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Comprehensive Annual Financial Report, 2003

Kansas and Missouri Metropolitan Culture District Commission

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KANSAS AND MISSOURI METROPOLITAN CULTURE DISTRICT (BI-STATE) COMMISSION 2003 ANNUAL REPORT

FUTURE PROJECTS OF THE BI-STATE COMMISSION

The Metropolitan Culture District exists to realize the desires of Kansas and Missouri to cooperate with one another, serve the best interests of their citizenry, improve cultural facilities, coordinate the services of cultural organizations and enhance the cultural activities of their communities. The Kansas and Missouri Metropolitan Culture District Compact is historic, representing the first time in the nation that two states have jointly agreed to cooperate to levy a tax to benefit their citizens. The Union Station project was an excellent first project for a cooperative effort of this kind because of the significance this property holds for the region's citizens as evidenced by voter approval in four of the metropolitan area's counties.

The Metropolitan Culture District's responsibility is limited to cultural activities, organizations or facilities. "Cultural activities" was revised August 28, 2000, to include sports or activities, which contribute to or enhance the aesthetic, artistic, historic, intellectual or social development or appreciation of members of the general public. "Cultural organizations" include nonprofit and tax-exempt social, civic or community organizations and associations which are dedicated to the development, provision, cooperation, supervision,

promotion or support of cultural activities in which members of the general public may engage or participate. "Cultural facilities" include facilities operated or used for sports or participation or engagement in cultural activities by members of the general public.

Future projects may be undertaken with the support of eligible counties through citizen petition or when a county's governing body determines that participation in the district is in the best interest of its citizens. Upon adoption of a resolution by a county commission in support of a future project, or determination of accepted citizen petition, the question would be submitted to a vote at a primary, general or special election. Voters would determine if the levy of a sales tax, on a cooperative basis with other counties, to financially support the district is economically practical and beneficial to the citizens of the county.

Counties supporting future projects must include at least Johnson County, Kansas, and Jackson County, Missouri. Contiguous counties in Kansas and Missouri are also eligible to participate, as are those within 60 miles of Johnson and Jackson counties.

For more information contact: Molly McGovern • Bi-State Administrator • Kansas and Missouri Metropolitan Culture District
600 Broadway, Suite 300 • Kansas City, Missouri 64105 • 816/474-4240

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COMMISSION
BI-STATE
METROPOLITAN
CULTURE DISTRICT



KANSAS AND MISSOURI METROPOLITAN CULTURE DISTRICT (BI-STATE) COMMISSION 2003 ANNUAL REPORT

HOW WAS THE BI-STATE COMMISSION FORMED?

Commonly referred to as the Bi-State Commission, the Metropolitan Culture District is a special district authorized in 1996 by a joint compact between the states of Kansas and Missouri. The governing bodies in five metro area counties authorized placing the question of forming the district on the ballot. Voters in Platte, Clay and Jackson counties in Missouri and Johnson County, Kansas, approved the measure forming the district.

The proposal to form the current district specified that a retail sales tax of 1/8 of one cent would be collected from within the district until \$118 million had been received. The proceeds of the tax were limited in use to renovate Union Station and to construct Science City in Union Station. From April 1, 1997, to March 31, 2002, \$121,393,565 was collected. The tax expired in the first quarter of 2002.

FINANCIAL INFORMATION — COMMISSION ADMINISTRATIVE FUND

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Administrative revenue allocation — interest income:	\$4,500	\$2,020	(\$2,480)
EXPENDITURES			
Administration — legal:	15,000	6,389	8,611
MARC accounting and clerical support:	23,000	15,365	7,635
Audit:	8,600	8,600	0
Emergency Fund:	50,000	0	50,000
Other:	12,100	12,348	248
TOTAL EXPENDITURES	108,700	42,702	65,998
Revenue over (under) expenditures:	(104,200)	(40,682)	(63,518)
Fund balance reserved for administrative expenditures at end of period:	56,270	44,038	(12,248)

Under the provisions of the Sales Tax Escrow and Disbursement Agreement, the commission allocated \$899,000 of the tax receipts to provide for the budgeted administrative costs of the commission. The commission approved a \$145,000 transfer of excess funds reserved for administrative expenditures to cover project-related expenditures.

