



Port Authority of Kansas City, Missouri  
(A Component Unit of the City of Kansas City, Missouri)

FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT

April 30, 2023



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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Port Authority of Kansas City, Missouri  
Kansas City, Missouri

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Port Authority of Kansas City, Missouri, a component unit of the City of Kansas City, Missouri, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Port Authority of Kansas City, Missouri's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Port Authority of Kansas City, Missouri as of April 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port Authority of Kansas City, Missouri 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.

#### ***Change in Accounting Principle***

As discussed in Note A to the financial statements, management has elected to change its policy for the fund type of the operating fund. Our opinion is not modified with respect to that matter.

***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 Port Authority of Kansas City, Missouri'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.

***Auditors' 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 auditors' 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 Port Authority of Kansas City, Missouri'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 Port Authority of Kansas City, Missouri'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 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 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.

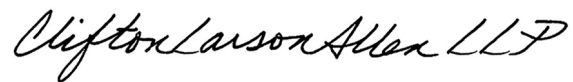
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port Authority of Kansas City, Missouri's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners  
Port Authority of Kansas City, Missouri

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2023, on our consideration of the Port Authority of Kansas City, Missouri'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 Port Authority of Kansas City, Missouri'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 Port Authority of Kansas City, Missouri's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Kansas City, Missouri  
August 28, 2023



PORT KC  
(A Component Unit of the City of Kansas City, Missouri)  
MANAGEMENT DISCUSSION AND ANALYSIS  
April 30, 2023

This Management Discussion and Analysis provides an overview of the financial performance of the Port Authority of Kansas City, Missouri (Port KC) for the year ended April 30, 2023. The intent of this discussion and analysis is to look at Port KC's financial performance as a whole. Readers should also review the Basic Financial statements and Notes to the Basic Financial Statements to enhance their understanding of Port KC's financial performance.

### Highlights from the Fiscal Year

- In October 2022, KC Current women's soccer stadium broke ground at Berkley Riverfront. The 11,500-seat soccer stadium will be the first dedicated sports stadium for a women's sports team in the world. Construction is expected to be completed for the team's 2024 season which begins in March.
- NorthPoint Development's CORE Apartments were completed in the fall of 2022, adding 350 multi-family, mixed-income units to Berkley Riverfront. Fifteen percent of units are designated as affordable which is 70% of Median Family Income (MFI).
- Port KC sold land to The Thrash Group for the Origin Hotel, a 118-room full-service hotel, which will be added to Berkley Riverfront. Port KC issued bonds for the project (see Note M). Construction broke ground in the fall of 2022 and construction is expected to be completed in the spring of 2024.
- Planning for the KC Streetcar extension to Berkley Riverfront continued during the fiscal year.
- Port KC continued to invest in its Port of Kansas City – Woodswether Terminal with the backing of Missouri Department of Transportation (MODOT) grants. All of the remaining moorings/dolphins were replaced and phase one of a paving project began (see Note G).
- Port KC and the US Department of Transportation (USDOT) completed agreements for a grant under the Port Infrastructure Development Program (PIDP), administered by the Maritime Administration (MARAD). The project budget is \$2,702,000 which includes the federal share of \$1,000,000 and the non-federal share of \$1,702,000. The project is for roadway access planning, rail alignment planning, and dock assessment planning at the Missouri River Terminal (MRT) site, Port KC's next port project in the east part of Kansas City (see Note G).
- Port KC submitted an application with the Surface Transportation Board (STB) to become a class III railroad and gain railroad authority at MRT in September 2022. Port KC is awaiting a decision.
- In the summer of 2022, Port KC's board of commissioners implemented a Port KC Logistics Hiring & Workforce Advancement Program. This policy added a new fee schedule that would be assessed from that point forward on any new industrial projects seeking real estate or personal property tax incentives. The total calculated assessed fees would be divided evenly over 5 years and collected annually. Shortly thereafter, Port KC made an agreement with the Full Employment Council (FEC) for the placement and activation of all of the funding collected from these fees for workforce training. Port KC also made a commitment to support the FEC program with its own funds, sourced from its Economic Advancement Fund (EAF), for 5 years at an amount to be determined from year to year. Port KC paid its first annual contribution of \$35,000 in the summer of 2022.
- Port KC participated in a Cooperative Agreement between Port KC, the Downtown Council (DTC), and the City of Kansas City, Missouri (City) for the South Loop Link project, a project for capping the Interstate 670 section of the downtown loop and the addition of a public park.



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- Port KC supported the LaunchKC entrepreneurial training program, co-managed by the DTC and the Economic Development Corporation of Kansas City (EDC). Port KC's support was in the form of being the named recipient of a grant from the Department of Higher Education and Workforce Development (DHEWD) for the LaunchKC program. All grant funds and responsibilities were passed along to DTC and EDC. This was the second year for the grant program, but funds from both years flowed during the current fiscal year due to the timing of each grant. The first round of funds was \$192,500. The second round of funds was \$194,000. Port KC did not keep any administrative fees; all funds went directly to the benefit of the LaunchKC program.
- Port KC partnered with developers to issue new bonds totaling \$237,100,000 in Conduit Debt (see Note M). New developer fees totaling \$1,180,315 were collected for these services. Of these fees, \$576,500 were designated towards Port KC's capital projects and infrastructure, \$10,000 was assigned to Port KC's Economic Advancement Fund, and \$10,112 was sent to the Full Employment Council. Additionally, Port KC administered Tax Compliance Payments of \$3,205,034 collected from its development partners and distributed to the local taxing jurisdictions.

Port KC's Change in Net Position, which is a comparable measure to Net Income, was \$509,913 for the fiscal year ending April 30, 2023. Lease income was the largest source of program revenues with \$4,476,267, up from \$4,312,307 in 2022. The majority of lease revenue is from the Bally's Casino. The remaining lease revenue is comprised largely from the 49 Crossing Commerce Park, which operated at nearly full capacity during fiscal year 2023.

Taxes and assessments increased from \$541,202 to \$1,015,792. This category includes sales and use taxes for Port Improvement Districts (PIDs) and membership assessments for the Berkley Park Condominium Association. It also includes Advanced Industrial Manufacturing (AIM) Zone revenues. An AIM Zone recaptures 50% of qualifying Missouri employment taxes and redirects the proceeds back into the zone. AIM Zone 4, which supports a USDA project at Penn Seven, accounted for the majority of the reason Taxes and Assessments increased.

Total expenses in 2023 were \$7,626,239, compared to \$6,197,222 in 2022. These amounts continue an overall trend in growing expenses alongside growing revenues. Expenses increased in all categories. The largest increase was property management which included streetcar planning costs and disbursements of AIM Zone 4 proceeds to reinvest into AIM Zone 4. The second largest driver of increased expense was professional services for continued planning for the Missouri River Terminal (MRT) project. Interest expense increased by 40% primarily due to \$834,457 of draws on a new loan.

### **Using these Financial Statements**

These financial statements are presented from two different perspectives: Government-wide financial statements (Port KC as a whole) and the fund financial statements (Port KC's funds). Fundamentally, each report the information but the information is presented in different formats. See more in Note A.





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MANAGEMENT DISCUSSION AND ANALYSIS  
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## Reporting Port KC as a Whole

The *Statement of Net Position* (page 15) and *Statement of Activities* (page 16) present Port KC as a whole. The presentation of these statements includes assets, liabilities, deferred inflows, net position, revenues, and expenses using accrual accounting, which is similar to accounting used by most private-sector companies. Total revenues minus total expenses are reported as Changes in Net Position, which is similar to Net Income as used in by private-sector companies.

Each of these government-wide statements are organized into governmental activities versus business-type activities. The “Governmental Activities: Economic Development” include activities that are predominantly non-exchange kinds of activities and business functions, and these include the Economic Advancement, Port Improvement Districts (PIDs) #1-5, #7, and the Berkley Park Condominium Association. The “business-type activities” include the majority of Port KC’s activities which are mostly generated by charges for services of which the largest category is from leasing activities. Both functions are described as Economic Development because “Port KC’s mission is to grow the economy of Kansas City’s port district through transportation, global commerce, and development.”

## Reporting on Port KC Funds

The fund financial statements use a mixed set of rules known as fund accounting and report each of Port KC’s funds in a way that best aligns with the funds’ activities. Funds are reported under different frameworks which best match the types of activities of the funds. Three different types of funds are used: Proprietary Funds, Governmental Funds, and Fiduciary Funds. These are reported on pages 17 to 23.

Proprietary Funds – Port KC has one fund classified as a propriety fund, and it is the Operating Fund. Proprietary funds are reported on a basis of full accrual accounting, just like government-wide reporting and therefore the Operating Fund is identical to the “business-type activities” from the government-wide reports. The proprietary fund structure also introduces a statement of cash flows whereas a similar style of report is absent in other styles of fund reporting. The proprietary fund uses the basis of accrual accounting.

Governmental Funds – Port KC reports one governmental fund to account for all other economic development and special project activities. Governmental funds are reported using a modified accrual basis of accounting. Due to the nature of fund, there are no modified accrual adjustments necessary, and the activities are identical to the accrual basis of accounting. Collectively, this fund is identical to the “governmental activities” as presented for Port KC as a whole. The Projects making up the fund are as follows:

The Economic Advancement Fund is for the specific purpose of providing economic development assistance to MBE/WBE enterprises.

Port Improvement Districts (PIDs) 1-5 and 7 are each a blended component unit of Port KC.

The Berkley Park Condominium Association (BPCA), a Missouri nonprofit is an association for the benefit of Berkley Riverfront owners and residents. It is included as a blended component unit. Port KC manages the BPCA through the Declarant Control Period and then it will relinquish control thereafter (see Note A).



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Fiduciary Funds – Port KC reports two categories of custodial funds using the structure provided as Fiduciary Funds. These are funds that Port KC administers on a short-term basis for the benefit of others. These funds report no assets, no liabilities, and no net position. In the government-wide activities, these funds only pass through cash, accounts receivable, and accounts payable. All funds are held for a short amount of time before being disbursed.

The first activity reported is the collection and disbursement of Tax Compliance Payments as a result of all third-party projects. Each third-party project for tax incentive purposes includes Conduit Debt and a Tax Incentive Agreement which obligates each development finance partner to the agreed rate of taxes that will be paid. These taxes are a payment-in-lieu-of-taxes (PILOT) which Port KC collects and proportionally disburses to all of the benefitting taxing jurisdictions. See Note M for a full list of all of all of the projects with who pay PILOTs to Port KC.

The second activity reported was a grant awarded and received from DHEWD and disbursed to the DTC and EDC for the LaunchKC program. The DHEWD funding provided education curriculum, training, access to capital, and mentor services. These are services that the DTC and EDC provide through the LaunchKC program. All responsibilities and funding were simultaneously received from DHEWD and assigned to DTC and EDC. Port KC was only a facilitator to satisfy certain state provisions.

