TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A COMPONENT UNIT OF THE CITY OF KANSAS CITY, MISSOURI)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2023

WITH

INDEPENDENT AUDITOR'S REPORTS

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CPAs & ADVISORS

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A COMPONENT UNIT OF THE CITY OF KANSAS CITY, MISSOURI)

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(A Component Unit Of The City Of Kansas City, Missouri)

FINANCIAL STATEMENTS

For the Year Ended April 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Tax Increment Financing Commission
of Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the governmental activities and each major fund of the Tax Increment Financing Commission of Kansas City, Missouri, a component unit of the City of Kansas City, Missouri (Commission), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission'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 each major fund of the Commission, as of April 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Commission'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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Commission'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 Commission'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 on pages 4 - 9 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 GAAS, 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 audit 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 Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023 on our consideration of the Commission's internal control over financial reporting and on our tests

of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C

CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Tax Increment Financing Commission of Kansas City, Missouri (Commission), we offer readers the Commission's financial statements with this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended April 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Commission's financial statements which follow this narrative.

Financial Highlights

- The Commission approved the following Plans or Plan amendments during the year ended April 30, 2023:

    - 9th Amendment to the Winchester Center TIF Plan
    - 13th Amendment to the Parvin Road Corridor TIF Plan
    - 8th Amendment to the Arlington Road TIF Plan
    - 7th Amendment to the Platte Purchase TIF Development Plan
    - 12th and 13th Amendments to the North Oak TIF Plan
    - 2nd Amendment to the Bannister & Wornall TIF Plan
    - 9th Amendment to the Chouteau & I-35 TIF Plan
    - 11th Amendment to the River Market TIF Plan
    - 1st Amendment to the Southpointe TIF Plan
    - 22nd Amendment to the KCI Corridor TIF Plan

- Combined governmental fund balances increased $3.5 million to $121.6 million as of April 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the Commission through the use of government-wide statements and fund financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Commission's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Commission's government. These statements provide more detail than the government-wide statements. The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Commission's finances, similar in format to a financial statement of a private-sector business. The government-wide financial statements provide short- and long-term information about the Commission's financial status as a whole.

1. The statement of net position (deficit) represents information on all the Commission's assets, deferred outflows of resources, and liabilities, with the difference between them reported as net position (deficit). Measuring net position (deficit) is one way to gauge the Commission's financial condition.

2. The statement of activities presents information showing how the Commission's net position (deficit) changed during the year. This statement includes all of the Commission's revenues and expenses, regardless of when the cash is received or paid.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Commission's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Commission's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements provide a detailed short-term view that helps the reader determine if there are more or fewer financial resources available to finance the Commission's programs. The relationship between government activities (reported in the Statement of Net Position (Deficit) and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Analysis of the Basic Financial Statements

Our analysis below focuses on the net position and changes in net position of the Commission for the year ended April 30, 2023.

Net Position (Deficit)
Governmental Activities

	2023	2022
Assets		
Cash	$ 136,451	$ 256,800
Restricted assets		
Cash and investments	122,317,174	129,086,902
Receivables	33,425,956	30,853,448
Capital assets	453,588	453,588
Total assets	156,333,169	160,650,738
Liabilities		
Current liabilities	76,151,468	104,532,178
Long-term liabilities	756,401,660	770,538,280
Total liabilities	832,553,128	875,070,458
Net Position (Deficit)		
Investment in capital assets	453,588	453,588
Restricted	147,099,388	140,155,065
Unrestricted (deficit)	(823,772,935)	(855,028,373)
Total net position (deficit)	$ (676,219,959)	$ (714,419,720)

Generally, net position may serve over time as a useful indicator of the Commission's financial position. However, because the Commission serves the purpose of financing economic development (i.e., incurring debt for assets that will be owned and maintained by other parties) and because the nature of the debt contains certain restrictions, net position may be more indicative of past and ongoing economic development activities rather than the financial health of the Commission.

As the Commission completed the year, its governmental activities reported a net position deficit of $(676.2 million), a decrease in the deficit of $38.2 million for 2023 compared to an increase in the deficit of $12.0 million in 2022.