FUTURE RESPONSIBILITIES OF THE BI-STATE COMMISSION

The Bi-State Commission will continue to exist with or without a continuation of the sales tax. With the completion of the construction project at Union Station, the commission continues to ensure that future development and/or uses of Union Station and the immediate area are consistent with the Union Station Master Plan approved in the beginning, and that the public's interest is protected.

As a part of the commission's oversight of the project, Union Station was leased to the commission for a term of 99 years. The "Project" is defined as activities which contribute to and enhance the aesthetic, artistic, historic, and social development of the general public in accordance with the master plan.

BI-STATE COMMISSIONERS

STATE OF KANSAS
Lisa Ashner Adkins
Gubernatorial appointee 1997 -

STATE OF MISSOURI
Karen K. Holland
Gubernatorial appointee 1997 -

CLAY COUNTY, MISSOURI
Tom Brandom
County Commission 1997 - 2002
Tom Brown
County Commission 2002 -

JACKSON COUNTY, MISSOURI
John Patrick Burnett
County Legislature 1997 - 1998
Dennis Waits
County Legislature 1999
Terry Young
County Legislature 2000 - 2003
Robert Stringfield
County Legislature 2003 -

JOHNSON COUNTY, KANSAS
David Wysong
County Commission 1997-1998
Annabeth Surbaugh
Chair, Johnson County Commission 1999 -

PLATTE COUNTY, MISSOURI
Michael Short
County Commission 1997 -

INDEPENDENCE, MISSOURI
Mark Swope
City Council 1997 - March 1998
Al Van Iten
City Council June 1998 - 1999
Charlie Rich
City Council 2000 -

KANSAS CITY, MISSOURI
Mary Williams-Neal
City Council 1997 - 2002
Troy Nash
City Council 2002 -

LEE'S SUMMIT, MISSOURI
Bob Johnson
City Council 2001 - 2002
Randy Rhoads
City Council 2002 -

OLATHE, KANSAS
Michael Copeland
Mayor 1997 -

OVERLAND PARK, KANSAS
Ed Eilert
Mayor 1997 -

2003 OFFICERS

Chairperson - Karen K. Holland
State of Missouri appointee
Vice Chairperson - Annabeth Surbaugh
Chair, Johnson County Commission
Treasurer - Lisa Ashner Adkins
State of Kansas appointee

The current Commission is comprised of elected and appointed public officials representing Johnson, Jackson, Clay and Platte Counties, the city councils of the five area cities in those counties with more than 50,000 residents, and the state arts and humanities councils through appointments made by the governor of each state.



**Kansas and Missouri
Metropolitan Culture District
Commission**

Comprehensive
Annual Financial Report

For Period Ended
December 31, 2003

600 Broadway, Suite 300
Kansas City, Missouri 64105

Kansas and Missouri
Metropolitan Culture District Commission

Comprehensive Annual Financial Report
For the Year Ended December 31, 2003

Chairperson and Officers of Kansas and Missouri Metropolitan Culture District Commission

Chairperson	Karen Holland Missouri Arts Council
Vice Chairperson	Annabeth Surbaugh Commissioner, Johnson County, Kansas
Treasurer	Lisa Ashner Adkins Kansas Arts Commission

Prepared by:
MARC Department of Financial Affairs
Dorothy Pope, Director

Office Address:
600 Broadway, Suite 300
Kansas City, Missouri 64105-1554

Kansas and Missouri Metropolitan Culture District Commission

Comprehensive Annual Financial Report

Year ended December 31, 2003

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I. Introductory Section



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KANSAS CITY, MO
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816.474.4240
816.421.7758 FAX

June 24, 2004

The Board of Commissioners
Kansas and Missouri Metropolitan Culture District Commission