In prior years, the Operating Fund was reported as the General Fund in the Governmental Fund financial statements. Port KC believed that Propriety Funds was a better fit for the majority of Port KC's activities. Both options for reporting the Operating Fund were acceptable under GASB standards, so at Port KC's discretion, the reporting method was changed. With this change, the majority of the financial report is reported under the same accrual basis of accounting. While the governmental funds still use a modified basis of accounting, there are currently no transactions that require modifications to full accrual. And therefore, there are no longer any reconciling adjustments necessary between the multiple presentations of the financial reports. In the end, Port KC believes the reports will be easier to read and understand compared to reports in prior years.

As noted in the prior paragraphs, the business-type activities reported on the government-wide statements are in complete agreement with the proprietary fund statements. Additionally, the governmental activities reported on the government-wide statements are in complete agreement with the total of non-major funds reported within the governmental funds statements.

While it is customary to present the fund financial statements with the governmental funds first, followed by the proprietary funds, and then the fiduciary funds, Port KC has chosen to present the proprietary funds first due to the importance and significance of that fund.

If the Balance Sheets for the Government Funds (proprietary and governmental) were combined, the total government funds would be the same as the Government-Wide Statement of Net Position with very few modifications. The Business-type activities and the Operating Fund, a Proprietary Fund, are in complete agreement. The Governmental Activities include the assets described *Internal balances*, a negative current asset whereas the Governmental Funds, a report of all non-major funds, has the same item listed as a current liability named *Due to other funds*.



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The Net Position of the Governmental-wide activities and the Governmental Funds are presented differently. Whereas the Government-wide presentation includes *Restricted for economic development* and *Unrestricted*, the Governmental Funds includes *Nonspendable, Restricted, Assigned, and Unassigned*. The total Net Positions are the same.

	Proprietary Funds	Governmental Funds	Total Funds
Net position/ fund balance			
Net investments in capital assets	\$ 22,073,537	n/a	\$ 22,073,537
Nonspendable	n/a	\$ 5,313	5,313
Restricted	-	823,413	823,413
Assigned	n/a	458,106	458,106
Unassigned	n/a	(5,517)	(5,517)
Unrestricted	12,188,827	n/a	12,188,827
<b>Total Net Position/Fund Balance</b>	<b>\$ 34,262,364</b>	<b>\$ 1,281,320</b>	<b>\$ 35,543,684</b>

The government-wide and the government funds report revenues, expenses, transfers, and other categories with very different presentation styles in comparison to one another, but if fund level financial statements were combined, the total net change in fund balance and net position would be the same as the Government-Wide Statement of Statement of Activities. The Business-type activities and the Operating Fund, a Proprietary Fund, are in complete agreement. The Governmental Activities and the Governmental Funds, are also in complete agreement.

### Year over Year Comparison of the Government-wide Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022*	2023	2022*	2023	2022*
Current assets	\$1,281,320	\$1,266,056	\$14,588,202	\$11,343,143	\$15,869,522	\$12,609,199
Capital assets	-	-	28,676,908	29,913,447	28,676,908	29,913,447
Other non-current assets	-	-	18,397,098	19,828,066	18,397,098	19,828,066
<b>Total Assets</b>	<b>1,281,320</b>	<b>1,266,056</b>	<b>61,662,208</b>	<b>61,084,656</b>	<b>62,943,528</b>	<b>62,350,712</b>
Current liabilities	-	12,194	7,351,247	3,073,352	7,351,247	3,085,546
Long-term lease liabilities	-	-	3,920,123	5,600,012	3,920,123	5,600,012
Long-term debt	-	-	820,549	1,300,000	820,549	1,300,000
<b>Total Liabilities</b>	<b>-</b>	<b>12,194</b>	<b>12,091,919</b>	<b>9,973,364</b>	<b>12,091,919</b>	<b>9,985,558</b>
Deferred Inflows of Resources	-	-	15,307,925	17,331,383	15,307,925	17,331,383
Net Position:						
Net investment in capital assets	-	-	22,073,537	21,401,826	22,073,537	21,401,826
Restricted	1,253,530	1,197,878	-	-	1,252,530	1,197,878
Unrestricted	27,790	55,984	12,188,827	12,378,083	12,216,617	12,434,067
<b>Total Net Position</b>	<b>\$1,281,320</b>	<b>\$1,253,862</b>	<b>\$34,262,364</b>	<b>\$33,779,909</b>	<b>\$35,543,684</b>	<b>\$35,033,771</b>

\* Amounts for the year ended April 30, 2022 have been restated to conform with the change in accounting policy described in Note A.

The most significant changes impacting current assets, include changes to cash (discussed more fully in the Changes to Cash section of the management's discussion and analysis), and increases in accounts receivable from the Cooperative Agreement between Port KC and DTC, discussed in Notes J and L. Changes in capital assets are discussed in the Capital Asset Administration section below. Other non-current assets are primarily impacted by leasing activity and the sale of real estate inventory during the year. Current liabilities were mostly impacted by activity associated with the Cooperative Agreement between Port KC and DTC, and holding the City's share of the Casino funds. For changes in long-term liabilities, see the Debt Administration section below.



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### Year over Year Comparison of the Government-wide Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022*	2023	2022*	2023	2022*
<b>Program Revenues:</b>						
Lease income	\$ -	\$ -	\$ 4,476,267	\$ 4,312,307	\$ 4,476,267	\$ 4,312,307
Developer fees	-	-	2,605,527	2,241,049	2,605,527	2,241,049
Miscellaneous	-	-	117,788	57,196	117,788	57,196
Lease income due to the City	-	-	(1,615,700)	(1,530,852)	(1,615,700)	(1,530,852)
<b>Total Charges for Services</b>	-	-	5,583,882	5,079,700	5,583,882	5,079,700
Operating grants and contributions	-	-	40,414	24,632	40,414	24,632
Capital grants and contributions	-	-	795,815	161,383	795,815	161,383
<b>General Revenues:</b>						
Taxes and assessments	456,579	431,756	559,213	109,446	1,015,792	541,202
Other	1,333	3,894	-	(3,894)	1,333	-
Interest earnings	5,586	2,105	693,330	367,660	698,916	369,765
<b>Total Net Revenues</b>	<b>\$ 463,498</b>	<b>\$ 437,755</b>	<b>\$ 7,672,654</b>	<b>\$ 5,738,927</b>	<b>\$ 8,136,152</b>	<b>\$ 6,176,682</b>
<b>Program Expenses for Economic Development:</b>						
Administrative	10,911	8,934	2,025,091	1,902,823	2,036,002	1,911,757
Professional services	15,795	9,880	1,364,730	1,070,428	1,380,525	1,080,308
Property management	231,384	185,619	2,076,619	1,336,078	2,308,003	1,521,697
Marketing	35,700	36,151	117,226	96,440	152,926	132,591
Travel	218	32	173,811	150,877	174,029	150,909
Insurance	20,608	16,331	322,665	275,179	343,273	291,510
Interest	-	-	368,884	263,722	368,884	263,722
Depreciation	-	-	862,597	839,356	862,597	839,356
Other	-	-	-	5,372	-	5,372
<b>Total Expenses</b>	<b>314,616</b>	<b>256,947</b>	<b>7,311,626</b>	<b>5,940,275</b>	<b>7,626,239</b>	<b>6,197,222</b>
Transfers	(121,424)	(226,362)	121,424	226,362	-	-
<b>Change in Net Position</b>	<b>\$ 27,458</b>	<b>\$ (45,554)</b>	<b>\$ 482,455</b>	<b>\$ 25,014</b>	<b>\$ 509,913</b>	<b>\$ (20,540)</b>
Net position – Beginning of year	1,253,862	1,299,416	33,779,909	33,754,895	35,033,771	35,054,311
Net position – End of year	<u>\$1,281,320</u>	<u>\$1,253,862</u>	<u>\$34,262,364</u>	<u>\$33,779,909</u>	<u>\$35,543,684</u>	<u>\$35,033,771</u>

\* Amounts for the year ended April 30, 2022 have been restated to conform with the change in accounting policy described in Note A.

See page 6 for discussion on the significant changes impacting the Government-wide Statement of Activities.

### Analysis of Port KC Funds

What the Operating Fund statement offers, which the business-type activities do not offer, is a perspective on Operating Income (Loss). The Operating Fund had an operating loss of \$799,644. When adding in the nonoperating revenues and expenses, the Operating Fund reported a loss of \$434,784 before capital contributions and transfers. Lastly, when adding in capital contributions, grants, and transfers, there is a positive change in net position of \$482,445.

The Special Projects Fund had total revenues of \$463,498, and expenditures of \$314,616. After net transfers out of \$121,424, the change in fund balance was an increase of \$27,458.



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**Capital Asset Administration**

At the end of fiscal year 2023, Port KC had \$28,676,908 capital assets. Not included in capital assets is Port KC’s Real Estate Inventory Available for Sale which is 16.8 acres of Berkley Riverfront. Port KC’s largest category of capital assets is infrastructure and equipment, net of depreciation, and it includes improvements to Berkley Riverfront Park, the Town of Kansas pedestrian bridge, the ASB Bridge underpass, a rail spur at the Port of Kansas City – Woodswether Terminal, and building improvements at Richards-Gebaur Commerce Park. The largest addition in fiscal year 2023 was the completion of moorings/dolphins at Port of Kansas City – Woodswether Terminal. Land includes Berkley Riverfront, Richards-Gebaur Commerce Park, Port of Kansas City – Woodswether Terminal, and Missouri River Terminal. Leases include the land lease from the City, the Port KC office lease, and an equipment lease. In total, Port KC’s capital assets decreased by \$1,236,539, net of depreciation, over fiscal year 2022. See Note C for more on capital assets.

	<b>Capital Assets at Year End</b>		
	<b>Net of Depreciation</b>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land, non-depreciable assets and construction on progress	\$ 8,692,168	\$ 8,264,922	\$ 7,448,702
Infrastructure and Equipment, net	13,976,657	13,941,698	14,629,427
Lease assets, net	6,008,083	7,706,827	1,213,103
	<u>\$ 28,676,908</u>	<u>\$ 29,913,447</u>	<u>\$ 23,291,232</u>

**Debt Administration**

During fiscal year 2019, Port KC borrowed \$2,000,000 from a local bank, collateralized by land at Richards-Gebaur Commerce Park. The note is paid with interest only, as accrued, on a monthly basis with a balloon payment for the principal balance in March 2024. The balance on this note was \$1,300,000 at the beginning of the fiscal year. Port KC repaid \$300,000 of the principal balance leaving an outstanding balance of \$1,000,000 at April 30, 2023. There are no principal balances due in the next twelve months.

