aviation
City of Kansas City, Missouri

**KANSAS CITY INTERNATIONAL AIRPORT COMMUNITY IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF KANSAS CITY, MISSOURI)**

**Governmental Fund Balance Sheets/Statements of Net Position
For Fiscal Years Ending April 30, 2024 and 2023**

	FYE 2024			FYE 2023		
	General Fund	Adjustments	Statement of Net Position	General Fund	Adjustments	Statement of Net Position
Assets						
Cash and cash equivalents	\$ 3,432	\$ -	\$ 3,432	\$ 3,317	\$ -	\$ 3,317
Sales taxes receivables	126,781	-	126,781	98,747	-	98,747
Total assets	<u>\$ 130,213</u>	<u>\$ -</u>	<u>\$ 130,213</u>	<u>\$ 102,064</u>	<u>\$ -</u>	<u>\$ 102,064</u>
Liabilities						
Due MCI Overhaul Base Fund	\$ 126,770	\$ -	\$ 126,770	\$ 98,740	\$ -	\$ 98,740
Total liabilities	<u>126,770</u>	<u>-</u>	<u>126,770</u>	<u>98,740</u>	<u>-</u>	<u>98,740</u>
Fund balance						
Unassigned fund balance	<u>3,443</u>	<u>(3,443)</u>	<u>-</u>	<u>3,324</u>	<u>(3,324)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 130,213</u>			<u>\$ 102,064</u>		
Net Position Unrestricted		<u>\$ 3,443</u>	<u>\$ 3,443</u>		<u>\$ 3,324</u>	<u>\$ 3,324</u>

See Notes to the Basic Financial Statements

**KANSAS CITY INTERNATIONAL AIRPORT COMMUNITY IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF KANSAS CITY, MISSOURI)**

**Governmental Fund Statements of Revenues, Expenditures and Changes in
Fund Balance/Statements of Activities
For Fiscal Years Ending April 30, 2024 and 2023**

	FYE 2024			FYE 2023		
	General Fund	Adjust- ments	Statement of Activities	General Fund	Adjust- ments	Statement of Activities
Revenues						
Earnings and utility tax revenue	\$ 393,744	\$ -	\$ 393,744	\$ 377,904	\$ -	\$ 377,904
Sales and use tax revenue	1,605,104	-	1,605,104	1,253,696	-	1,253,696
	<u>\$ 1,998,848</u>	<u>\$ -</u>	<u>\$ 1,998,848</u>	<u>\$ 1,631,600</u>	<u>\$ -</u>	<u>\$ 1,631,600</u>
Expenses/Expenditures						
MCI Overhaul Base fund	\$ 1,594,419	\$ -	\$ 1,594,419	\$ 1,243,390	\$ -	\$ 1,243,390
Development Area	393,744	-	393,744	377,904	-	377,904
Administrative and other	10,566	-	10,566	10,045	-	10,045
Total expenses	<u>\$ 1,998,729</u>	<u>\$ -</u>	<u>\$ 1,998,729</u>	<u>\$ 1,631,339</u>	<u>\$ -</u>	<u>\$ 1,631,339</u>
Changes in net position/fund balance						
	119	-	119	261	-	261
Total net position/fund balance - beginning of the year						
	3,324	-	3,324	3,063	-	3,063
Total net position/fund balance - end of the year						
	<u>\$ 3,443</u>	<u>\$ -</u>	<u>\$ 3,443</u>	<u>\$ 3,324</u>	<u>\$ -</u>	<u>\$ 3,324</u>

See Notes to the Basic Financial Statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Organization

The City of Kansas City, Missouri (the "City") has established the Kansas City International Airport Community Improvement District (the "KCICID") for the purpose of or cause to be provided for:

1. the benefit of the KCICID for certain services described in the petition to establish the CID; and
2. authorize and collect sales tax on eligible retail sales occurring within the KCICID.

On March 24, 2005, the KCICID's Board of Directors authorized a one percent (1.0%) sales and use tax on eligible retail sales transactions occurring within the boundaries of the KCICID, which encompasses the real property owned by the City that constitutes Kansas City International Airport ("MCI") as of March 24, 2005. The collection of the sales tax commenced on October 1, 2005. Pursuant to the Cooperative Agreement (the "Agreement") by and between the KCICID and the City, dated August 1, 2005 the KCICID has covenanted and agreed to cause the sales tax to be imposed as long as any MCI Overhaul Base Bonds are outstanding.