COMMISSIONERS

Karen K. Holland
Chairperson

Lisa Ashner Adkins
Treasurer

Thomas Brown

Michael Copeland

Ed Eilert

Troy Nash

Randy Rhoads

Charlie Rich

Michael Short

Robert Stringfield

Annabeth Surbaugh
Vice-Chairperson

We are pleased to submit the comprehensive annual financial report of the Kansas and Missouri Metropolitan Culture District Commission (the Commission) which covers the years ended December 31, 2003 and 2002. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included. For additional analysis of the current year see the management and discussion and analysis included in the financial section.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of the Board of Commissioners, a Project structure overview and a District map. The financial section includes the management's discussion and analysis, the basic financial statements and supplemental schedules that provide additional detailed information, as well as the independent auditors' report on the financial statements and supplemental schedules. The statistical section includes demographic information about the Commission and the geographical area it serves.

ADMINISTRATOR

Molly McGovern

The Reporting Entity and its Services

In the 1980s, civic leaders in the Kansas City area began developing plans for the establishment of a metropolitan culture district that would cross the state line, permitting both the Kansas and Missouri parts of the metropolitan area to support cultural activities. These plans culminated in the establishment of the Kansas and Missouri Metropolitan Culture District Compact (the BiState Compact) in 1994 (Sections 12-2536 to 12-2540, inclusive, of the Kansas Statutes Annotated and Sections 70.500 to 70.510, inclusive, of the Missouri Revised Statutes, as amended in 2000.)

After the BiState Compact was enacted by the legislatures in Missouri and Kansas and was approved by the U.S. Congress, former Missouri Governor Mel Carnahan and former Kansas Governor Bill Graves each named a task force to determine the first project under the BiState Compact. Former Governor Carnahan appointed Jack Craft, a Kansas City, Missouri, attorney, as chair of the Missouri BiState Task Force. Former Governor Graves appointed Steven Rose, a suburban newspaper publisher in Johnson County, Kansas, as the chair of the Kansas BiState Task Force. These task forces unanimously recommended that the restoration of Union Station and the creation of a world-class science museum be the focus of the BiState effort. This Science City at Union Station Project (the Original Project) was essentially two interrelated projects: the historic renovation and restoration of Union Station and the construction of an interactive, education-oriented science center, known as Science City at Union Station. Following a communitywide campaign, voters in four of the five counties within the greater Kansas City metropolitan area approved the implementation of the BiState Compact and a 1/8-cent retail sales tax. The Commission had oversight of the expenditure of public funds for the Original Project and any subsequent projects approved by the Commission.

The Commission is composed of 11 appointed officials. The governors of the states of Kansas and Missouri each appoint a citizen to the Commission. The BiState Compact states that the Governor of Missouri's appointee must be a member of the Missouri Arts Council or of the Missouri Humanities Council. Similarly, the Governor of Kansas' appointee must be a member of the Kansas Arts Commission or of the Kansas Commission for the Humanities. Additionally, each of the governing bodies of the four counties comprising the metropolitan culture district (the District) elects one of its respective members to the Commission. Each municipality within the District with a population in excess of 50,000 (Kansas City, Lee's Summit, and Independence, Missouri and Overland Park and Olathe, Kansas) also elects a member of its respective council to the Commission.

Commission Members

Kansas Members

Lisa Ashner Adkins, Governor's appointee and Commission Treasurer. Ms. Adkins is an attorney and is the president and executive director of YouthFriends. Previously, Ms. Adkins was in private practice and, before that, served as an assistant district attorney in Wyandotte County, Kansas.

Michael Copeland, City of Olathe appointee. Commission member and appointed member of the Union Station Kansas City, Inc. Board of Directors. Mr. Copeland is mayor of the City of Olathe. Mr. Copeland also is the Kansas City Regional President for Security Savings Bank in Olathe. Previously, Mr. Copeland was a senior corporate analyst in the office of the Comptroller of the Currency, Administrator of National Banks, United States Treasury Department's Midwestern District Office.