In April 2022, Port KC executed a note for an amount of up to \$2,500,000 with a local bank. The note was collateralized by certain agreements representing future revenue streams. The note is paid with interest only, as accrued, on a monthly basis, for two years. After two years, quarterly principal payments plus monthly interest payments will be due based on a 15-year amortization schedule. Draws totaling \$834,457 were taken during fiscal year 2023.

See Note I for more on notes payable.

**Changes in Cash**

Cash grew during the fiscal year by \$817,903 on the government-wide statement of net position. Port KC held an accounts payable balance due to Kansas City, Missouri. For comparative purposes, cash decreased by \$929,343 when factoring out the amounts due to the City (see Note F). While holding the City’s share of the Casino funds has not been done in a while, there is precedent for this based on the lease and based on patterns from fiscal years 2006 through 2015.



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MANAGEMENT DISCUSSION AND ANALYSIS  
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There was new investment in capital assets in fiscal year 2023 totaling \$920,007. Many of these investments in capital assets were funded by grants (see Note G). Leases performed strongly, which is seen both in operating cash flows and cash flows from interest income. Leases provided cash flow to make optional downpayments on one loan. Cash draws on the second loan were all expended during the fiscal year on current expenditures.

### **Economic Conditions and Factors**

Port KC is seeing a pipeline of grants from both the federal, state, and local levels which are larger than Port KC has seen in its history. There are a variety of grant programs, but each help Port KC partner with federal, state, and local governments, and with local partners, for the purposes of growing the economy of Kansas City, MO. Port KC continues to see heightened interest in incentive projects for the attraction of businesses to Kansas City. Most of these projects are in industrial and logistics sectors.

### **Contacting Port KC Financial Management**

This management discussion and analysis report is designed to provide Kansas City citizens, taxpayers, customers and interested parties with a general overview of Port KC's finances and provide reliable financial information for the year ended April 30, 2023. These reports are also used in the City of Kansas City's Annual Comprehensive Financial Report. If you have further questions about this report or need additional information, contact Port KC by email at [info@portkc.com](mailto:info@portkc.com), by phone at 816-559-3750, or by visiting at 110 Berkley Plaza, Kansas City, Missouri 64120. Visit [www.portkc.com](http://www.portkc.com) for additional information.



PORT KC  
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BASIC FINANCIAL STATEMENTS  
April 30, 2023

STATEMENT OF NET POSITION

	<u>ASSETS</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Assets:			
Currents assets:			
Cash and cash equivalents	\$ 23,775	\$ 7,791,271	\$ 7,815,046
Accounts receivable (net)	231,547	2,134,731	2,366,278
Leases receivable, current portion	-	4,039,232	4,039,232
Prepays	5,313	551,210	556,523
Internal balances	(15,758)	15,758	-
Restricted cash and cash equivalents	1,036,443	56,000	1,092,443
Non-current assets:			
Loan receivable	-	1,236,032	1,236,032
Leases receivable, long-term portion	-	10,207,094	10,207,094
Real estate inventory available for sale	-	6,953,972	6,953,972
Capital assets not being depreciated:			
Land, improvements, and construction in progress	-	8,692,168	8,692,168
Capital assets, net of accumulated depreciation:			
Infrastructure, net	-	13,707,114	13,707,114
Equipment, net	-	269,543	269,543
Lease assets, net	-	6,008,083	6,008,083
Total assets	<u>\$ 1,281,320</u>	<u>\$ 61,662,208</u>	<u>\$ 62,943,528</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
Liabilities:			
Current liabilities:			
Accounts payable and other current liabilities	\$ -	\$ 2,515,733	\$ 2,515,733
Due to the City of Kansas City, Missouri	-	1,747,246	1,747,246
Unearned revenue	-	321,207	321,207
Current portion of long-term debt	-	1,013,908	1,013,908
Current portion of lease liabilities	-	1,683,248	1,683,248
Security deposits	-	69,905	69,905
Long-term liabilities:			
Long-term debt	-	820,549	820,549
Lease liabilities	-	3,920,123	3,920,123
Total liabilities	-	12,091,919	12,091,919
Deferred inflows of resources - leases	-	15,307,925	15,307,925
Net position:			
Investment in capital assets	-	22,073,537	22,073,537
Restricted for economic development	1,253,530	-	1,253,530
Unrestricted	27,790	12,188,827	12,216,617
Total net position	<u>\$ 1,281,320</u>	<u>\$ 34,262,364</u>	<u>\$ 35,543,684</u>



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STATEMENT OF ACTIVITIES

Functions/Programs	Expenses	PROGRAM REVENUES			NET REVENUES (EXPENSES) AND CHANGES IN NET POSITION		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total primary government
Governmental activities:							
Economic development	\$ 314,616	\$ -	\$ -	\$ -	\$ (314,616)	\$ -	\$ (314,616)
Business-type activities:							
Economic development	7,311,623	5,583,882	40,414	795,815	-	(891,512)	(891,512)
Total primary government	<u>\$ 7,626,239</u>	<u>\$ 5,583,882</u>	<u>\$ 40,414</u>	<u>\$ 795,815</u>	(314,616)	(891,512)	(1,206,128)
General revenues:							
Taxes and assessments					456,579	559,213	1,015,792
Interest earnings					5,586	693,330	698,916
Other					1,333	-	1,333
Total general revenues					<u>463,498</u>	<u>1,252,543</u>	<u>1,716,041</u>
Transfers					(121,424)	121,424	-
Change in net position					27,458	482,455	509,913
Net position, beginning of year					<u>1,253,862</u>	<u>33,779,909</u>	<u>35,033,771</u>
Net position, end of year					<u>\$1,281,320</u>	<u>\$ 34,262,364</u>	<u>\$ 35,543,684</u>





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BASIC FINANCIAL STATEMENTS  
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STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

ASSETS

	<u>Operating Fund</u>
Current assets:	
Cash and cash equivalents	\$ 7,791,271
Accounts receivable (net)	2,134,731
Leases receivable, current portion	4,039,232
Prepays	551,210
Due from other funds	15,758
Restricted cash and cash equivalents	56,000
	<u>14,588,202</u>
Non-current assets:	
Loan receivable	1,236,032
Leases receivable, long-term portion	10,207,094
Real estate inventory available for sale	6,953,972
Capital assets not being depreciated:	
Land, improvements, and construction in progress	8,692,168
Capital assets, net of accumulated depreciation:	
Infrastructure, net	13,707,114
Equipment, net	269,543
Lease assets, net	6,008,083
Total assets	<u>\$ 61,662,208</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Current liabilities:	
Accounts payable and other current liabilities	\$ 2,515,733
Due to the City of Kansas City, Missouri	1,747,246
Unearned revenue	321,207
Current portion of long-term debt	1,013,908
Current portion of lease liabilities	1,683,248
Security deposits	69,905
	<u>7,351,247</u>
Long-term liabilities:	
Long-term debt	820,549
Lease liabilities	3,920,123
Total liabilities	<u>12,091,919</u>
Deferred inflows of resources - leases	15,307,925
Net position:	
Net investment in capital assets	22,073,537
Unrestricted	12,188,827
Total net position	<u>\$ 34,262,364</u>



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BASIC FINANCIAL STATEMENTS  
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STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCE  
PROPRIETARY FUNDS

	<u>Operating Fund</u>
Operating revenues:	
Lease income	\$ 4,476,267
Developer fees	2,605,527
Assessments	559,213
Miscellaneous	117,788
Total operating revenues	<u>7,758,795</u>
Less: Lease income due to the City of Kansas City, Missouri	<u>(1,615,700)</u>
Total net operating revenues	<u>6,143,095</u>
Operating expenses:	
Administration	2,025,091
Professional services	1,364,730
Property management	2,076,619
Marketing	117,226
Travel	173,811
Insurance	322,665
Depreciation	862,597
Total operating expenses	<u>6,942,739</u>
Operating loss	<u>(799,644)</u>
Nonoperating revenues (expenses):	
Grants and contributions	40,414
Interest expense	(368,884)
Interest income	693,330
Total nonoperating revenues (expenses), net	<u>364,860</u>
Income before capital contributions and transfers	(434,784)
Capital contributions and grants	795,815
Transfers in	131,424
Transfers out	(10,000)
<b>Change in net position</b>	<u>482,445</u>
Net position, beginning of year	33,779,909
Net position, end of year	<u><b>\$ 34,262,364</b></u>



PORT KC  
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BASIC FINANCIAL STATEMENTS  
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STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

	<u>Operating Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 4,736,435
Cash paid to supplies for goods and services	(3,140,083)
Cash paid to employees and related expenses	(1,837,175)
	<u>(240,823)</u>
Cash flows from noncapital financing activities	
Transfers from other funds	126,960
Transfers to other funds	(10,000)
Grants and contributions	40,414
	<u>157,374</u>
Cash flows from capital and related financing activities	
Long-term debt proceeds	834,457
Payments of principal on long-term debt	(300,000)
Payments of principal on leases	(88,914)
Payments of interest	(140,974)
Capital grants received	795,815
Purchase of capital assets and construction in progress	(920,007)
	<u>180,377</u>
Cash flows from investing activities	
Interest income	663,183
Cash paid for additions to real estate inventory	(129,860)
Proceeds from sale of real estate inventory	161,034
	<u>694,357</u>
<b>Net increase in cash and cash equivalents</b>	<b>791,285</b>
Cash and investments – beginning of year	7,055,986
Cash and investments – end of year	<u>\$ 7,847,271</u>
Components of cash and cash equivalents	
Cash and cash equivalents	\$ 7,791,271
Restricted cash and cash equivalents	56,000
	<u>\$ 7,847,271</u>



PORT KC  
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STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)

Reconciliation of operating loss to net cash used by operating activities

	<u>Operating Fund</u>
Operating loss	\$ (799,644)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Cash used by operating activities:	
Depreciation	862,597
Amortization of lease assets	1,698,744
Net gain on sale of real estate inventory	(830,563)
Deferred inflows of resources	(2,023,458)
Change in assets and liabilities:	
Accounts receivable (net)	(1,888,314)
Leases receivable	1,806,110
Prepays	(90,032)
Accounts payable and other current liabilities	1,109,872
Unearned revenue	(81,735)
Security deposits	(4,400)
Net cash used by operating activities	<u>\$ (240,823)</u>
Noncash investing, capital, and financing activities:	
Capital asset purchase with accounts payable	\$ 410,071
Loan receivable in sale of real estate	\$ 1,205,885



PORT KC  
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BASIC FINANCIAL STATEMENTS  
April 30, 2023