The MCI Overhaul Base is located at Kansas City International Airport and was originally leased by the City to American Airlines pursuant to the terms of the lease agreement. For the purposes of the lease, the Overhaul Base consists of two primary facilities; (i) one hangar with two wide body bays and all of the related and associated shops (the "Super Hangar"), and (ii) the balance of the land, property and improvements at the Overhaul Base.

The original lease agreement required the City to provide \$40.0 million in funds to be used in connection with repairs, improvements and other rehabilitation undertakings for the Overhaul Base. Bond proceeds were to be used by the City to satisfy a portion of the obligations of the Overhaul Base Project relating to the Super Hangar. The remaining portion of funds, approximately \$13.3 million, were provided by the Missouri Development Finance Board ("MDFB") from proceeds derived from the sale of certain State of Missouri income tax credits. Bonds in the amount of \$31.0 million were sold in August 2005 and had a final maturity of September 1, 2029. In combination with the revenue derived from the lease of the Overhaul Base, the sales tax received from the KCICID will support the debt service. The lease revenue is collected and recorded by the City. While the KCICID collects and records the revenue for the sales tax, the KCICID was not designed to directly pay any debt service related to the revenue bonds. The KCICID deposits the sales tax revenue into the Overhaul Base Fund and the Overhaul Base Fund, in turn, paid for debt service related to the revenue bonds. As noted below, the bonds were defeased and therefore the agreement was amended. Unused collections are transferred to the Overhaul Base Fund so that subsequent to the defeasance of the revenue bonds, the funds will continue to be used, along with other available resources, to complete rehabilitation projects at the overhaul base.

On September 8, 2010, the KCICID's Board of Directors met to amend the current Cooperative Agreement to remove the requirement that the CID sales tax revenues be used for the purpose of repayment of the Overhaul Base Special Facility Bonds and replaced it with a new purpose allowing use of the CID sales tax revenue for repair, maintenance and rehabilitation of the Overhaul Base. On September 9, 2010, Ordinance Number 100756 was passed to defease the Special Facility Revenue Bonds. Finally, on September 20, 2010, the Missouri Development Finance Board made an amendment to the original Tax Credit agreement allowing use of the tax credit proceeds to be used for Capital Improvements in the Remainder facilities and for tenant improvements. The City may only spend the tax credit proceeds on an at least 1-to-2 matching basis with other City funds (i.e. for every \$1 of tax credit proceeds that the City spends, the City must at the same time also spend at a minimum \$2 of City funds). The matching component may include, but is not limited to, the CID monies.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The KCICID is a political subdivision created pursuant to Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, and was formed by the City Council of Kansas City, Missouri by Ordinance Number 050203 adopted on March 10, 2005. The KCICID is generally located between I-29 on the East, Kansas City, Missouri limits on the West, I-29 on the North, and NW Tiffany Springs Road on the South and was organized for the purpose of providing eligible services for the benefit of those within the KCICID through the provision of improvements to airport property and physical infrastructure; specifically, debt service on revenue bonds related to improvements to the airport overhaul base; developing marketing materials to attract commercial and retail users to airport property; improving parking management and facilities; improving visual appearance of the KCICID through landscaping and other amenities; acquisition of land, buildings and other incentives to maintain and increase the employment base of the city; prevention of physical deterioration of property and to other related activities.

The KCICID may, by resolution, impose a sales tax not to exceed one percent (1.0%) upon all eligible retail sales within the KCICID. The life of the KCICID will continue to exist and function for thirty (30) years after the KCICID is established.

The KCICID is included as a component unit in the financial statements of the City.

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information on all the activities of the KCICID. These statements are reported using the total economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. The KCICID considers amounts collected within 60 days to be available. Expenditures are recorded when the related liability is incurred. The general fund is the only fund of the KCICID. At April 30, 2024 and 2023, the KCICID had no assets that are not current economic resources. Thus, there are no adjustments needed to convert the government fund financial statements to government-wide financial statements except reclassifying the fund balance to net position.