Changes in Net Position (Deficit)
Governmental Activities

	2023	2022
Revenues		
Program Revenues		
Charges for services and other program revenues	$ 504,143	$ 642,159
Operating grants and contributions	7,312,409	9,657,649
General Revenues		
Tax increment financing revenues	118,484,335	108,908,699
Interest and other	1,507,236	(1,987,384)
Total revenues	127,808,123	117,221,123
Program Expenses		
Economic development	87,094,040	126,055,741
Interest, bond issuance and fiscal agent fees	2,514,322	3,189,837
Total expenses	89,608,362	129,245,578
Change in Net Position	38,199,761	(12,024,455)
Net Position (Deficit), Beginning of Year	(714,419,720)	(702,395,265)
Net Position (Deficit), End of Year	$ (676,219,959)	$ (714,419,720)

Total 2023 revenues increased $10.6 million over 2022. Tax increment financing revenues increased $9.6 million on the full accrual basis. The most significant increases in tax increment financing revenues on the cash basis were attributable to increases of $1.7 million and $1.7 million in State economic activity taxes (EATS) and Clay County payment in lieu of tax (PILOTS), respectively. $5.6 million of the total increase is related to the change in the recognition of deferred inflows of tax increment financing revenues under the full accrual basis of accounting from year-to-year ($3.2 million change in FY 2023 and negative change of $2.6 in FY 2022). Interest and other revenues increased $3.5 million largely due to changes in year-end market value reporting of certain investments in accordance with accounting principles generally accepted in the United States of America (GAAP). The Commission intends on holding these investments until maturity, therefore the reported 2022 significant year-end decrease in market value was not realized.

Economic development expenses decreased $39.0 million from 2022. The decrease is mainly related to the change in certified developer obligations. In 2023, reimbursable developer obligation additions totaled $40.3 million compared to additions of $84.5 million in 2022 resulting in a $44.2 million decrease in economic development expenses between 2023 and 2022. Significant project costs certified in 2023 were $11.6 million related to the Pershing Road Plan. Significant project costs certified in 2022 were $35.9 million related to the Metro North Crossing Plan and $26.8 million related to the Pershing Road Plan. Reimbursable project costs are recorded as an economic development expense on the statement of activities at the time the related obligation is recorded on the statement of net position (deficit).

Financial Analysis of the Commission's Funds

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance serves as a measure of an entity's net resources available for use.

Fund balances increased $3.5 million to $121.6 million at the end of 2023. Of the total fund balance, $987 thousand is unassigned and $120.7 million is restricted for economic development.

Commission revenues increased $4.8 million from 2022 primarily related to increases in tax incremental financing revenues of $3.8 million. Interest income increased $3.5 million largely due to market value reporting of the Commission investments for GAAP purposes at year-end.

Total expenditures increased $4.9 million from 2022. Payment to taxing district costs increased $5.6 million primarily due to the tax increment revenues declared surplus related to the Midtown Plan of $7.2 million. Project cost expenditures increased $4.4 million due to an increase in reimbursable project costs payments from the project funds within the KCI Corridor Plan bonds over 2022. Developer obligation payments decreased $4.3 million across all plans. Significant decreases from 2022 include: Shoal Creek $6.1 million, Bannister & I-435 $4.9 million, and Arlington Road $1.3 million. Significant increases from 2022 include: Briarcliff $3.1 million and Parvin Road $1.7 million. Commission backed related debt service expenditures increased $3.6 million primarily related to the additional debt service principal payment for KCI Corridor bonds.

Capital Assets and Debt Administration

On April 30, 2023, the Commission's capital assets totaled $454 thousand primarily consisting of certain capital assets the Commission received from the City in 2012.

At the end of fiscal year 2023, the Commission had $823.9 million in debt outstanding, a decrease of $31.4 million when compared to 2022. A majority of the debt, $766.8 million, relates to certified developer obligations, a decrease of $19.0 million from 2022. These obligations represent developer reimbursable project costs that have been certified by the Commission as eligible for reimbursement from tax increment financing revenues. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from increment taxes up to a period of 23 years. As these projects age and approach 23 years, there may be significant costs that have been certified that will not be reimbursed to the developer. The long-term debt will be reduced to zero during the year when the plan reaches 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the Commission, to the extent that revenues are available to pay those certified costs. The Commission is only obligated to reimburse the amount of incremental taxes received attributable to the project and certified by the Commission. Any shortfalls at the year of termination are the responsibility of the developer.

	2023	2022
Revenue bonds	$ 56,845,000	$ 69,215,000
Premium and discount on revenue bonds	243,454	254,723
Reimbursable project costs	766,818,206	785,807,557
	$ 823,906,660	$ 855,277,280

Requests for Information

This report is designed to provide an overview of the Commission's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Commission Director, 300 Wyandotte St, Suite 400, Kansas City MO 64105. For additional information about our organization, the website address is www.edckc.com.