Ed Eilert, City of Overland Park appointee. Commission member. Mr. Eilert is mayor of the City of Overland Park, Kansas. Mr. Eilert also is a stockbroker with A.G. Edwards & Sons, Inc.

Annabeth Surbaugh, Johnson County appointee and Commission Vice-Chairperson. Ms. Surbaugh is the Chairperson of the Johnson County, Kansas Commission. Ms. Surbaugh also owns and operates her own business.

Missouri Members

Tom Brown, Clay County appointee. Commission member. Mr. Brown is the western county commissioner of the Clay County Commission. He is the Chief Operating Officer and Executive Vice President for the Hays Companies.

Karen Holland, Governor's appointee and Commission Chairperson. Ms. Holland currently is a member of the Missouri Humanities Council. She is a docent emeritus of the Nelson Atkins Museum of Art and has been involved actively in the arts community of greater Kansas City. She is a former retail executive who served as president of the Coterie Children's Theater Board of Directors.

Troy Nash, Kansas City appointee. Commission member. Mr. Nash is a member of the Kansas City, Missouri Council. Mr. Nash also serves on a number of boards and commissions.

Randy Rhoads, City of Lee's Summit appointee. Commission member. Mr. Rhoads is a member of the Lee's Summit, Missouri City Council. He is employed at Black & Veatch.

Charlie Rich, City of Independence appointee. Commission member. Mr. Rich is a member of the Independence, Missouri City Council. He is a retired senior operations analyst providing data processing education.

Michael Short, Platte County appointee. Commission member. Mr. Short is a member of the Platte County Commission. He is an attorney with Fidelity Security Life Insurance Company.

Robert Stringfield, Jackson County appointee. Commission member. Mr. Stringfield is a member of the Jackson County, Missouri Legislature and is retired from Lucent Technologies and the U.S. Air Force.

The Commission encourages public attendance at its meetings. Residents of the District are invited to register to make public comment. Consideration is given to persons with special needs, and special accommodation is provided on request.

The Science City at Union Station Project

History and Background of Union Station

The Kansas City Terminal Railway Company hired Chicago architect Jarvis Hunt to design a new Union Station after the great flood of 1903 destroyed the previous West Bottoms station. The new station, located away from the Missouri River at 23rd and Main Streets, opened in 1914.

At the time, it was the third-largest train station in North America, giving testament to Kansas City's growing importance as a transportation center and its leadership role in the National City Beautiful movement to enhance the beauty of urban centers.

At the height of its activity, Union Station served more than 200 trains a day. In 1921, for the only time in history, all of the World War I allied commanders were together as they arrived at Union Station for groundbreaking ceremonies for the Liberty Memorial, the only memorial honoring those who died in World War I. During World War II, nearly half of all American armed forces were deployed through Union Station. By 1973, rail traffic declined to six trains per day. By 1983, the station was closed except for an inflatable bubble housing the Amtrak depot offices and waiting room inside the Grand Hall and a restaurant in the East Wing. Amtrak left in 1985 and the restaurant closed in 1989, leaving the building empty and without maintenance.

As the result of the settlement of a six-year lawsuit between a Canadian redevelopment firm and the City of Kansas City, Missouri, ownership was conveyed to a nonprofit corporation, Union Station Assistance Corporation (USAC), in 1994. USAC then began an effort to restore Union Station and create Science City at Union Station.

Renovation and Restoration of Union Station

Union Station's 30,000-square-foot, 95-foot-high Grand Hall has been restored to its original condition as outlined in a Historic Structures Report and Treatment Plan. The space is open and free to the public and is suitable for civic events, private rental and community activities. Original restaurant and retail spaces provide similar services to visitors. Other historically significant areas (such as the Women's Waiting Room, Men's Smoking Room, North Waiting Room and balconies) have been restored, revealing once again the detail and grandeur of the 1914 construction.