C. Revenue Recognition

The KCICID program revenues are derived from one percent (1.0%) sales and use tax on retail sales occurring within the boundaries of the KCICID and fifty percent (50%) of the incremental earnings, franchise and utility tax revenues remitted from the City effectively February 2018. Sales tax revenue is recognized in the month that it is reported and paid to the State of Missouri by the businesses paying the tax. The KCICID has taken all actions to collect the KCICID sales tax through April 30, 2024. The incremental earnings, franchise and utility tax revenue is paid once a year by the City.

Throughout the Term (as defined in the Cooperative Agreement), the KCICID shall at all times cause to be assessed and collect the KCICID sales tax, as in effect on the Issue Date (October 1, 2005), including, but not limited to, any extensions or renewals thereof and the provision of any applicable notices.

D. Expense/Expenditure Recognition

The KCICID program expenditures are incurred for the purpose of providing eligible services for the benefit of those within the KCICID through the provision of improvements and physical infrastructure to airport property.

NOTES TO THE BASIC FINANCIAL STATEMENTS

According to the Cooperative Agreement by and between the City and KCICID, Article III, Section 3.3, the KCICID is authorized to utilize sales tax revenues to pay its reasonable administrative and professional service fees, costs and expenses, including staff time, in connection and assessment of the CID sales tax; provided, however, the payment of such expenses shall not exceed \$15,000 per year without the prior written consent of the City. The KCICID has elected to retain a nominal amount for the payment of such fees pending the receipt of additional sales tax revenues. This retained amount is reflected in the unassigned fund balance and unrestricted net position financial statement captions within the governmental fund balance sheet and statement of net position.

Administrative and professional service fees for the fiscal years ended April 30, 2024 and 2023, totaled \$10,566 and \$10,045, respectively. On January 26, 2023, the Board of Directors approved and adopted the KCICID budget for the fiscal year ended April 30, 2024. The Kansas City Council received and filed Communication #230166 from the City Clerk regarding the Board's adoption of the KCICID budget on February 16, 2023 and on August 25, 2023 the City Clerk received a completed fiscal year 2023 KCICID Annual Financial Report.

Accordingly, and pursuant to the Petition to Establish the Kansas City International Airport Community Improvement District, all remaining funds, after the payment of administrative and other expenses are transferred to the KCI Overhaul Base Fund, an enterprise fund of the City, for the purposes as described in Footnote A. The KCICID has taken all actions to expend those remaining funds through April 30, 2024 except for those nominal amounts previously mentioned.

E. Cash and Cash Equivalents

For the presentation in the financial statements, the KCICID considers all highly liquid short-term investments with a maturity of three months or less to be cash equivalents.

F. Net Position

On the Statement of Net Position, equity is shown as net position and is classified as unrestricted. Unrestricted net position includes net position without constraints placed on their use either by (1) external groups such as creditors, grantors, contributions, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. In the general fund, equity is also shown as fund balance and is classified as unrestricted.

G. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the KCICID management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from those estimates.

H. Income Taxes

The KCICID, as a political subdivision, is exempt from all federal, state and local income taxes.

I. Subsequent Events

Subsequent events have been evaluated through October 29, 2024, which is the date the financial statements were available to be issued.

NOTES TO THE BASIC FINANCIAL STATEMENTS

A. Legislative Activity

The KCICID began collecting a 1.0% sales tax on every business entity within the District in the 2006 fiscal year. The rental car agencies raised opposition to the 1.0% sales tax and further escalated the issue with the Missouri Department of Revenue during the 2008 fiscal year. The Missouri Department of Revenue, in turn, sided with the rental car companies and interpreted the law in such a way that the rental car agencies inside the KCICID are exempt from the 1.0% sales tax because of the nature of their business, renting versus selling. This decision by the Missouri Department of Revenue forced the KCICID to collect less revenues during the 2008 and successive fiscal years than at first anticipated. The rental car agencies did not remit the tax under protest in previous years, therefore they were not entitled to a refund for previous fiscal year collections.