BALANCE SHEET  
GOVERNMENTAL FUNDS

ASSETS

	<u>Special Projects Fund</u>
Assets:	
Cash and cash equivalents	\$ 23,775
Accounts receivable (net)	231,547
Prepays	5,313
Restricted cash and cash equivalents	1,036,443
Total assets	<u>\$ 1,297,078</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Due to other funds	\$ 15,758
Total liabilities	<u>15,758</u>
Fund balance:	
Nonspendable	5,313
Restricted	823,418
Assigned	452,589
Total fund balance	<u>1,281,320</u>
Total liabilities and fund balances	<u>\$ 1,297,078</u>



PORT KC  
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BASIC FINANCIAL STATEMENTS  
April 30, 2023

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

	<u>Special Projects Funds</u>
Revenue:	
Taxes and assessments	\$ 456,579
Miscellaneous	1,333
Interest income	5,586
Total revenue	<u>463,498</u>
Expenditures:	
Current expenditures	
Administration	10,911
Professional services	15,795
Property management	231,384
Marketing	35,700
Travel	218
Insurance	20,608
Total expenditures	<u>314,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>148,882</u>
Other financing sources (uses):	
Transfers in	10,000
Transfers out	<u>(131,424)</u>
Total other financing (uses)	<u>(121,424)</u>
Net change in fund balance	27,458
Fund balance, beginning of year	<u>1,253,862</u>
Fund balance, end of year	<u>\$ 1,281,320</u>



PORT KC  
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STATEMENT OF FIDUCIARY  
 NET POSITION

	Custodial Fund
Total Assets	\$ -
Total Liabilities	-
Net Position	\$ -

STATEMENT OF CHANGES IN  
 FIDUCIARY NET POSITION

	Custodial Fund
Incentive Compliance Payments received from developers	\$ 3,205,034
Department of Higher Education & Workforce Development (DHEWD) grants	292,500
Total Additions	3,497,534
Incentive Compliance Payments paid to taxing jurisdictions	3,205,034
Grants from DHEWD extended to LaunchKC program	292,500
Total Deductions	3,497,534
Change in Fiduciary Net Position	-
Fiduciary Net Position – Beginning of Year	-
Fiduciary Net Position – End of Year	\$ -



PORT KC  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
April 30, 2023

**NOTE A – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Pursuant to state legislation, Revised Statutes of Missouri (RSMO) Chapter 68, the Port Authority of Kansas City, Missouri (a component unit of the City of Kansas City, Missouri) (Port KC) is a political subdivision of the State of Missouri as established in 1977 by the City of Kansas City, Missouri. Port KC is governed by a seven-member Board of Commissioners appointed by the Mayor of the City of Kansas City, Missouri (the City).

Port KC's mission is to grow the economy of Kansas City's port district through transportation, global commerce, and development.

**Reporting Entity**

Port KC is a component unit of the City of Kansas City, Missouri (The City) as defined by Statements issued by the Governmental Accounting Standards Board, and as determined by the City of Kansas City, Missouri.

The Accounting Policies of Port KC conform to accounting principles generally accepted in the United States of America as applicable to state and local governments. The following is a summary of more significant policies:

**Blended Component Units**

Port KC reports seven blended component units:

- Port Improvement District 1 – Berkley Riverfront
- Port Improvement District 2 – Bally's Casino
- Port Improvement District 3 – 4800 Main Project
- Port Improvement District 4 – Corrigan Station Project
- Port Improvement District 5 – Jack Henry Project
- Port Improvement District 7 – Lightwell Project
- Berkley Park Condominium Association

Port Improvement Districts (PIDs) are improvement districts established by RSMO 68.200, which have the capacity to levy a property tax and/or sales and use tax within the district for the purpose of the district. Each PID has its own district boundaries and district purpose. PIDs are sometimes used in combination with issuing bonds (see Note M) for the purposes of attracting businesses to choose Kansas City. AIM Zones can also be used as tools for business attraction, but AIM Zones are separate entities.





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Berkley Park Condominium Association is a Missouri nonprofit corporation (Association) established by Port KC through the Declaration of Covenants, Restrictions, and Condominium for Berkley Park Condominium Association (Declaration), recorded in Jackson County in November 2016. Port KC has Declarant control over the Association during the Declarant Control Period (as defined by the Declaration). Declarant Control relates to the Declarant's right to control the operation of an association by means of appointing members to the Board of Directors. The Declarant Control provision permits the Declarant to establish budgets, execute contracts, retain vendors, and manage the business of the Association. The Declarant Control period phases out over the course of the development, with final termination occurring upon the earliest to occur of: (i) the sale of 75% of the units that may be created to owners other than the Declarant; (ii) two years after the last time the Declarant added property to the community; or (iii) two years from the date the Declarant last sold a unit.

During the fiscal year, Port KC paid 48.1% of assessments collected by the Association. Similarly, Port KC collected management fees for operating the Association.

### **Basis of Presentation**

Port KC's basic financial statements include both government-wide (reporting Port KC as a whole) and fund financial statements (reporting Port KC's funds).

#### Government-wide Financial Statements

The government-wide statement of net position and the statement of activities report the overall financial activity of Port KC, excluding fiduciary activities. The activities of Port KC are reported in the government-wide financial statements as governmental activities and business-type activities. Governmental activities generally are financed through taxes and assessments. Business-type activities generally are financed through lease income, developer fees, and non-exchange transactions.

The government-wide statement of activities presents a comparison between direct expenses and revenues for each program. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of Port KC. The effect of interfund activity has been eliminated from the government-wide financial statements to the extent that the funds are reported in the same type of activities.

#### Fund Financial Statements

Port KC accounts for all financial transactions through proprietary, governmental, and fiduciary funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund balances, and revenues and expenditures or expenses, as appropriate.



PORT KC  
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April 30, 2023

Port KC reports the following governmental fund:

*Special Projects Fund* – This fund include PIDs 1-5, PID 7, the Berkley Park Condominium Association, and the Economic Advancement Fund (EAF). The EAF was established for the specific purpose of providing economic development to minority business enterprise/women business enterprise (MBE/WBE) community. Revenues to this project is interest income from bank balances; no new loans from any program have been issued in the last year.

Port KC reports the following proprietary fund:

*Operating Fund* – The Operating Fund is the general operating fund of Port KC. The Operating Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are lease income, grants, development fees and various other items. The primary expenditures are for economic development.

Port KC reports the following fiduciary fund:

*Custodial Fund* – In connection with properties bonded by Conduit Debt (See Note M), Port KC and developers agree to an Incentive Compliance Agreement. These agreements contractually set forth Annual Compliance Payments to be paid as property taxes or personal property taxes which are collected by Port KC and remitted to other taxing jurisdictions. Compliance payments are collected and remitted for other jurisdictions over the life of the related bonds.

During the course of operations, Port KC has activity or transfers of resources between funds for various purposes. In fund financial statements these amounts are reported at gross amounts as transfers in/out. Any residual balances outstanding at year end are reported as due from/to other funds. While these transfers and balances are reported in fund financial statements, certain eliminations may be made in the preparation of the government-wide financial statements.

## **Measurement Focus and Basis of Accounting**

### **Government-wide Financial Statements**

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 flows take place. Non-exchange transactions, in which Port KC gives (or receives) value without directly receiving (or giving) equal value in exchange, can include certain grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations, if necessary, with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements. There are currently no transactions that require modifications to full accrual, and therefore, no reconciliations presented.



PORT KC  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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### Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available (collectible within the current year or within two months of year-end and available to pay obligations of the current period). Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long term debt, which are recognized as expenditures to the extent they have matured. However, general capital asset acquisitions are reported as expenditures in the general fund. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

### Proprietary Fund Financial Statements

An enterprise fund is used to account for the operations of Port KC's ongoing activities which are accounted for in a similar manner to the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Operating Fund are charges to customers in leasing activities and developer fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Port KC's fiduciary funds only include Custodial Funds, which are used to report fiduciary activities where Port KC controls assets that are collected through tax compliance payments from developers and remitted to other governmental units. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Data from the fiduciary funds is not incorporated in the government-wide financial statements.

### **Cash, Cash Equivalents, and Investments**

Port KC considers demand deposits and certificates of deposits purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents. Port KC considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted cash, cash equivalents, and investments consist of receipts which are restricted for use in specified development projects and the economic advancement fund (special revenue fund).



PORT KC  
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 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 April 30, 2023

**Accounts Receivable and Allowance for Doubtful Accounts**

Port KC records each lease with a corresponding billing on a periodic basis as described in the applicable Lease Agreement and according to GASB 87. In addition, certain balances due from notes issued and associated with the Economic Advancement Fund are recorded within the account receivable balances. All receivables that historically experience uncollectable balances are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the balances and percentages of payments received historically, subject to current terms and conditions. As of April 30, 2023, there was no allowance for doubtful accounts recorded.

**Real estate inventory available for sale**

Real estate inventory available for sale includes parcels of land associated with Berkley Riverfront Development area. The assets are carried at the lower of cost or market and identified by specific parcels. The value of real estate inventory available for sale at year-end is included in the non-spendable fund balance category.

**Capital Assets**

Capital assets, which include land, building, equipment, property and infrastructure, are reported in the government wide financial statements. In the governmental funds statements, capital assets are charged to expenditures as purchased. Donated assets are recorded at acquisition value as of the date of the donation. Capital assets contributed by the City of Kansas City, Missouri are recorded at the City's valuation at the date of acquisition.

Capital assets are defined by Port KC as assets with an initial cost of \$5,000 or more, individually or as a related group within the same asset class, and an estimated useful life of greater than one year. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Major outlays for capital improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is generally recorded as economic development expenses in the government-wide statement of activities with accumulated depreciation reflected in the government-wide statement of net position and is provided on the straight-line basis over the estimated useful life of the asset.

Property, buildings, equipment and infrastructure are depreciated using the straight-line method over the following estimated lives:

Asset Class	Estimated Useful Life
Infrastructure	20 to 50 years
Buildings & Grounds	20 to 50 years
Vehicles & Equipment	5 to 20 years
Furniture & Fixtures	5 to 10 years
Computer Hardware & Software	3 to 5 years



PORT KC  
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April 30, 2023

## Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available. The sources of revenue for Port KC considered susceptible to accrual include grants, taxes and assessments, developer fees and other miscellaneous income. Reimbursements due for federally funded projects if applicable are accrued as revenue at the time the expenditures are made, or when received in advance, they are deferred until expenditures are made.

Incentive compliance payments are billed annually to developers and subsequently remitted to other taxing jurisdictions whose property tax revenue are affected by project property tax exemptions. The payments vary based on a project-by-project basis and most are scheduled at the onset of the agreement, as defined in the agreements. Billings, collections and disbursement of the annual incentive compliance payments all occur within Port KC's fiscal year.

## Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Port KC has only one type of item that qualifies for reporting in this category.

As a lessor, Port KC recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Port KC recognizes interest revenue on the lease receivable and an inflow of resources (revenue) from the deferred inflows over the term of the lease.

## Net Position and Fund Balance Classifications

Government Wide, Proprietary and Fiduciary Funds – In the statements of net position, equity is classified as net position and displayed in three components:

Net investment capital assets – Consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net invested in capital assets.”



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When expenses are incurred for which both restricted and unrestricted net position are available, the order of spending is to reduce restricted net position first, and then unrestricted net position.

Governmental Funds – Fund balances in the governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which Port KC is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the governmental fund financial statements, fund balance is composed in the five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-spendable fund balance – This portion of fund balance cannot be spent either because it is in non-spendable form or is required to be maintained intact. Port KC's non-spendable fund balance includes prepaid expenditures, which is the amount paid in advance for the following year's goods and services, and are not considered spendable resources.

Restricted fund balance – This portion of fund balance is restricted to specific purposes by state or federal laws, or externally imposed conditions by grantor's creditors.

Committed fund balance – The limitations of this portion of fund balance are imposed by majority vote by quorum of Port KC's board of commissioners. Such limitations remain binding unless modified or rescinded by the commission. As of April 30, 2022, Port KC did not have committed fund balance.

Assigned fund balance – The intended use of this portion of fund balance is established by Port KC Board, or the President/Chief Executive Officer. It may be appropriated to eliminate a projected deficit in the subsequent year's operating budget. This category includes all remaining amounts not classified in another category in all governmental funds, except the general fund.

Unassigned fund balance – This is the residual net resources after non-spendable, restricted, committed, and assigned.

When an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available, Port KC considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Port KC considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

### **Budgetary Accounting**

Port KC is required to adopt a budget by statute. Internal controls over spending in specific funds, not subject to legal budgets, are maintained by the use of internal spending limits set by management. Due to the operating fund of Port KC being considered a proprietary fund, no budget comparisons have been presented in the financial statements.



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**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 certain assets, liabilities, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

**Change in Accounting Policy**

For the April 30, 2023 financial statements, Port KC has changed the presentation of its general fund from a governmental fund to a proprietary fund to provide more relevant information to the financial statement users. While the activities of Port KC are not required to be presented as a proprietary funds, it was determined that many of the primary revenue producing activities of Port KC are more aligned with activities where a fee is charged to external users for goods or services, such as is the case with Port KC’s leasing activities and real estate development activities. As the presentation is being changed from one acceptable treatment to another acceptable treatment, the change is considered a change in accounting policy. The effect of the change is as follows:

	Governmental Activities	Business- Type Activities	Total
Net position, April 30, 2022 as previously stated	\$ 35,033,771	\$ -	\$35,033,771
Change in accounting policy	(33,779,909)	33,779,909	-
Net position, April 30, 2022 as restated	\$ 1,253,862	\$33,779,909	\$35,033,771
General Fund, fund balance at April 30, 2022		\$ 12,378,083	
Capital assets		29,913,447	
Long-term debt		(8,511,621)	
Operating Fund, net position, beginning of year		\$ 33,779,909	

**NOTE B – CASH, CASH EQUIVALENTS, AND INVESTMENTS-UNRESTRICTED AND RESTRICTED**

A summary of Port KC’s significant accounting policies regarding cash, cash equivalents and investments may be found in Note A of the Basic Financial Statements. Port KC’s investment policy allows for purchases of U.S. Treasury Notes, Bills, Strips or Bonds and Certificates of Deposits, as permitted by statute.

At April 30, 2023, cash, cash equivalents, and investments on deposit were \$8,907,489, and consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>
Deposits	\$ 7,815,046	\$ 1,092,443

Restricted balances consist of amounts related to the Economic Advancement Fund, Port Improvement Districts (PID) #1, #2, #3, and #4, and earnest deposits held in escrow. PIDs #5 and #7 did not hold any funds.



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Port KC's policies regarding its management of various specific risks to its deposits and investments are below:

Interest Rate Risk - Port KC's investment policy does not contain limits regarding investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At April 30, 2023, Port KC only held cash.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, Port KC will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Port KC will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Port KC does not have a policy with respect to the management of custodial credit risk on cash deposits or certificate of deposits. As required by state statute, the depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance to equal the amount on deposit at all times. At April 30, 2023, the carrying balance total deposits were \$8,907,489, and the bank balance was \$8,981,781. Of the bank balance, \$567,820 was insured by federal depository insurance and \$8,413,961 was collateralized.

Concentration of Credit Risk - Port KC places no limit on the amount it may invest in any one issuer. At April 30, 2023, Port KC's had no investments.

Credit Risk - The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is Port KC's policy to investment only in Certificates of Deposits or United States government securities. At April 30, 2023, there were no deposits subject to this credit risk.





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**NOTE C – CAPITAL ASSETS**

Changes in Port KC’s capital assets were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Government Activities:				
Capital assets not being depreciated				
Land & Improvements	\$ 7,563,785	\$ 81,807	\$ -	\$ 7,645,592
Construction in progress	701,137	1,135,714	790,275	1,046,576
Total capital assets not being depreciated	8,264,922	1,217,521	790,275	8,692,168
Capital assets being depreciated				
Infrastructure	20,775,638	871,781	-	21,647,419
Equipment	956,626	55,775	1,937	1,010,464
Leased Assets	8,941,567	4,713	-	8,946,280
Total capital assets being depreciated	30,673,831	932,269	1,937	31,604,163
Less accumulated depreciation and amortization for				
Infrastructure	7,173,152	767,153	-	7,940,305
Equipment	617,414	95,444	1,937	710,921
Leased Assets	1,234,740	1,703,457	-	2,938,197
Total accumulated depreciation	9,025,306	2,566,054	1,937	11,619,423
Total capital assets being depreciated, net	21,648,525	(1,663,785)	-	19,984,740
Total capital assets for government activities, net	<u>\$ 29,913,447</u>	<u>\$ (416,264)</u>	<u>\$ 790,275</u>	<u>\$ 28,676,908</u>

Port KC has cleanup responsibilities and future remediation outlays planned for the Missouri River Terminal (MRT) project. Port KC has not recorded a cleanup liability according to GASB 49 paragraph 22, and it will capitalize all outlays as they occur. Estimated outlays do not exceed the estimated property value.

Certain capital assets have been pledged to secure a note payable as discussed in Note I.



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NOTE D – LOAN RECEIVABLE

Port KC sold some land in the fiscal year ending April 30, 2023, using a seller-financing mechanism. The buyer paid some of the purchase price upfront and the remainder of the purchase price over time with the first installment due on the third anniversary of the agreement followed by annual payments until the final installment is due on the fourteenth anniversary of the agreement. The agreement expressed the gross payments due and a schedule of those due dates. It did not use the term “seller-finance” nor any similar term. It did not express any interest rate. Management estimated an interest rate to apply to the life of the loan schedule. The financial statements report a discounted amount the seller-financed balance which will accrue with interest revenue during the life of the loan receivable and until it is resolved and paid in full.

NOTE E – LEASE RECEIVABLE

**Casino Lease**

In March of 1993, Port KC entered into a development agreement (Development Agreement) with Hilton Hotels Corporation (Hilton), whereby Hilton agreed to develop certain portions of the property for riverboat gambling (the Casino Property). In addition, Port KC, as the landlord, and Hilton, as the tenant, entered into a long-term lease agreement for the Casino Property. Port KC and Hilton entered into an amended and restated lease for the Casino Property (Casino Lease) in August 1995 (as subsequently amended in October 1995 and June 1996).

Hilton’s rights and obligations under the Development Agreement and the Casino Lease were assigned to and assumed by the Isle of Capri Casino (IOC) in 2001. Port KC and IOC entered into an Amended and Restated Development Agreement in August 2005. Eldorado Resorts purchased IOC in May 2017 and assumed responsibility for the Casino Lease. Eldorado Resorts continued to operate the casino as “Isle of Capri Casino.” Twin River Worldwide Holdings purchased IOC in July 2020 and temporarily renamed the site “Casino KC.” In August 2021, the casino was renamed “Bally’s Casino.”

The Casino Lease provided for an initial 10-year term beginning October 18, 1995, (Opening Date) plus eight 5-year renewal options for a maximum lease of 50 years. The tenant is deemed to have elected to renew the Casino Lease for a subsequent 5-year renewal term unless the tenant notifies Port KC at least 12 months in advance of the beginning of a new renewal term. Port KC and Bally’s Casino are in the second year of the fourth 5-year renewal term.

During the initial 10-year term, the tenant was to pay a minimum net annual rent of \$2,000,000 per year, in advance, on the annual anniversary of the opening date. For each renewal term, the agreement provides for an increase in the minimum net annual rent by the percentage change in the Consumer Price Index (CPI). Effective October 2021 the minimum net annual rent for the third renewal term was increased to \$3,494,492. In addition to the minimum net annual rent, the tenant is required to pay percentage rent. Percentage rent is calculated by 3.25% of adjusted gross receipts less the minimum net annual rent paid in advance. During the year ended April 30, 2023, there was no percentage rent as it did not exceed the minimum annual rent and the total net annual rent received was \$3,494,492. Interest revenue recognized on the lease was \$455,819 during the year ended April 30, 2023. Deferred inflows of resources related to the lease at April 30, 2023 was \$11,040,613.

Also refer to Note F and Note J regarding the land lease with the City of Kansas City, Missouri.



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**Richards-Gebaur Commerce Park Leases**

Richards-Gebaur Commerce Park is the former Richards-Gebaur Air Force base in south Kansas City, MO, in Jackson and Cass Counties, next to Belton, Missouri. It is part of a business area which, in coordination with many local partners and businesses, was branded as 49 Crossing in the fall of 2020. The commerce park includes approximately 662 acres which holds approximately 544,000 square feet of leasable building space plus approximately 600 acres of developable land. The leasable buildings include uses such as hangars, warehouses, and office space.

For the year ended April 30, 2023, total lease revenues were \$1,138,815. Leases have remaining lengths that range from month-to-month to twenty-four years with no provisions for guaranteed renewal period extending beyond October 2046. Future minimum rental amounts associated with the Richards-Gebaur Commerce Park are below. Interest revenue recognized on the leases were \$111,408 during the year ended April 30, 2023. Deferred inflows of resources related to the leases at April 30, 2023 was \$3,966,884.