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A Component Unit Of The City Of Kansas City, Missouri)

STATEMENT OF NET POSITION (DEFICIT)

April 30, 2023

	Governmental Activities
Assets	
Cash	$ 136,451
Restricted assets:	
Cash and investments	122,317,174
Receivables	8,245,567
Receivables - due from the City	24,103,278
Interest receivable	1,077,111
Capital assets	453,588
Total assets	156,333,169
Liabilities	
Accounts payable	3,033,482
Developer deposits	760,337
Unearned revenue	2,171,010
Accrued interest payable	2,681,639
Long-term liabilities	
Due within one year	67,505,000
Due in more than one year	756,401,660
Total liabilities	832,553,128
Net Position (Deficit)	
Investment in capital assets	453,588
Restricted	147,099,388
Unrestricted	(823,772,935)
Total net position (deficit)	$(676,219,959)

The accompanying notes are an
integral part of these financial statements.

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A Component Unit Of The City Of Kansas City, Missouri)

STATEMENT OF ACTIVITIES

Year Ended April 30, 2023

		Program Revenues		Net Revenue (Expense) and Change in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Primary Government				
Governmental activities				
Economic development	$ 87,094,040	$ 504,143	$ 7,312,409	$ (79,277,488)
Interest and fiscal charges	2,514,322	--	--	(2,514,322)
Total primary government	$ 89,608,362	$ 504,143	$ 7,312,409	(81,791,810)
General Revenues				
Tax increment financing revenues				118,484,335
Interest				1,507,236
Total general revenues				119,991,571
Change in net position				38,199,761
Net position (deficit), beginning of year				(714,419,720)
Net position (deficit), end of year				$ (676,219,959)

The accompanying notes are an
integral part of these financial statements.

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A Component Unit Of The City Of Kansas City, Missouri)

BALANCE SHEET - GOVERNMENTAL FUNDS

April 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash	$ 136,451	$ --	$ 136,451
Restricted assets:			
Cash and investments	--	122,317,174	122,317,174
Receivables	--	8,245,567	8,245,567
Receivables - due from the City	--	24,103,278	24,103,278
Interest receivable	--	1,077,111	1,077,111
Interfund accounts receivable	853,548	--	853,548
Total assets	$ 989,999	$ 155,743,130	$ 156,733,129
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	$ 2,726	$ 3,030,756	$ 3,033,482
Developer deposits	--	760,337	760,337
Unearned revenue	--	2,171,010	2,171,010
Interfund accounts payable	--	853,548	853,548
Total liabilities	2,726	6,815,651	6,818,377
Deferred inflows of resources			
Tax increment financing revenues	--	28,273,213	28,273,213
Total deferred inflows of resources	--	28,273,213	28,273,213
Fund balances			
Restricted for economic development	--	120,654,266	120,654,266
Unassigned	987,273	--	987,273
Total fund balances	987,273	120,654,266	121,641,539
Total liabilities, deferred inflows of resources and fund balances	$ 989,999	$ 155,743,130	$ 156,733,129

The accompanying notes are an
integral part of these financial statements.

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A Component Unit Of The City Of Kansas City, Missouri)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (DEFICIT)

April 30, 2023

Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Total fund balance - governmental funds	$ 121,641,539
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements	
Capital assets - land held for redevelopment	453,588
Revenues not collected within the 90 day availability period are deferred in the fund financial statements, but are recognized as revenue in the government-wide financial statements	28,273,213
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements	
Accrued interest payable	(2,681,639)
Long-term debt	(823,663,206)
Unamortized premiums on bond issuances	(270,350)
Unamortized discounts on bond issuances	26,896
Total net position (deficit) - governmental activities	$ (676,219,959)

The accompanying notes are an
integral part of these financial statements.

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A Component Unit Of The City Of Kansas City, Missouri)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended April 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Tax increment financing revenues	$ --	$ 115,274,194	$ 115,274,194
Developer revenues	--	504,143	504,143
Intergovernmental appropriations	--	403,000	403,000
Contributions from related party	90,000	6,566,938	6,656,938
Interest	--	1,507,236	1,507,236
Other	2,773	249,698	252,471
Total revenues	92,773	124,505,209	124,597,982
Expenditures			
Current			
Administration	3,179,108	--	3,179,108
Project costs	--	14,049,035	14,049,035
Payment to taxing districts	--	14,910,555	14,910,555
Professional services	47,860	610,932	658,792
Debt service			
Principal - developer obligations	--	59,269,533	59,269,533
Principal - bonds	--	12,370,000	12,370,000
Interest and fiscal charges	--	2,598,656	2,598,656
Payments on behalf of the City	--	10,911,101	10,911,101
Payments on behalf of LCRA	--	3,105,267	3,105,267
Total expenditures	3,226,968	117,825,079	121,052,047
Deficiency of revenues under expenditures	(3,134,195)	6,680,130	3,545,935
Other Financing Sources (Uses)			
Transfers in (out)	3,119,961	(3,119,961)	--
Total other financing sources (uses)	3,119,961	(3,119,961)	--
Net change in fund balance	(14,234)	3,560,169	3,545,935
Fund balances, beginning of year	1,001,507	117,094,097	118,095,604
Fund balances, end of year	$ 987,273	$ 120,654,266	$ 121,641,539

The accompanying notes are an
integral part of these financial statements.