Likewise, a similar event happened effective August 28, 2008, whereas the Missouri Department of Revenue found that the sales by public utilities and sales by or to providers of communications, cable or video services were also exempt from the 1.0% sales tax levied on the KCICID. These two events have put some downward pressure on the KCICID in its revenue generating abilities.

In July 2016, resolution 2016-3 was approved by the Board of the Directors for a second amendment to the Cooperative Agreement by and between the KCICID and the City. Under the amendment, 230 acres of land was added to the KCICID. The amended agreement calls for the City to remit 50% of the incremental earnings, franchise and utility tax revenues earned within the boundaries of the KCICID to the KCICID. The additional revenues are to be utilized for public improvements within the boundaries of the KCICID. The amendment to the cooperative agreement between KCICID and the City that would enforce the additional revenue stream was executed in February 2018.

**KANSAS CITY INTERNATIONAL AIRPORT COMMUNITY IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF KANSAS CITY, MISSOURI)**

**Required Supplementary Information
Budgetary Comparison Information
Governmental Fund Statement of Revenues, Expenditures and
Changes in Fund Balance/Budget and Actual
For Fiscal Year Ending April 30, 2024**

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues			
Earnings and Utility tax revenue	\$ 145,000	\$ 393,744	\$ 248,744
Sales and Use Tax Revenue	815,000	1,605,104	790,104
Total revenues	<u>\$ 960,000</u>	<u>\$ 1,998,848</u>	<u>\$ 1,038,848</u>
Expenditures			
KCI Overhaul Base fund	\$ 804,960	\$ 1,594,419	\$ 789,459
Development Area	145,000	393,744	248,744
Annual audit	9,000	9,500	500
Other	1,040	1,066	26
Total expenditures	<u>\$ 960,000</u>	<u>\$ 1,998,729</u>	<u>\$ 1,038,729</u>
Excess of revenues over expenditures	\$ -	\$ 119	\$ 119
Fund balance - beginning of the year	<u>-</u>	<u>3,324</u>	<u>3,324</u>
Fund balance - end of the year	<u>\$ -</u>	<u>\$ 3,443</u>	<u>\$ 3,443</u>

Other Supplementary Information (Unaudited)

Governance
Organizational Chart
Kansas City International Airport CID Boundary
Historical Graphs
Schedule of Kansas City International CID Businesses

GOVERNANCE

The Kansas City International Airport Community Improvement District (the “KCICID”) is a political subdivision created pursuant to Chapter 67 of the Revised Statutes of Missouri, and was formed by the City Council of Kansas City, Missouri by Ordinance Number 050203 adopted on March 10, 2005.

The KCICID shall be a separate political subdivision and shall have all of the powers granted to and/or exercisable by a community improvement district pursuant to the Act ⁽¹⁾ except to the extent such powers are expressly limited by this Petition ⁽²⁾. The KCICID shall be governed by a Board of Directors (the “Board”) consisting of five (5) directors. Each director must meet the following requirement - be and must declare to be either an owner of Real Property within the KCICID or an owner of a business operating within the KCICID, as provided in the Act.

The Board shall be appointed by the Mayor of the City with the consent of the City Council. Of the initially appointed directors, three (which shall include the last person appointed) shall be appointed to serve a two-year term, two shall be appointed to serve a four-year term. Directors shall serve for their terms until such directors’ successors are appointed. Currently, there is one vacancy in the Board of Directors and it is in the process of being filled.

Successor directors, whether to serve a new term or to fill a vacancy on the Board, shall be appointed in the same manner as the initial directors and shall serve for a term of four years.

The KCICID may by resolution impose a sales tax, not to exceed one percent (1.0%) upon all eligible retail sales within the KCICID. The life of the KCICID will continue to exist and function for thirty (30) years after the KCICID is established.