Some areas of the building no longer retain enough of the original fabric to warrant restoration. These areas have been renovated in a manner compatible with the restored space and will serve Science City, the visiting public and transportation needs. Some second and third floor space is being leased to third parties as office space.

Parking is provided in a 1000+ car surface parking lot and a below ground parking garage. The south front of Union Station is a landscaped entry plaza, and an elevated covered walkway from the nearby Crown Center Hotel, office and shopping complex helps to facilitate foot traffic. Intermodal transportation enhancements serve today's needs and provide facilities for future transportation plans.

An additional 14 acres located along the west property line of Union Station also has been acquired for use as a part of the Original Project.

Creation of Science City

The Kansas City Museum Association (the Museum), as creator and operator of Science City, is the primary tenant of Union Station. Science City itself combines elements of museums with aspects of theme parks, theater and science centers to provide immersion experiences related to the ongoing activities of a living and changing city.

The Museum occupies a large part of the renovated Union Station space, as well as a 60,000-square-foot addition. Other new construction includes a free-standing planetarium.

The Development Agreement

When USAC took title to Union Station in 1994, it entered into a development agreement with the City of Kansas City, Missouri (the Development Agreement). This agreement provided that USAC would make a reasonable effort to maintain the building and prevent further deterioration while developing design, construction and funding plans for the renovation.

The Development Agreement further stipulated that USAC cannot sell, demolish or destroy the station without prior written consent of the City of Kansas City, Missouri.

The Operating Agreement

The Commission's relationship with USAC and the Museum (together, the Owner Group) is governed by an Operating Agreement dated May 16, 1997. The Operating Agreement sets forth the respective rights and obligations of the Commission and the Owner Group. The Commission engaged the Owner Group, and the Owner Group agreed to be engaged to design, restore, reconstruct and operate Union Station as a "Cultural Facility", as defined in the compact (a "Cultural Facility") and in accordance with the plan, wherein activities which contribute to and enhance the aesthetic, artistic, historical, and social development and appreciation of the general public may be held (The "Original Project"). The Commission agreed to transfer to the Owner Group an amount not to exceed \$118,000,000 arising from retail sales tax to enable the owner group to complete the Original Project. Since completion of the Original Project, the Owner Group has continued to operate and maintain Union Station as a cultural facility. Science City is located in and constitutes a principle use of the Original Project. The Operating Agreement also requires that USAC lease the Original Project to the Commission for a term of 99 years and that the Commission sublease the Original Project to USAC and the Museum for a 99-year period. Pursuant to the Operating Agreement, USAC, the Museum and the Commission entered into a real estate agreement on July 1, 1998 restricting the use of the Original Project for a Cultural Facility; prohibiting the sale by USAC of the Original Project or any portion thereof or the assignment by USAC of its interests in the Original Project to governmental entities, for-profit organizations or individuals; and permitting sale or assignment of those interests only to organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. During 2000, the governance at Union Station was clarified with the completion of the mergers of Union Station Assistance Corporation, the Kansas City Museum Association, and the Union Station Project Consultants into a new company: Union Station Kansas City, Inc. (USKC) with

agreements being signed in early 2001. The reshaping of the governance of Union Station is intended to enhance accountability and performance.

Collection of the Sales Tax

The BiState Compact mandates that the BiState Tax be administered, enforced and collected in the same manner and by the same procedure as other countywide sales taxes.

The BiState Tax can be used only to reimburse the Owner Group for costs relating to the Original Project that have been approved by the Commission. Any funds remaining after the completion of the Original Project will be used for further improvements to Union Station as approved by the Commission. Pursuant to the Sales Tax Escrow and Disbursement Agreement, the Commission originally agreed to make \$117,101,000 of the BiState Tax revenues available for payment of the costs of the Original Project. The Commission retained a portion of BiState tax revenues for budgeted administrative costs of the Commission.