**Other Lease Receivables**

Other leases include a lease with KC Crew for the volleyball courts at Berkley Riverfront through the fiscal year ending 2023. This lease is entirely dependent on a percentage of business revenues, so it is not included in the lease receivable balance. Another lease is with Transport 360, LLC as the port operator at the Port of Kansas City – Woodswether Terminal through the fiscal year ending 2042 that includes base rent plus rents calculated from tonnage activity. Another lease is with Scotwood Industries, Inc for land and rail access at the Port of Kansas City – Woodswether Terminal through the fiscal year ending 2037. For the year ended April 30, 2023, total lease revenues were \$29,053. Interest revenue recognized on the leases were \$6,803 during the year ended April 30, 2023. Deferred inflows of resources related to the leases at April 30, 2023 was \$300,428.

**Total Lease Receivable Schedule**

Year Ended April 30,	Amount	Interest	Total
2024	\$ 4,039,232	\$ 551,395	\$ 4,590,627
2025	3,967,128	397,381	4,364,509
2026	3,895,586	238,282	4,133,868
2027	308,919	152,000	460,919
2028	149,954	141,328	291,282
2029 to 2033	472,624	623,722	1,096,346
2034 to 2038	316,582	507,408	823,990
2039 to 2043	530,547	343,408	873,955
2044 to 2048	565,754	85,542	651,296
	<b>\$ 14,246,326</b>	<b>\$ 3,040,466</b>	<b>\$ 17,286,792</b>



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**NOTE F – LEASE LIABILITIES**

**Kansas City Riverfront Lease from the City of Kansas City, MO**

Port KC leases certain real property, fronting along the Missouri River, from Kansas City under an original lease agreement from May 1993. The original lease was superseded and replaced by the "First Amended and Restated Lease Agreement" (Riverfront Lease) in August 2006. The Riverfront Lease was superseded and replaced by the "First Amended and Restated Lease Agreement Kansas City Riverfront" (Restated Lease) in September 2011, concurrent with the City's conveyance and transfer of title to portions of the City parcels to Port KC (Transfer), together with certain improvements. Under the Restated Lease, the parcels not part of the Transfer continue to be leased for development purposes with the expiration date of August 20, 2056. Port KC is required to set aside fifty percent of the total gross revenue it receives as rent attributable to the operations of the leased property for use by the City. The City is to use the amounts set aside for capital public improvements or development or redevelopment projects within specified boundaries, primarily within the Riverfront area. As of April 30, 2023, Port KC held the set aside balance in cash and as accounts payable on the statement of net position. There were no outflows of resources recognized during the year for variable and other payments not previously included in the measurement of the lease liability.

**Other Leases Liabilities**

Other leases include the office lease for Port KC's office at 110 Berkley Plaza through fiscal year ending 2029 and a lease for the Xerox machine through fiscal year ending 2025.

**Total Lease Liabilities Schedule**

Year Ended April 30,	Lease Liability	Interest Expense	Total
2024	\$ 1,683,248	\$ 190,757	\$ 1,874,005
2025	1,757,932	122,004	1,879,936
2026	1,828,840	50,406	1,879,246
2027	120,866	11,134	132,000
2028	125,790	6,210	132,000
2029	86,695	1,305	88,000
	<u>\$ 5,603,371</u>	<u>\$ 381,816</u>	<u>\$ 5,985,187</u>



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NOTE G – GRANTS

During fiscal year 2022, Port KC was awarded a Port Aid grant for administrative expenses from the Missouri Highways and Transportation Commission for \$24,632. During fiscal year 2022, all \$24,632 was reported under the grant, recorded as Grant Revenue, and received. During fiscal year 2023, the grant was amended twice and increased to \$34,369. The remaining funds of \$9,737 were reported under the grant, recorded as Grant Revenue, and received.

During fiscal year 2022, Port KC was awarded a Port Aid grant for administrative expenses from the Missouri Highways and Transportation Commission for \$25,000 for engineering planning of a paving project at the Port of Kansas City – Woodswether Terminal. During fiscal year 2022, \$18,703 was reported under the grant, recorded as Grant Revenue, and received. During fiscal year 2023, the grant was amended and reduced \$24,750. The remaining funds of \$6,047 were reported under the grant, recorded as Grant Revenue, and received.

During fiscal year 2022, Port KC was awarded a Port Aid grant for capital improvement projects from the Missouri Highways and Transportation Commission for \$582,000 for the replacement and installation of four dolphins/moorings at the Port of Kansas City – Woodswether Terminal. During fiscal year 2022, \$142,680 was reported under the grant, recorded as Grant Revenue, and received. During fiscal year 2023, \$439,320 were reported under the grant, recorded as Grant Revenue, and received.

In October 2020, it was announced Port KC was awarded a grant from the US Department of Transportation under the Port Infrastructure Development Program (PIDP) for \$9,880,000 for the Missouri River Terminal (MRT) project. The total project is estimated to be \$27,723,161 with a local match of \$16,723,161. During fiscal year 2023, a grant agreement was completed for a total project of \$2,702,000 for roadway access planning, rail alignment planning, and dock assessment planning, with \$1,000,000 of PIDP funds and a local match of \$1,702,000. Accrued Grant Revenue was recorded for \$29,672 based on the federal cost share of eligible project costs. The eligible project costs were reported after April 30<sup>th</sup>. The remainder of the project is ongoing during fiscal year 2024.

In August 2022, Port KC was awarded a Port Aid grant for capital improvement projects from the Missouri Highways and Transportation Commission for \$676,368 for the installation of a paving project at the Port of Kansas City – Woodswether Terminal, phase one. Accrued Grant Revenue was recorded for \$320,776 based on the state cost share for eligible project costs. The eligible project costs were reported, and the state share received, after April 30<sup>th</sup>. The remainder of the project was completed during fiscal year 2024.

In September 2022, Port KC was awarded a Port Aid grant for administrative expenses from the Missouri Highways and Transportation Commission for \$30,677. All \$30,677 was reported under the grant, and recorded as Grant Revenue; \$30,676 was received in the fiscal year, and \$1 was received after April 30<sup>th</sup>.

In February 2023, Port KC was awarded a grant for the Coronavirus State and Local Fiscal Recovery Funds for capital improvement projects from the Missouri Highways and Transportation Commission for \$400,000. None of this grant was reported or included in Grant Revenue in fiscal year 2023. The project is expected to begin and be completed during fiscal year 2024.

In April 2023, Port KC was awarded a Public Improvements Advisory Committee (PIAC) grant from the City of Kansas City, MO for \$250,000 for the project named Under the Buck O’Neil Bridge. Agreements were not completed in fiscal year 2023; the project did not begin in fiscal year 2023.



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During fiscal year 2023, a Planning Sustainable Places (PSP) project was awarded for a Berkley Riverfront Connectivity Study. The PSP program was awarded by the Mid-America Regional Council (MARC), and Port KC was the local Sponsor. The total project budget was \$185,000 with \$135,000 federal PSP funds and \$50,000 Sponsor funds. MARC and Port KC completed agreements in December 2022. Port KC provided the local Sponsor funds of \$50,000 upfront and recorded it as an expense. The study began in fiscal year 2023 and is ongoing during fiscal year 2024.

During fiscal year 2023, a Surface Transportation Block Grant (STBG) project was awarded for a Berkley Riverfront Mobility Hub. The STBG program was awarded to the Mid-America Regional Council (MARC), and Port KC was the local Sponsor. The total project budget was \$1,212,730 with \$970,184 federal STBG funds and \$242,546 Sponsor funds. The local agency agreements were not completed in fiscal year 2023; the project did not begin in fiscal year 2023.

**NOTE H – RETIREMENT PLAN**

Port KC contributes to the Port Authority of Kansas City, MO 401(k) Plan (the Plan), a defined contribution retirement plan, for its employees. Employees must have three months of service and be at least 21 years old. The Plan is administered by the Port KC Board of Commissioners. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board of Commissioners. Port KC will make matching contributions equal to 100% of the employee’s elective deferral contributions which are not over 3% of the employee’s pay, plus 50% of the employee’s elective deferral contributions which are over 3% of the employee’s pay, but are not over 5% of the employee’s pay. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. For the year ended April 30, 2023, employee contributions totaled \$124,136, and Port KC recognized expense of \$46,106.

Employees are immediately vested in their own and Port KC’s contributions, in addition to the earnings on those contributions.

Port KC had no liability to the Plan at April 30, 2023.

**NOTE I – NOTES PAYABLE**

Long-term obligations consist of the following balances at April 30, 2022 and April 30, 2023:

<u>Long-term obligations</u>	<u>April 30,</u> <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>April 30,</u> <u>2023</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
Direct borrowing and placements:					
2019 Promissory note	\$1,300,000	\$ -	\$ 300,000	\$ 1,000,000	\$ 1,000,000
2022 Promissory note	-	834,457	-	834,457	13,908
Total	<u>\$1,300,000</u>	<u>\$ 834,457</u>	<u>\$ 300,000</u>	<u>\$ 1,834,457</u>	<u>\$ 1,013,908</u>



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Notes payable as of April 30, 2023, consist of the following:

Line of credit promissory note was recorded June 2018, obtained from a local bank, for a maximum draw of \$850,000. This note is collateralized by a portion of the 49 Crossing properties. This loan has been renewed annually. No draws have been taken.

Promissory note issued February 2019, obtained a local bank in the amount of \$2,000,000, with an interest rate of 6.25% per annum through the maturity date of March 2024. The note had an outstanding balance of \$1,000,000 as of April 30, 2023. Interest is paid monthly; the principal balance is due in full upon maturity. This loan is collateralized by a portion of the 49 Crossing properties. The note includes a default provision that would occur if payment of principal or interest is not made when the due and payable. In the event of default, the entire unpaid principal amount and all accrued interest is due immediately. Additionally, the interest rate applicable in the event of default is 5% in excess of the prime rate. Port KC elected to pay \$300,000 towards the principal balance during the fiscal year.

Promissory note issued April 2022, obtained from a local bank in an amount up to \$2,500,000, available to be drawn as needed for the Missouri River Terminal (MRT) project. During the first two years, only interest payments are required, and the interest rate is the greater of the Index plus Margin or 3.50%. During years three through five, quarterly principal payments plus monthly interest payments will be required. The interest rate will be set at the greater of the three-year US Treasury Securities rate plus 2.25% or 3.50%. The quarterly principal payments will be calculated based on an amortization schedule of 15 years. The loan will mature in April 2027. Loan draws totaling \$834,457 were taken during the fiscal year.

**Future Payment Schedule**

<u>Year Ended April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,013,908	\$ 114,090	\$ 1,127,998
2025	55,630	64,186	119,816
2026	55,630	59,722	115,352
2027	709,289	55,989	765,278
	<u>\$ 1,834,457</u>	<u>\$ 293,987</u>	<u>\$ 2,128,444</u>

**NOTE J – RELATED PARTY TRANSACTIONS**

Port KC holds a land lease with the Kansas City (see Note F).