⁽¹⁾ The Community Improvement District Act, Sections 67.1401 to 67.1571, Revised Statutes of Missouri

⁽²⁾ Petition to establish the Kansas City International Airport Community Improvement District

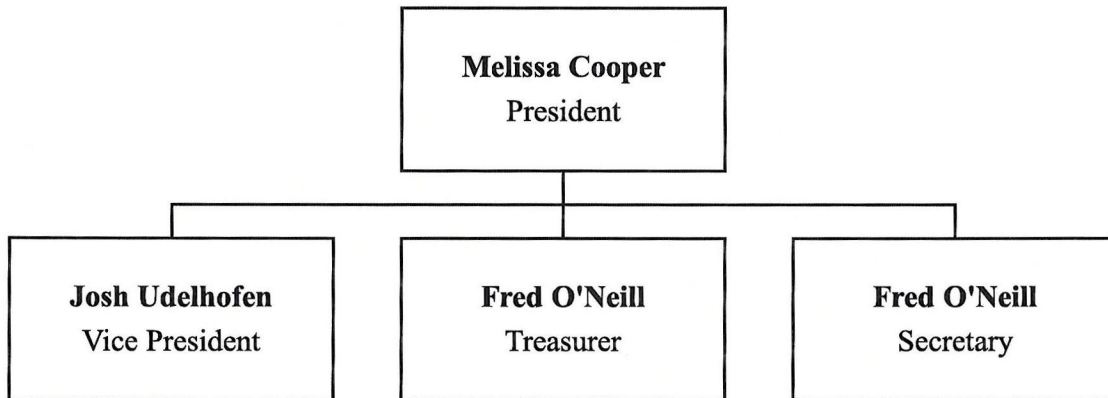
Kansas City International Airport Community Improvement District