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI
(A Component Unit Of The City Of Kansas City, Missouri)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended April 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds	$ 3,545,935
In the statement of activities, project costs incurred by developers that have been certified by the Commission are charged to expense in the year certified	(40,280,182)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements	3,210,141
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Also, the governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental fund financial statements, interest is reported as an expenditure when due and payable. Reconciling items related to long-term debt include the following:	
Principal - developer obligations	59,269,533
Principal - bonds	12,370,000
Amortization of premiums and discounts, net	11,269
Change in accrued interest payable	73,065
Total change in net position (deficit) - governmental activities	$ 38,199,761

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operation and Reporting Entity

The Tax Increment Financing Commission of Kansas City, Missouri (Commission), was authorized under a state of Missouri law ("Real Property Tax Increment Allocation Redevelopment Act") as a public body, corporate and politic, and was approved by ordinance of the City Council of Kansas City, Missouri in November 1982 to exercise the powers delegated by a municipality under this act.

Tax increment financing is a mechanism whereby certain redevelopment project expenses are financed through payments in lieu of taxes (PILOTS) and economic activity taxes (EATS). The above mentioned legislation allows the City of Kansas City, Missouri (City) (through the Commission) to direct a portion of all new taxes (the increment) generated by new redevelopment toward the project costs.

The Commission is responsible for preparing and implementing tax increment financing plans and is reimbursed by project developers for certain services rendered. Certain bonds issued in conjunction with the tax increment financing plan or subsequent bond repayments financed by PILOTS and EATS are accounted for by the Commission or the City.

The Commission is a component unit of the City as defined by Statement No. 61 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*. A voting majority of the Board of Commissioners of the Commission is appointed by the Mayor of the City. The Commission did not have any component units at April 30, 2023.

Management and staff of the Commission are comprised of employees from the Economic Development Corporation of Kansas City, Missouri (EDC), a nonprofit business development and redevelopment organization.

Basis of Presentation

Government-wide Financial Statements - The government-wide statement of net position (deficit) and statement of activities report the overall financial activity of the Commission. The effect of interfund activity has been eliminated from these financial statements. These statements include the governmental activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the government-wide activities of the Commission and for each function of the Commission's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues included (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements - The fund statements provide information about the Commission's funds. The emphasis on fund financial statements is on major governmental funds. Each fund of the Commission is considered a major fund and is presented in a separate column.

General Fund - The general fund is the principal fund of the Commission, which accounts for all financial transactions not accounted for in other funds.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major assets that will be held for redevelopment and other expenditures associated with redevelopment projects.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on long-term debt are recorded only when due. Proceeds of general long-term debt are reported as an other financing source.

Significant revenue sources that are susceptible to accrual include tax increment financing revenues.

Receivables

Receivables consist primarily of PILOTS and EATS due from the City and other taxing jurisdictions and amounts to be reimbursed by developers.

Developer Revenues

Developer revenues consist of funds received from various developers in connection with redevelopment projects. Revenues are recognized when the related redevelopment expenditures are incurred.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax increment financing revenues

Tax increment financing revenues consist of the PILOTS and EATS generated in redevelopment project areas. The City, and other taxing jurisdictions, track revenues received for each of the Commission's project areas and transfer amounts to the Commission as they qualify for tax increment financing. Revenue is recognized when the various taxing jurisdictions notify the Commission that tax increment financing revenues have been generated.

Intergovernmental Appropriations and Contributions

Intergovernmental appropriations and contribution revenue line items consist of funds transferred from governmental entities to the Commission. These funds, which are provided to assist with the funding of certain redevelopment projects, are recorded as revenues when the funds are received or accrued when measurable.

Project Costs

Certain redevelopment projects are funded under the terms of bond indentures or other contractual agreements. As costs are incurred for these redevelopment projects, amounts held in projects accounts by the Commission are released and reported as project costs in the financial statements. Residual fund balances maintained by the Commission are restricted for use in the respective project.