The Sales Tax Escrow and Disbursement Agreement

The Commission, USAC and the Museum executed and delivered a Sales Tax Escrow and Disbursement Agreement (the Sales Tax Agreement) dated September 30, 1997 which was subsequently terminated on August 1, 2002. Pursuant to the Sales Tax Agreement, the Commission established with US Bank, Kansas City, Missouri, a segregated trust account designated as the BiState Culture Commission Sales Tax Revenue Fund (the BiState Tax Account). The BiState Tax Account and all amounts held therein were the property of the Commission. The BiState Tax Account was required to be separate and distinct from all other moneys of the Commission.

Termination of Sales Tax Escrow and Disbursement Agreement

On August 1, 2002, the Commission took actions to terminate the Tax Escrow Agreement having fulfilled its responsibility pursuant to the Tax Escrow Agreement, including the payment of Original Project costs of \$117,101,000 and the \$200,000 transferred from administrative funds to the project. Subsequently the commission established "The BiState Commission Union Station Capital Improvement Fund" and "The BiState Commission Fund" custodial accounts to ensure that tax collections in excess of \$118,000,000 will be devoted to further improvements at Union Station.

Termination of the Retail Sales Tax Collections

The Commission established a Capital Improvement fund for Union Station, utilizing revenues collected in excess of \$118,000,000 which have been and continue to be collected from the original BiState retail sales tax terminated on March 31, 2002.

The excess tax revenues were received as a result of the system used by Kansas and Missouri to start and stop retail sales tax collections. Because such collections can start and stop only on a quarterly basis, and because the participating counties must notify the states well in advance of

an intended termination of a sales tax, it is impossible to compute precisely when a particular sum will be collected and to then terminate the tax at that exact moment. The counties notified their respective state department of revenue in late 2001 to terminate the tax on March 31, 2002 resulting in the collection of excess revenues. Had the tax been terminated at the earlier quarter ending December 31, 2001, tax revenue collections would have fallen short of the stipulated \$118,000,000 amount needed to satisfy the contracts governing the Union Station project.

For sales tax collections generated within the state of Kansas, it is the policy of the State of Kansas to discontinue the distribution of sales tax collections after the taxes collected for the final month of taxation have been distributed. However, for sales tax collections generated within the state of Missouri, it is the policy of the State Department of Revenue to distribute all taxes attributed to the imposition of the BiState Retail Sales Tax. This includes any funds received after the tax termination date as a result of delinquent payments, problem refunds, and business audits.

BiState Commission Union Station Capital Improvement Fund

The Commission on September 26, 2002 authorized and directed a segregated fund be established to assure that the disposition of excess BiState sales taxes will be made in accordance with the expressed intent of the voters of the BiState District in authorizing the levy of BiState sales taxes. The segregated fund was established in an initial amount of \$2.5 million and the moneys deposited in "The BiState Commission Union Station Capital Improvement Fund" shall only be expended for those capital improvement projects for Union Station described in the BiState sales tax ballot language that was submitted to the voters of the BiState District, i.e., "to restore, repair, construct, reconstruct, remodel, acquire, furnish, and equip Union Station and a science museum known as Science City at Union Station [and] parking facilities", as the commission shall approve from time to time. All other funds held by the Commission other than administrative funds were deposited into the BiState Commission Fund to be held until a specific purpose has been designated.

Commission Administration

Funds to administer the District are held in a segregated bank account and disbursed by resolution of the Commission in accordance with an approved annual budget. The BiState Annual Administration Budget, by law, is submitted before final adoption to each of the jurisdictions comprising the District for its review.

Idle funds in the administration account may be invested in direct obligations of the United States government, in certificates of deposit, which are fully insured by the Federal Deposit Insurance Corporation, or in deposit accounts fully collateralized by United States government securities, as outlined in the investment policy adopted by the Commission.

Economic Condition and Outlook

The Kansas City metropolitan area is a regional center for agribusiness, transportation, telecommunications, manufacturing, health care, trade, financial services and the federal government. Major companies headquartered in the area include Hallmark Cards, Sprint, H&R Block and Burns and McDonnell. Other major employers include the federal government (the area's largest single employer), Health Midwest, University of Kansas Medical Center, American Airlines, Honeywell, Ford Motor Company and Black & Veatch. The area's economy provides for a consistent and well-distributed earning and employment environment for its business sectors.