Quinton Lucas, Mayor

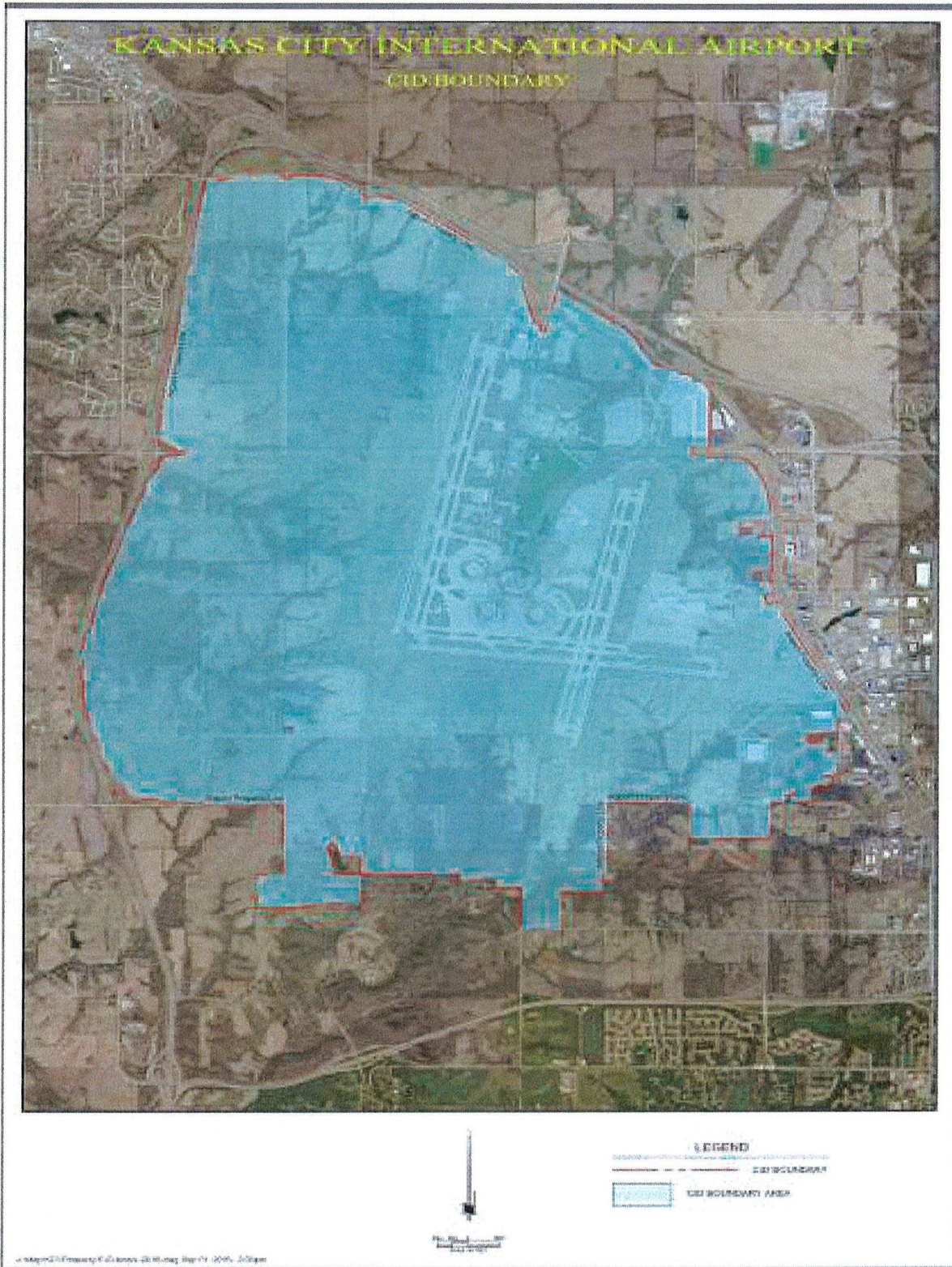
Board of Directors

	Term	Expires
Melissa Cooper, Director of Aviation Melissa.Cooper@kcmo.org 816-243-3100	4 years	2025
Josh Udelhofen, Trammell Crow JUdelhofen@Trammellcrow.com 314-330-5442	4 years	2024
Fred O’Neill Fred.ONeill@kcmo.org 816-243-3201	4 years	2024
Lovell Holloway Lholloway@Vantageairportgroup.com 816-848-4792	4 years	2025
Vacant		