Investments

All investments are reported at fair value. The fair value of marketable securities is based on quotations that are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or national pricing services.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Commission:

Land improvements	10 - 15 years
Building and improvements	25 - 40 years
Software	3 - 5 years

During the year ended April 30, 2012, the Commission received a donation of several properties in the Citadel Plaza redevelopment area. These properties were purchased by the City and donated to the Commission. The Commission then leased the properties to the City for a term of 99 years for rental payments of $1 per year.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a summary of the changes in capital assets for the year ended April 30, 2023:

	Governmental Activities			
	Balance April 30, 2022	Additions	Deductions	Balance April 30, 2023
Nondepreciable capital assets:				
Land held for redevelopment	$ 453,588	$ --	$ --	$ 453,588
Depreciable capital assets:				
Software	117,648	--	--	117,648
Less: accumulated depreciation	(117,648)	--	--	(117,648)
Total depreciable capital assets, net	--	--	--	--
Total governmental activity capital assets, net	$ 453,588	$ --	$ --	$ 453,588

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Commission is exposed to various risks and losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, the Commission purchases commercial insurance to address its exposure to these risks. Settlements have not exceeded insurance coverage in any of the past five fiscal years.

Net Position (Deficit)

Net position (deficit) of the Commission is classified in three components: investment in capital assets; restricted expendable net position; and unrestricted net position. Investment in capital assets consists of capital assets net of accumulated depreciation. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Commission. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of investment in capital assets or restricted net position. The Commission first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

The fund balances for the Commission's funds are displayed in five components:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Commissioners. Commitments may be changed or lifted only by issuance of a resolution by the Board of Commissioners.

Assigned - Assigned fund balances are intended to be used by the Commission for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The Commission considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Commission applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Budgetary Accounting

The Commission is not required to legally adopt a budget. Internal controls over spending in specific funds, not subject to legal budgets, are maintained by the use of internal spending limits set by management.

2. DEPOSITS AND INVESTMENTS

Restricted cash and investments consist of amounts held in trust, receipts from developers, PILOTS and EATS that are restricted for use in the future for reimbursable project costs, and good faith deposits from developers in accordance with funding agreements for certain projects.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Commission's deposit policy for custodial credit risk requires compliance with the provisions of the City of Kansas City's policy. Collateral is required for all demand deposits. The fair value of the collateral must equal 102 percent of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by state law and include U.S. government and government agency bonds and securities; general obligation bonds of any of the 50 states; general obligation bonds of any Missouri county, certain cities and special districts; and revenue bonds of certain Missouri agencies.

Investments

The Commission's investment policy allows investments in accordance with the City of Kansas City, Missouri's guidelines and include the following types of securities:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips) - The Commission may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. United States Agency/GSE Securities - The Commission may invest in obligations issued or guaranteed by any agency of the United States government and in obligations issued by any government sponsored enterprise (GSE), which have a liquid market and a readily determinable market value that are described as follows:

   a. U.S. Govt. Agency Coupon and Zero Coupon Securities.

   b. U.S. Govt. Agency Callable Securities. Restricted to securities callable at par only.

   c. U.S. Govt. Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate.

   d. U.S. Govt. Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

   e. U.S. Govt. Agency Mortgage Backed Securities (MBS, CMO and Pass-Thru Securities). Restricted to securities with final maturities of 5 years or less or have the final projected payment no greater than 5 years when analyzed in a +300 basis point interest rate environment.

3. Repurchase Agreements - The Commission may invest in contractual agreements between the Commission and commercial banks or primary government securities dealers. The Bond Market Association's guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

4. Bankers' Acceptances - The Commission may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.

5. Commercial Paper - The Commission may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of $500 million and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase. In addition, the Commission's portfolio may not contain commercial paper of any one corporation, the total value of which exceeds 2 percent of the Commission's aggregate investment portfolio.

6. Municipal Securities (State and Local Government Obligations) - The Commission may invest in municipal obligations that are issued in either tax-exempt or taxable form. The Commission's portfolio may not contain municipal obligations of any one issuer, the total value of which exceeds 2 percent of the Commission's aggregate investment portfolio, unless the obligation is pre-refunded or escrowed to maturity with securities guaranteed by the United States government.

   a. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard and Poor's or Moody's.

   b. Any full faith and credit obligations of any city, county or school district in the state of Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.

   c. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by Standard and Poor's or Moody's.

   d. Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by Standard and Poor's or Moody's.

   e. Any full faith and credit obligations of any city, county or school district in any state of territory of the United States of America rated at least AAA or Aaa by Standard and Poor's or Moody's.

   f. Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by Standard and Poor's or Moody's.

   g. Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by Standard and Poor's or Moody's.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Recurring Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2023:

		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
U.S. agency obligations	$ 65,600,344	$ --	$ 65,600,344	$ --
U.S. treasury obligations	21,227,246	--	21,227,246	--
	$ 86,827,590	$ --	$ 86,827,590	$ --

Interest Rate Risk - Interest rate risk is the risk that the fair value of the Commission's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission's investment policy limits the final maturity on any security owned to a maximum of five years. As of April 30, 2023, the Commission had the following investments and maturities:

		Maturities in Years	
Type	Fair Value	Less than 1	1 - 5
Money market mutual funds	$ 23,936,113	$ 23,936,113	$ --
U.S. agency obligations	65,600,344	14,589,459	51,010,885
U.S. treasury obligations	21,227,246	21,227,246	--
	$ 110,763,703	$ 59,752,818	$ 51,010,885

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk - Credit risk is the risk that the Commission will not recover its investments due to the ability of the counterparty to fulfill its obligation. In order to prevent over concentration by investment type and thereby mitigate credit risk, the Commission's Investment Policy provides for diversification of the portfolio by investment type as follows:

Investment Type	Maximum
U.S. Treasury Securities and Government Guaranteed Securities	100%
Collateralized Time and Demand Deposits	100%
U.S. Government Agency and GSE Securities	80%
Collateralized Repurchase Agreements	50%
U.S. Agency Callable Securities	30%
Commercial Paper	30%
Bankers' Acceptances	30%
Municipal Obligations	30%

As of April 30, 2023, the Commission had the following investment balances, which are rated by Standard and Poor's:

	Fair Value	S&P Rating
Money market mutual funds	$ 23,936,113	AAA
U.S. agency securities	65,600,344	AAA
	$ 89,536,457	

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the Commission's safekeeping institution).

The Commission's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102 percent of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2023, all deposits were adequately collateralized.

The Commission's investment policy requires that all investment securities be held in the Commission's name in the Commission's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2023, all investment securities were in the Commission's name in the Commission's safekeeping accounts at its safekeeping institution.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk - As of April 30, 2023, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total Commission investments:

Issuer	Investment Type	Total Fair Value	Percentage
Fed. Home Loan Bank	U.S. agency securities	$ 28,831,693	33%
Fed. National Mortgage Association	U.S. agency securities	4,617,342	5%
Fed. Farm Credit Bank	U.S. agency securities	24,134,401	28%
Tennessee Valley Authority	U.S. agency securities	5,288,391	6%
U.S. Treasury		21,227,246	25%

Summary of Carrying Value

The carrying values of deposits and investments shown below are included in the statement of net position (deficit) as follows:

Carrying value	
Deposits	$ 11,689,922
Investments	110,763,703
	$ 122,453,625
Included in the following statement of net position captions	
Cash	$ 136,451
Restricted cash and investments	122,317,174
	$ 122,453,625

3. LONG-TERM DEBT

The following is a summary of the changes in long-term obligations for the year ended April 30, 2023:

	Balance April 30, 2022	Additions	Retirements	Balance April 30, 2023	Amount Due in One Year
Tax Increment Revenue Bonds, Series 2010A, interest ranging from 5.10% - 8.00%, payable through April 2033 (Brywood Centre)	$ 4,100,000	$ --	$ --	$ 4,100,000	$ 4,100,000
Tax Increment Revenue Bonds, Series 2011A, interest at 8.00%, payable through April 2030 (Brywood Centre)	1,555,000	--	150,000	1,405,000	135,000
Total Tax Increment Revenue Bonds	5,655,000	--	150,000	5,505,000	4,235,000
IDA of Kansas City, Missouri, Series 2015A, interest at 3.55%, payable through June 2027 (Blue Ridge)	13,600,000	--	1,325,000	12,275,000	1,350,000
IDA of Kansas City, Missouri, Series 2017, interest at 3.71%, payable through June 2022 (Briarcliff)	3,175,000	--	3,175,000	--	--
Total IDA of Kansas City, Missouri	16,775,000	--	4,500,000	12,275,000	1,350,000
IDA of Platte County, Missouri, Series 2019, interest at 5.00%, payable through July 2040 (Platte Purchase)	19,160,000	--	920,000	18,240,000	345,000
IDE of Platte County, Missouri, Series 2020, interest at 2.95%, payable through January 2036 (KCI Corridor)	27,625,000	--	6,800,000	20,825,000	2,625,000
Total IDA of Platte County, Missouri	46,785,000	--	7,720,000	39,065,000	2,970,000
Reimbursable developer project costs	785,807,557	40,280,182	59,269,533	766,818,206	58,950,000
	855,022,557	40,280,182	71,639,533	823,663,206	67,505,000
Add unamortized premium	285,653	--	15,303	270,350	--
Less discount	30,930	--	4,034	26,896	--
Total long-term obligations	$ 855,277,280	$ 40,280,182	$ 71,650,802	$ 823,906,660	$ 67,505,000

Tax Increment Revenue Bonds

On December 17, 2010, the Commission issued $4,100,000 of tax increment revenue bonds related to the Brywood Centre Project (Revenue Bonds Series 2010A). The bonds are special, limited obligations of the Commission payable solely from and secured as to the payments of principal and interest by a pledge of (a) PILOTS and (b) EATS. The bonds were originally scheduled to mature annually through April 1, 2033 in amounts ranging from $5,000 to $480,000 at interest rates varying from 5.10% to 8.00%. If an Event of Default occurs and is continuing, the Trustee may, and if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Commission, declare the principal of all Bonds