Beginning in November 2012, Port KC and the Public Works Department of Kansas City made an agreement for Port KC to operate and maintain some LED streetlights in the public right-of-way of Berkley Parkway. Port KC is responsible for all utilities and maintenance, and the City reimburses Port KC a set rate per pole regardless of the real cost. This agreement was cancelled as of February 2023., and responsibilities were shifted back to Kansas City. For the year ended April 30, 2023, the City reimbursed Port KC \$6,372.

Port KC entered into a joint agency contract between Port KC, Kansas City, and the Downtown Council for the South Loop Link project. Port KC’s responsibility was to engage in contracts and participate in the planning process. Downtown Council’s responsibility was fund raising, reimburse Port KC for all contracts and billings, and participate in the planning process. There is an accounts receivable due from



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the Downtown Council to Port KC for \$1,512,866 (see Note L). Kansas City's responsibility was to be a financial back-stop and participate in the planning process.

NOTE K – RISK MANAGEMENT

Port KC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, and natural disasters. Port KC carries commercial insurance for the risk of loss, including workers compensation. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that have exceeded insurance coverage during the past three fiscal years.

NOTE L – COMMITMENTS AND CONTINGENCIES

The Missouri River Terminal (MRT) project is currently being planned along the south bank of the Missouri River in east part Kansas City, Missouri. This project has several open planning and consulting contracts which have future commitments up to \$2,724,297. Most of these contracts correspond to the PIDP grant for MRT (see Note G).

The Port KC submitted a letter of financial assurance to the Missouri Department of Natural Resources (MDNR), guided by 10 CSR 25-7.264 and 265, Alternative I, regarding the MRT project.

In the fiscal year ending in 2021, the Kansas City Area Transportation Authority (KCATA) was awarded a \$14.2 million grant for the KC Streetcar Riverfront Extension project. As was the plan, Port KC contracted and committed \$8,499,139 towards the KC Streetcar Riverfront Extension project, which represented the majority of the local match funds. Of this commitment, \$500,000 was paid before the fiscal year beginning May 1, 2022, \$746,207 was paid during the fiscal year ending April 30, 2023, and the remaining balance of \$7,252,932 is payable towards the project.

Port KC had a contract with Gunter Construction Group for the installation of a paving project, phase one, at the Port of Kansas City – Woodswether Terminal for \$1,168,093. The contract represents the majority of work awarded by a Port Aid grant for capital improvement projects (see Note G). At April 30, 2023, \$385,471 of the work had been completed and \$782,622 of the work remained. The work was completed in May 2023.

Port KC engaged in a contract with HNTB for design services for the South Loop Link project for \$5,694,642. Port KC is not ultimately financially responsible for the contract based on a joint agency contract (see Note J). During the fiscal year, \$1,707,035 billable work had been completed. Port KC had received \$194,149 from the Downtown Council and remitted the same to HNTB. At April 30, 2023, Port KC held an accounts receivable balance to receive from the Downtown Council and an accounts payable balance to pay to HNTB of \$1,512,886. The remaining balance of \$3,987,607 is payable towards the project in future year.





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**NOTE M – CONDUIT DEBT**

Port KC has issued certain conduit debt obligations for the express purpose of providing capital financing, in the form of sales and property tax exemption, for a specified third-party developer. Pursuant to a sale-leaseback arrangement, the third-party developer transfers title to Port KC of the property to be developed, and Port KC leases the property back to the developer for the term of the bond. Each lease is triple net, and provides that Port KC may transfer title of the property back to the developer, and terminate the bond transaction, in the event of any default by the developer/lessee. Each lease is without recourse or pecuniary liability to Port KC.

In all instances, the third-party developer/lessee is also the purchaser of the bond issued by Port KC, and is solely responsible for the payment of the debt service. Each conduit debt obligation is a “draw-down” bond, meaning that the lessee reduces the principal amount of the total bond available, as proceeds are needed to develop the project. All requisition certificates detailing the amount of principal to draw down from the bond are submitted to Port KC and then processed by the applicable trustee. Port KC is not in the flow of the funds, does not process any payments, and has no obligation for debt service. All payments of rent and debt service flow directly from the developer/lessee to a qualified third-party trustee.

Port KC receives only its cost of issuance and administrative costs at the closing, and an annual administrative fee received during the term of the bond. As a result, these taxable revenue bond issuances are not included in the financial reporting of Port KC.

During the fiscal year, Port KC had seven bond issuances. As of April 30, 2023, the aggregate amount of all conduit debt obligations issued by Port KC was \$26,396,827,360.

<b>Conduit Debt Obligator</b>	<b>Date of Bond Issue</b>	<b>Name of Bond Issue</b>	<b>Bond Issuance Amount</b>	<b>Bond Balance</b>
MREM BOT Property, LLC	April 23, 2015	Taxable Revenue Bond (4800 Main Project) Series 2015A	\$ 33,000,000	\$ 19,089,025
Sioux Chief QALICB, LLC	September 24, 2015	Taxable Revenue Bond (Sioux Chief Project) Series 2015	24,000,000	23,888,432
NPIF2 Three Trails Building I, LLC	September 30, 2015	Taxable Revenue Bond (Three Trails Project – Building I) Series 2016	11,110,200	11,110,200
Corrigan Station, LLC	January 5, 2016	Taxable Revenue Bond (Corrigan Station Project) Series 2016	50,000,000	37,109,392
NPIF2 Three Trails Building II, LLC	January 27, 2016	Taxable Revenue Bond (Three Trails Project – Building II) Series 2016	9,900,000	9,900,000
2001 Main Lodging Partners, LLC	April 28, 2016	Taxable Revenue Bond (2001 Main Project)	22,500,000	20,370,782
NPIF2 Three Trails Building III, LLC	August 23, 2016	Taxable Revenue Bond (Three Trails Project – Building III) Series 2016	22,763,260	16,828,846
NP Northland Park Building I, LLC	October 20, 2016	Taxable Revenue Bond (Northland Park Building I Project) Series 2016	17,500,000	17,500,000
CVS Pharmacy, Inc.	December 13, 2016	Facility Bond – Taxable Revenue Bond (CVS Project) Series 2016A	62,325,000	62,177,160
CVS Pharmacy, Inc.	December 13, 2016	Equipment Bond – Taxable Revenue Bond (CVS Project) Series 2016B	60,675,000	23,925,405
NP Northland Park Building II, LLC	July 25, 2017	Taxable Revenue Bond (Northland Park Building II Project) Series 2017	19,500,000	14,504,661
NP Northland Park Building III, LLC	January 18, 2018	Taxable Revenue Bond (Northland Park Building III Project) Series 2018	24,000,000	17,678,443



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<b>Conduit Debt Obligator</b>	<b>Date of Bond Issue</b>	<b>Name of Bond Issue</b>	<b>Bond Issuance Amount</b>	<b>Bond Balance</b>
Corrigan Station, LLC	January 31, 2018	Taxable Revenue Bond (Corrigan Station II Project) Series 2018	\$ 12,000,000	\$ 10,739,760
NP Northland Park Building IV, LLC	July 25, 2018	Taxable Revenue Bond (Northland Park Building IV Project) Series 2018A	17,000,000	8,032,068
18 <sup>th</sup> and Walnut Partners	January 9, 2019	Taxable Revenue Bond (18 <sup>th</sup> and Walnut Project) Series 2018	45,000,000	43,002,496
NP Northland Park Building V, LLC	April 4, 2019	Taxable Revenue Bond (Northland Park Building V Project) Series 2019A	31,000,000	22,628,527
Ross Custom Properties, LLC	April 19, 2019	Taxable Industrial Revenue Bond (Ross Custom Properties Project) Series 2019	35,000,000	228,845
Somera Road – 1100 Main Street, LLC	August 8, 2019	Taxable Industrial Revenue Bond (Lightwell Project) Series 2019	85,000,000	30,599,737
Shaleroock LLC	August 27, 2019	Taxable Revenue Bond (Shaleroock Project) Series 2019	25,000,000,000	20,431,317
JH Investors, LLC	November 7, 2019	Taxable Revenue Bond (Jack Henry Project) Series 2019	44,000,000	4,273,566
NP Northland Park Building VI, LLC	May 6, 2020	Taxable Revenue Bond (Northland Park Building VI Project) Series 2020	27,000,000	16,115,609
NP Berkley Apartments, LLC	June 20, 2020	Taxable Revenue Bond (NP Berkley Apartments Project) Series 2020	60,500,000	49,635,663
KCL Congress 88, LLC	July 31, 2020	Taxable Revenue Bond (Congress Corporate Center Project) Series 2020	35,500,000	24,289,831
NP Northland Park Building VII, LLC	September 3, 2020	Taxable Revenue Bond (Northland Park Building VIII Project) Series 2020	17,100,000	17,100,000
NP Bannister Industrial, LLC	November 10, 2020	Taxable Revenue Bond (Blue River Commerce Center Project – Phase I) Series 2020	16,000,000	11,969,490
Penn Seven, LLC	December 17, 2020	Taxable Revenue Bond (USDA Relocation Project) Series 2020	15,500,000	15,500,000
NP Northland Park Building VII, LLC	February 11, 2021	Taxable Revenue Bond (Northland Park Building VII Project) Series 2021	26,000,000	5,585,248
NP Bannister Industrial, LLC	February 12, 2021	Taxable Revenue Bond (Blue River Commerce Center Project – Phase II) Series 2021	27,000,000	181,469
Platform I QOZB Property – RG Industrial III, LLC	April 15, 2021	Taxable Revenue Bond (Platform Spec) Series 2021	25,000,000	157,499
HMBC Logistics IV LLC	June 30, 2021	Taxable Revenue Bond (Hunt Midwest Project) Series 2021	28,000,000	23,404,306
Niagara Bottling, LLC	November 3, 2021	Taxable Revenue Bond (Niagara Bottling Project) Series 2021	140,000,000	71,151,424
Briarcliff KC QOB, LLC	December 15, 2021	Taxable Revenue Bond (Briarcliff Multifamily Project) Series 2021	50,000,000	31,845,108
Parker Square Apartments Missouri LP	January 1, 2022	Multifamily Housing Revenue Bonds (Parker Square Apartments Project), Series 2022A	15,000,000	15,000,000
Parker Square Apartments Missouri LP	January 28, 2022	Multifamily Housing Revenue Bonds (Parker Square Apartments Project), Series 2022B	2,853,900	1,208,129