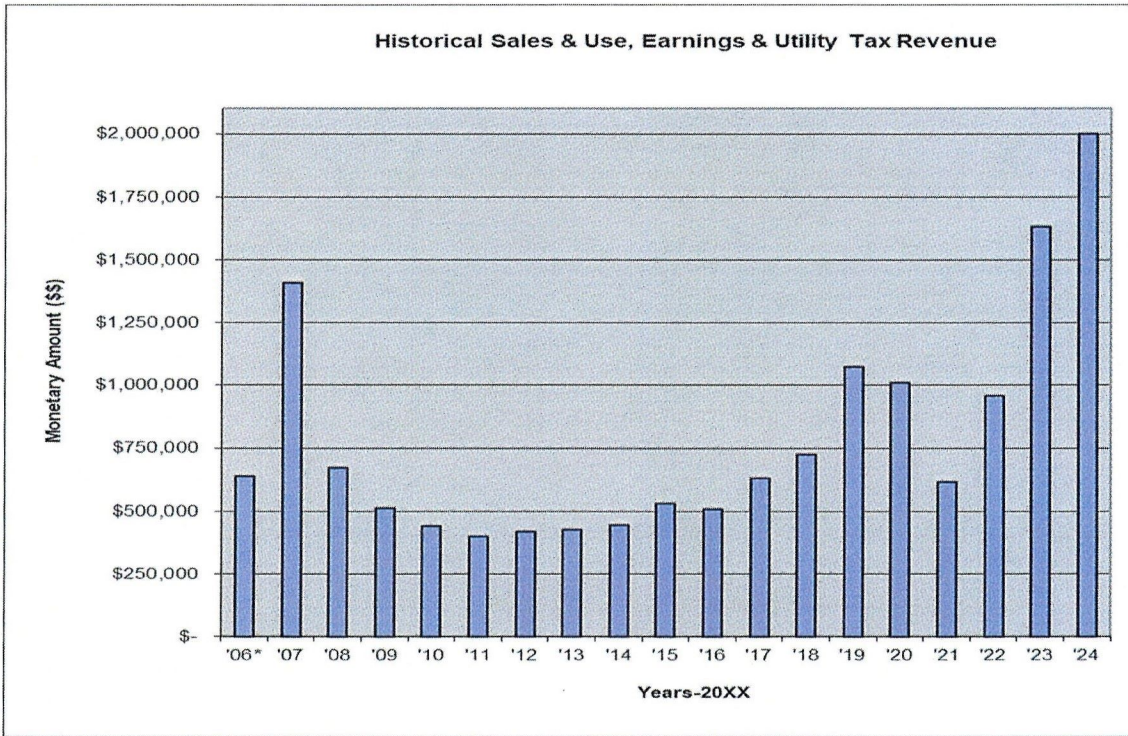
ORGANIZATIONAL CHART



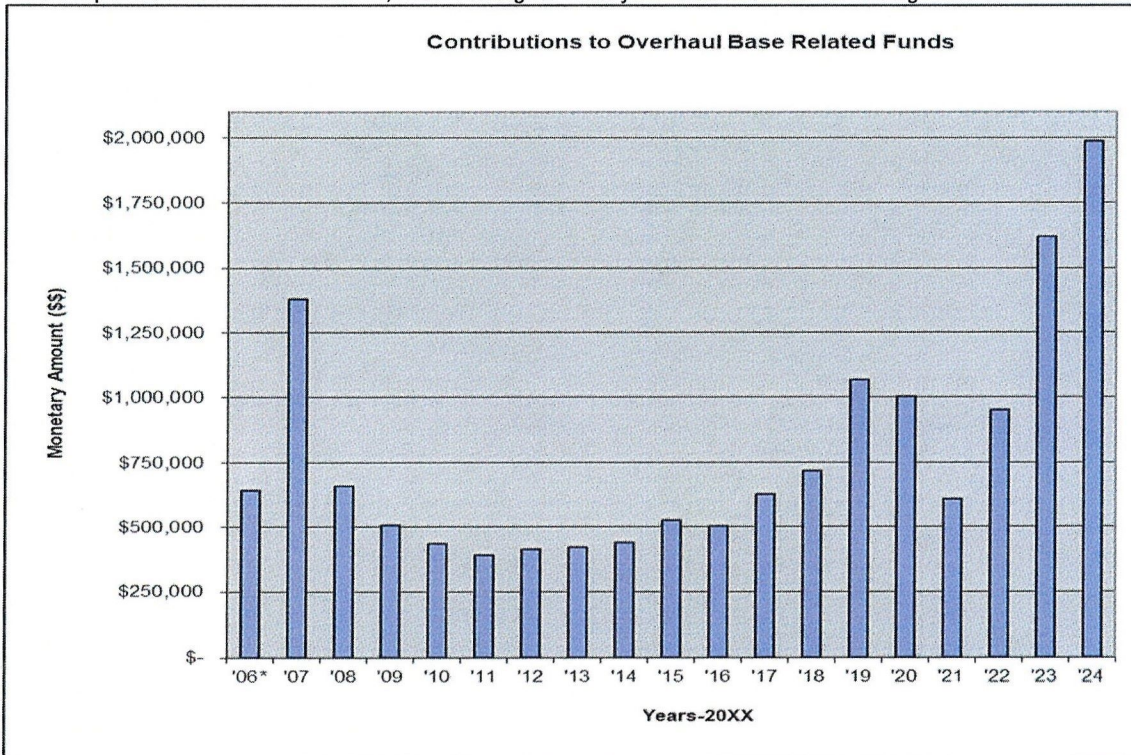
KANSAS CITY INTERNATIONAL AIRPORT CID BOUNDARY



HISTORICAL GRAPHS



*The inception of the Fund was October 1, 2005. Earnings and Utility Tax Revenue collected starting FY2018



*The inception of the Fund was October 1, 2005. Earnings and Utility Tax Revenue collected starting FY2018

SCHEDULE OF KANSAS CITY INTERNATIONAL CID BUSINESSES*

18th & Vine Partners JV LLC

Alaska Airlines

American Airlines Inc.

Aviation Technical Services

Avis Rent-A-Car System LLC

Kansas City Airport Marriott Hotel

KCI Car Care Center

Payless Car Rental

Signature Flight Support Group

Southwest Airlines

Spirit Airlines

T-Mobile

United Airlines

* Partial list of tax paying entities furnished by the Missouri Department of Revenue as of April 2024

Board of Directors
**Kansas City International Airport
Community Improvement District**
Kansas City, Missouri

We are pleased to present this report related to our audit of the basic financial statements of the Kansas City International Airport Community Improvement District (KCICID) as of and for the year ended April 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for KCICID's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the KCICID.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated July 29, 2024. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated July 22, 2024 regarding the planned scope and timing of our audit and identified significant risks. We made no significant changes to the scope or timing of our procedures.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices - Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies - Management has the ultimate responsibility for the appropriateness of the accounting policies used by KCICID. KCICID did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies - We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions - We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates - Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record accounting estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Management Representations

In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity with generally accepted accounting principles and also includes the more significant and specific oral representations made by officers and employees during the course of the audit. The letter is intended to reduce the possibility of misunderstandings between us and KCICID and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read KCICID's other supplementary information. We did not identify material inconsistencies with the audited basic financial statements.