3. LONG-TERM DEBT (CONTINUED)

Outstanding and the interest accrued there on to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

In order to make the April 1, 2012 debt service payments on the 2010A Brywood Centre revenue bond, the bond Trustee was required to draw on the debt service reserve. For the April 1, 2013 through April 1, 2023 payment dates, there were insufficient funds on deposit with the Trustee to pay the principal and interest due on those dates. As a result, an Event of Default had occurred. The entirety of the 2010A Brywood Centre revenue bond is classified as current on the accompanying financial statements due to the default.

On February 14, 2011, the Commission issued $2,280,000 of tax increment revenue bonds related to the Brywood Centre Project (Revenue Bonds Series 2011A). In connection with the bond issuance, the City established a community improvement district (CID) within the project area. Retail businesses within the project are required to collect a 1 percent sales tax from all purchasers at the time of sale. The proceeds of the tax are pledged to pay the principal and interest of the bonds. The bonds are special, limited obligations of the Commission payable solely from CID sales tax revenues, and certain funds held by the bond trustee, should CID sales tax revenues not be sufficient. The bonds mature annually through April 1, 2030 in amounts ranging from $135,000 to $360,000 at an interest rate of 8.00%. If an Event of Default occurs and is continuing, the Trustee may, and if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Commission, declare the principal of all Bonds Outstanding and the interest accrued there on to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

In March 2012, the developer of the Brywood Centre Project declared bankruptcy. Future tax revenues generated in the project area may not be sufficient to fund future debt service payments. The Commission has no responsibility to fund any future shortfalls in tax revenues.

Industrial Development Authority of Kansas City, Missouri

On June 30, 2015, the Industrial Development Authority of Kansas City, Missouri issued $25,300,000 Series 2015A Refunding Revenue bonds (Blue Ridge Crossing Project). The proceeds were used to refund the Commission’s Series 2005 bonds previously issued for the Blue Ridge Crossing Project. The Commission’s obligation with respect to the $25,300,000 Series 2015A bonds is limited solely to (a) PILOTS and (b) EATS generated within the project area. Should the PILOTS and EATS revenues not be sufficient to make bond payments, the Commission is not obligated to make such bond payments from any other sources of its revenue. The bonds mature annually through December 1, 2026, in amounts ranging from $1,350,000 to $6,725,000 at an interest rate of 3.55%. If an Event of Default has occurred and is continuing, the Trustee may, and shall upon the written request of the purchaser by notice in writing delivered to the issuer, declare the principal of all bonds then outstanding and the interest accrued thereon immediately due and payable.

On November 1, 2017, the Industrial Development Authority of Kansas City, Missouri issued $15,150,000 Series 2017 Refunding Revenue bonds (Briarcliff West Redevelopment Project). The proceeds were used to refund the Commission’s Series 2006A bonds previously issued for

3. LONG-TERM DEBT (CONTINUED)

the Briarcliff West Project. The Commission's obligation with respect to the $15,150,000 Series 2017 bonds is limited solely to (a) PILOTS and (b) EATS generated within the project area.

Should the PILOTS and EATS revenues not be sufficient to make bond payments, the Commission is not obligated to make such bond payments from any other sources of its revenue. If an Event of Default has occurred and is continuing, the Trustee may, and shall upon the written request of the purchaser by notice in writing delivered to the issuer, declare the principal of all bonds then outstanding and the interest accrued thereon immediately due and payable. The bonds were fully paid in fiscal year 2023.

Industrial Development Authority of Platte County, Missouri

On August 1, 2019, the Industrial Development Authority of Kansas City, Platte County, Missouri (Authority) issued $19,500,000 Series 2019 Revenue bonds (Platte Purchase Project A). The Commission's obligation with respect to the $19,500,000 Series 2019 bonds is limited solely to EATS generated within the project area. Should the EATS revenues not be sufficient to make bond payments, the Commission is not obligated to make such bond payments from any other sources of its revenue. The bonds mature annually through July 1, 2040, in amounts ranging from $345,000 to $1,595,000 at an interest rate of 5.00%. The bonds shall not in any event be subject to acceleration prior to maturity. If an Event of Default has occurred and is continuing, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the bonds then outstanding, and to enforce and compel the performance of the duties and obligations of the Authority as herein set forth.