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Conduit Debt Obligator	Date of Bond Issue	Name of Bond Issue	Bond Issuance Amount	Bond Balance
Parker Square Apartments Missouri LP	January 28, 2022	Multifamily Housing Revenue Bonds (Parker Square Apartments Project), Series 2022C	\$ 18,000,000	\$ 50,000
Alpla, Inc	March 23, 2022	Taxable Revenue Bond (Alpla Project) Series 2022	30,000,000	156,904
Platform I QOZB Property – RG Industrial IV, LLC	May 26, 2022	Taxable Revenue Bond (Platform Building 7 Project) Series 2022	80,000,000	293,854
KC Riverfront Hotel Group, LLC	October 14, 2022	Taxable Revenue Bond (Origin Hotel Berkley Riverfront Project) Series 2022	29,000,000	195,915
NP Bannister Building 3, LLC	October 26, 2022	Taxable Revenue Bond (Blue River Commerce Center Project – Phase III) Series 2022	40,000,000	195,684
NP Bannister Building 4, LLC	October 26, 2022	Taxable Revenue Bond (Blue River Commerce Center Project – Phase IV) Series 2022	34,000,000	182,919
NP Bannister Building 5, LLC	October 26, 2022	Taxable Revenue Bond (Blue River Commerce Center Project – Phase V) Series 2022	17,000,000	127,287
JCT Warehouse Property, LLC	February 10, 2023	Taxable Revenue Bond (NW 106 <sup>th</sup> Terrace & N. Congress Avenue Project) Series 2023	19,000,000	150,712
HMBC Logistics V, LLC	March 31, 2023	Taxable Revenue Bond (Hunt Midwest – Logistics V Project) Series 2023	18,100,000	144,548

**NOTE N —INTERFUND TRANSACTIONS**

The balance of \$15,758 due to the Operating Fund from the Special Projects Fund resulted from various reasons. Balances from the Economic Advancement Fund or the Berkley Park Condominium Association are due to the Operating Fund for regular operating expenditures. The Operating Fund often pays operating costs from a day-to-day perspective where the other funds reimburse the Operating Fund on a monthly or quarterly schedule. Balances from PID 5 and 7 to the Operating Fund are for set-up costs of each PID.

Transfers are used to (1) reimburse the Operating Fund for direct operating costs on a monthly or quarterly schedule, (2) PID transfers to the Operating Fund for costs that align with the purpose of the PID, (3) PID administrative fees to the Operating Fund for administering the PIDs, and (4) Berkley Park Condominium Association transfer to the Operating Fund of excess budget funds for the purposes of supporting the Berkley Streetcar extension.

**NOTE O —SUBSEQUENT EVENTS**

In June 2023, USDOT announced that Port KC would be awarded a \$2,000,000 grant for its proposed project to eliminate three at-grade crossings on Lydia Avenue.

In June 2023, the Missouri Department of Economic Development announced that Port KC was awarded \$40,000,000 in grants for the KCI 29 Logistics Park project, a project by Hunt Midwest.



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In July 2023, Governor Parson signed the Missouri state budget which included a \$30,000,000 line item for the construction of roadway access to MRT. The project is currently in design stages, utilizing the MARAD PIDP grant.

In July 2023, Governor Parson signed the Missouri state budget which included a \$7,000,000 line item for the design and construction of dock infrastructure at the Port of Kansas City – Woodswether Terminal.

In July 2023, Port KC entered into purchase and sale agreement KC Current for the development of nearly all of the remaining available parcels at Berkley Riverfront. The project also applied for incentives and an inducement resolution was approved for those incentives with a total budget up to \$800,000,000.



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SUPPLEMENTARY INFORMATION  
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**COMBINING BALANCE SHEET – SPECIAL PROJECTS**

	<u>EAF*</u>	<u>PID 1</u>	<u>PID 2</u>	<u>PID 3</u>	<u>PID 4</u>	<u>PID 5</u>	<u>PID 7</u>	<u>BPCA**</u>	<u>Total</u>
<b>Assets:</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,775	\$ 23,775
Accounts receivable (net)	200,000	2,376	9,231	7,475	7,139	-	-	5,326	231,547
Prepays	-	-	-	-	-	-	-	5,313	5,313
Restricted cash and cash equivalents	637,035	13,346	373,619	8,894	3,549	-	-	-	1,036,443
<b>Total assets</b>	<u>\$ 837,035</u>	<u>\$ 15,722</u>	<u>\$ 382,850</u>	<u>\$ 16,369</u>	<u>\$ 10,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,414</u>	<u>\$ 1,297,078</u>
Due to Operating Fund	3,617	-	-	-	-	3,062	2,455	6,624	15,758
<b>Total Liabilities</b>	<u>\$ 3,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,062</u>	<u>\$ 2,455</u>	<u>\$ 6,624</u>	<u>\$ 15,758</u>
<b>Fund Balance:</b>									
Non spendable	-	-	-	-	-	-	-	5,313	5,313
Restricted	823,418	-	-	-	-	-	-	-	823,418
Assigned	10,000	15,722	382,850	16,369	10,688	(3,062)	(2,455)	22,477	452,589
<b>Total Fund Balance</b>	<u>833,418</u>	<u>15,722</u>	<u>382,850</u>	<u>16,369</u>	<u>10,688</u>	<u>(3,062)</u>	<u>(2,455)</u>	<u>27,790</u>	<u>1,281,320</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 837,035</u>	<u>\$ 15,722</u>	<u>\$ 382,850</u>	<u>\$ 16,369</u>	<u>\$ 10,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,414</u>	<u>\$ 1,297,078</u>



PORT KC  
(A Component Unit of the City of Kansas City, Missouri)  
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April 30, 2023

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – SPECIAL PROJECTS**

	<u>EAF*</u>	<u>PID 1</u>	<u>PID 2</u>	<u>PID 3</u>	<u>PID 4</u>	<u>PID 5</u>	<u>PID 7</u>	<u>BPCA**</u>	<u>Total</u>
Revenue:									
Taxes and assessments	\$ -	\$ 59,703	\$ 93,406	\$ 89,155	\$ 49,194	\$ 1,277	\$ -	\$ 163,844	\$ 456,579
Miscellaneous	-	-	-	-	-	-	-	1,333	1,333
Interest	2,972	62	2,280	48	28	-	-	196	5,586
Total Revenue	<u>2,972</u>	<u>59,762</u>	<u>95,686</u>	<u>89,203</u>	<u>49,222</u>	<u>1,277</u>	<u>-</u>	<u>165,373</u>	<u>463,498</u>
Current Expenditures:									
Administrative	10,894	-	-	-	-	-	-	17	10,911
Professional services	-	-	-	-	-	-	-	15,795	15,795
Property management	-	-	-	80,000	51,000	-	-	100,384	231,384
Marketing	35,000	-	-	-	-	-	-	700	35,700
Travel	-	-	-	-	-	-	-	218	218
Insurance	3,078	-	-	-	-	-	-	17,530	16,331
Total Current Expenditures	<u>48,972</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>51,000</u>	<u>-</u>	<u>-</u>	<u>134,644</u>	<u>314,616</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,000)	56,765	95,686	9,203	(1,778)	1,277	-	30,729	148,882
Other financing sources (uses)									
Transfers in	10,000	-	-	-	-	-	-	-	10,000
Transfers out	(10,434)	(46,512)	-	(8,000)	(5,100)	-	(2,455)	(58,923)	(131,424)
Net change in fund balances	(46,434)	13,253	95,686	1,203	(6,878)	1,277	(2,455)	(28,194)	27,458
Fund Balance beginning of year	<u>879,852</u>	<u>2,469</u>	<u>287,164</u>	<u>15,166</u>	<u>17,566</u>	<u>(4,339)</u>	<u>-</u>	<u>55,984</u>	<u>1,253,862</u>
Fund Balance end of year	<u>\$ 833,418</u>	<u>\$ 15,722</u>	<u>\$ 382,850</u>	<u>\$ 16,369</u>	<u>\$ 10,688</u>	<u>\$ (3,062)</u>	<u>\$ (2,455)</u>	<u>\$ 27,790</u>	<u>\$1,281,320</u>

\* Economic Advancement Fund (EAF)

\*\* Berkley Park Condominium Association (BPCA)



**INDEPENDENT AUDITORS' 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**

Board of Commissioners  
Port Authority of Kansas City, Missouri  
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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Port Authority of Kansas City, Missouri, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise Port Authority of Kansas City, Missouri's basic financial statements, and have issued our report thereon dated August 28, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Port Authority of Kansas City, Missouri'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 Port Authority of Kansas City, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port Authority of Kansas City, Missouri'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below as finding 2023-001 that we consider to be a material weakness.

## 2023-001 – Lack of Segregation of Duties

This finding is similar to prior-year finding 2022-001.

Condition: An ideal system of internal control plans an adequate separation of duties so that no one individual handles a transaction from its inception to completion. We noted the following incompatible duties concentrated with the finance director position:

- The Finance Director:
  - Has administrator access over the accounting system, initiates and records journal entries, without a secondary review or approval.
  - Makes and records deposits
  - Reconciles the bank accounts
  - Invoices rental payments
  - Reconciles tenant balances back to the general ledger
  - Records bad debt expense and allowances through annual journal entry adjustment
  - Captures and records all capital asset information for recording including additions, disposals, and assignment of useful lives without a formal review.

Criteria: Effective internal control will help ensure an adequate segregation of duties so that no one individual handles or has the ability to override the control of a transaction from its inception to its completion.

Cause: With a limited number of resources and individuals to share responsibilities for access to assets and accounting systems, it is generally difficult to cost effectively achieve optimum segregation.

Effect: Without proper segregation of duties, there is an increased possibility that errors or irregularities may occur and not be detected on a timely basis.

Recommendation: We recommend that Management evaluate the controls in place for the Port Authority of Kansas City, Missouri (Port KC) as a whole, and specifically in the revenue/cash receipt cycles.

Management's Response: Port KC is aware of its limitations for designing a complete system with the separation of duties, which is a natural constraint a small team. Port KC works to have strong compensating controls by its processes, documentation, reporting, and accountability across the whole team to protect itself and protect the Director of Finance from the possibility that a material misstatement of not being prevented, detected, or corrected in a timely basis. Some examples include timely and monthly reports sent to all management from the accounting system; full access to bank statements, records, and reconciliations by the President & CEO; cross-functional peer review of invoices for rental payments; regular communication with tenants about tenant balances due which could raise issues if mistakes had occurred; and regular communication with all management regarding the nature of expenditures to evaluate if capital in nature.



**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Port Authority of Kansas City, Missouri'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*.

**Port Authority of Kansas City, Missouri's Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the Port Authority of Kansas City, Missouri's response to the findings identified in our audit and described above. Port Authority of Kansas City, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Kansas City, Missouri  
August 28, 2023