Observations About the Audit Process

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit year; we encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements; we are not aware of any consultations management had with other accountants about accounting or auditing matters; no significant issues arising from the audit were discussed or the subject of correspondence with management; we did not encounter any difficulties in dealing with management relating to the performance of the audit; and we did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and Government Accountability Office (GAO) independence rules. For Allen, Gibbs & Houlik, L.C. (AGH) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and AGH each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. AGH is to ensure that the AICPA and GAO's General

Requirements for performing non-attest services are adhered to and included in all letters of engagement.

- Maintain a system of quality control over compliance with independence rules and firm policies.

KCICID's Responsibilities

- Timely inform AGH, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or persons in financial reporting and compliance oversight roles.
 - Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to KCICID and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with AGH.
- Not entering into arrangements of nonaudit services resulting in AGH being involved in making management decisions on behalf of KCICID.
- Not entering into relationships resulting in AGH, AGH covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at KCICID.

Other Matters

Cybersecurity - Effective cybersecurity risk management continues to be more important than ever in today's environment. Boards of directors, owners and executive management (the governance team) face an enormous challenge: to oversee how the organization manages cybersecurity risk.

An effective cybersecurity risk management program includes assessments of your comprehensive risk, controls and vulnerabilities to provide reasonable, but not absolute, assurance that material breaches are prevented or detected, and mitigated in a timely manner. The combined effects of an organization's dependency on IT, the complexity of IT networks and business applications, extensive reliance on third parties and human nature (i.e., susceptibility to social engineering) are only likely to increase the need for effective cybersecurity risk management programs.

As a best practice, we encourage executive management to be intimately involved with the risk management program and to share the results with the governance team.

Comprehensive Policy and Procedure Review - Given the broad and deep scope of your operations, you should consider completing a comprehensive evaluation of the adequacy and effectiveness of the entity's internal financial policies, processes and procedures, including a comparison to best practices among organizations the same size.

For entities that have experienced budget cuts in the finance area or those that have experienced turnover, a periodic review of controls is imperative. Even if your finance team has been stable over the years, we remind you that even the best design of controls is only as good as the people who carryout and execute such controls.

Financial policies, procedures and processes are a key element of sound fiscal administration. When policies are effective, they can preserve or enhance the fiscal health and wealth of the organization and create efficiencies for staff members.

This comprehensive evaluation could include:

1. Evaluation of existing controls
2. Identification of financial policies that could lead to vulnerability to fraud and/or abuse
3. For those identified weaknesses and risks, recommendations for improvements

AGHUniversity Resources - As part of AGH's ongoing commitment to serve as a trusted advisor, we offer these resources as a key part of the additional value AGH provides beyond the engagement itself:

- AGHUniversity.com - a full schedule of complimentary CPE or current and relevant topics and other updates to clients throughout the year. Free registration and webinars are available for the KCICID's staff and board members at aghuniversity.com. A sample of recent topics include Lease accounting; Become a destination employer: 5 factors you must get right; 6 steps to improving employee soft skills - Along with productivity and profitability; Measuring what matters in your 401(k) plan for recruitment, retention and reward; Cybersecurity: Protect your organization from cybercriminals; and 10 steps to prepare your business for a sale.
- AGH alerts and newsletters - This includes periodic mailings or emails to alert clients to new accounting standards or regulatory changes.

Closing

We will be pleased to respond to any questions you have about this report or set up an introductory meeting to discuss the other recommendations at no charge. We appreciate the opportunity to continue to be of service to Kansas City International Airport Community Improvement District.

Allen, Gibbs & Houlik, L.C
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 29, 2024