On April 8, 2020, the Industrial Development Authority of Platte County, Missouri issued $35,500,000 of bonds for the KCI Corridor Project. A portion of the Series 2020 Bond proceeds was used to currently refund the remaining $8,700,000 outstanding principal balance of The Industrial Development Authority of the County of Platte County, Missouri Improvement and Refunding Revenue Bonds (KCI Corridor Project), Series 2014, previously issued to fund projects within the KCI Corridor Tax Increment Financing Plan area. The refunding was done in conjunction with the issuance of new revenue bonds to provide additional funding for the KCI Corridor Project, not necessarily to obtain economic savings. However, some savings will be realized as the Series 2020 Bonds interest rate is 2.95% compared to the 6.00% interest rate on the refunded Series 2014 Bonds. The Commission's obligation with respect to the KCI Corridor bonds is limited solely to EATS generated within the project area. Should the EATS revenues not be sufficient to make bond payments, the Commission is not obligated to make such bond payments from any other sources of its revenue. The bonds mature annually through July 1, 2033, in amounts ranging from $87,500 to $1,312,500 at an interest rate of 2.95%. The bonds shall not in any event be subject to acceleration prior to maturity. If an Event of Default has occurred and is continuing, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the bonds then outstanding, and to enforce and compel the performance of the duties and obligations of the Authority as herein set forth.

3. LONG-TERM DEBT (CONTINUED)

Reimbursable Developer Project Costs

These obligations represent developer costs that have been certified by the Commission as eligible for reimbursement from tax increment financing revenues attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes up to a period of 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the Commission. The Commission is only obligated for the amount of incremental taxes received attributable to the project; any deficiencies are the responsibility of the developer.

As of April 30, 2023, management has presented $58,950,000 as an estimated amount of developer obligations due in the next fiscal year. The estimate was derived from information on past payments and anticipated future payments to developers.

Scheduled Maturities

Aggregate annual maturities of long-term debt, exclusive of reimbursable developer project costs, at April 30, 2023 are:

Fiscal Year	Principal	Interest
2024	$ 8,555,000	$ 4,020,327
2025	4,425,000	1,873,420
2026	4,502,500	1,713,916
2027	4,492,500	1,549,447
2028	9,810,000	1,286,308
2029-2033	14,552,500	3,975,222
2034-2038	6,942,500	1,791,916
2039-2042	3,565,000	215,374
	$ 56,845,000	$ 16,425,930

Pledged Revenues

A comparison of tax increment financing revenues pledged as collateral for the payment of the Tax Increment Bonds, Industrial Development Authority of Kansas City, Missouri, and the Industrial Development Authority of Platte County, Missouri bonds recognized for the year ended April 30, 2023 to the principal and interest requirements of these bonds for that period is as follows:

Tax increment financing revenues recognized	$ 14,959,277
Principal and interest requirements	14,948,040

The tax increment financing revenues above represent only the amounts earned within project areas with outstanding bonds. Additional revenues are earned in districts that are not pledged for debt service.

4. INTERFUND ACTIVITY

The statement of revenues, expenditures and changes in fund balance reflects a transfer from the capital projects fund to the general fund in the amount of $3,119,961. This transfer consisted of administrative fees, which are calculated based upon a percentage of tax increment financing revenues collected during the year. At April 30, 2023, the balance sheet reflects an interfund balance of $853,548, represented as a receivable and payable to the general fund and capital projects fund, respectively.

5. RELATED PARTY TRANSACTIONS

The Commission and the City entered into a financial accounting and limited partial assignment and assumption agreement (the Agreement) with an effective date of May 1, 2016. Under the Agreement, the Commission transferred to the City all fiscal administration and financial reporting responsibilities and duties including the transfer and control of all Commission funds including the special allocation fund and related administrative fees. Administrative fees transferred to the City were $3,067,261 for the year ended April 30, 2023.

Under the Agreement, the City shall establish an imprest fund in the amount of $90,000 to fund general administrative expenditures. For the year ended April 30, 2023, the entire $90,000 was provided to the Commission.

For the year ended April 30, 2023, the Commission recognized $6,566,938 in contributions from the City. The contributions primarily relate to the funding of certain project costs in the Arlington Road TIF Plan.

6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net assets by the Commission that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net assets by the Commission that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statement of net position, but are not recognized in the financial statements as revenues and expenses until the period to which they relate. The Commission does not report any deferred outflows of resources.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are comprised of tax increment receivables that are unavailable in the fund statements but are recognized as revenue in the government-wide statements. These amounts are deferred and recognized as an inflow of resources during the period in which the amounts become available.

7. LITIGATION

The Commission is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position and changes in financial position of the Commission.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Tax Increment Financing Commission
of Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the governmental activities and each major fund of the Tax Increment Financing Commission of Kansas City, Missouri, a component unit of the City of Kansas City, Missouri (Commission), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 20, 2023