The Kansas City metropolitan area's proximity and ready access to geographical and population centers throughout the nation make it an attractive location for industrial product distribution and trade. This central location is advantageous for commuting to all parts of the United States and has enhanced Kansas City's development and posture as a major transportation center with a complete range of transportation facilities including a major highway network, 12 railroad trunk lines and the Kansas City International Airport (KCI). KCI handled over 9.4 million revenue passengers (emplaned and deplaned) in 2003, with 12 major airlines and 2 commuter lines serving 53 cities with non-stop service, as well as jet service to every part of the United States with flight times of about three hours to either coast.

Major Initiatives

For the Year

In 2003, the commission continued to consider whether to support specific additional projects at Union Station as to their appropriateness for funding support with BiState funds. All such projects must first be approved by the Commission and must be consistent with the Lease dated July 1, 1998 by and between the Commission and USKC, as successor by merger to Union Station Assistance Corporation. In determining whether to approve any project submitted by USKC for funding from the Union Station Fund, the Commission shall among other things consider the impact of the project on the current and future revenues of USKC that are devoted to the maintenance or improvement of Union Station and/or Science City; the popular or culture appeal of the project to the citizens of the BiState District and to the general public, whether such project addresses any unmet goal or objective of the prior renovation of Union Station or construction of Science City, and whether the project enhances the long term utility and viability of Union Station and/or Science City. Additional projects approved include 1) Renovation of building space to provide for rental facilities for groups and meetings, referred to as the Zephyr Room, 2) Creation of a Railroad Train Exhibit; and 3) Improvements for the Amtrak Arcade.

For the Future

The Commission will continue to exist with or without a continuation of the sales tax. With the completion of the Original Project at Union Station, the commission continues to ensure that

future development and/or uses of Union Station and the immediate area are consistent with the Union Station Master Plan approved in the beginning, and that the public's interest is protected.

Future projects may be brought to a vote by the eligible counties in Kansas and Missouri whenever a county's governing body determines that participation in the district is in the best interest of the citizens of the county and that the levy of a sales tax to provide on a cooperative basis with other counties for financial support of the district is economically practical and cost beneficial to the citizens of the county.

Financial Information

Accounting and Financial Reporting

The Commission's primary source of income is the BiState Tax, which terminated March 31, 2002. This tax was a 1/8-cent retail sales tax on the purchase of tangible personal property sold at retail, the amount paid for certain specified services, the basic rate charged for certain utility services and the purchase of motor vehicles, trailers, boats and outboard motors.

Collection of the BiState Tax began April 1, 1997. For the year ended December 31, 2003, BiState Tax revenues received or accrued were \$20,599. Since inception of the tax, revenue received or accrued total \$121,414,164.

Under provisions of the Sales Tax Agreement, the Commission initially allocated \$899,000 of the BiState Tax Account to provide for the budgeted administrative costs of the Commission during the term of the Sales Tax Agreement. During 1999, the Commission approved a \$100,000 transfer of excess funds reserved for administrative expenditures to cover project-related expenditures. In 2000, the Commission approved an additional \$100,000 transfer to finance a portion of the cost to create a permanent interpretive exhibit about the station's history and redevelopment. In 2002, the Commission approved a \$55,000 transfer of excess funds back into the administrative fund to cover the expenses of the Commission. Pursuant to an approved investment policy, the Commission invests any idle funds to generate interest income. To the extent these moneys were not sufficient to pay the administrative costs of the Commission relating to the Original Project, the Owner Group had agreed to cause the Commission to receive private contributions or other funds to pay those administrative costs.

The Commission's 2003 administrative expenses showed a decrease in annual expenditures over 2002. The reduction was due to a decrease in legal fees in 2003. In 2002, the Commission made efforts to ensure the public's interest was represented during the formulation of new ballot proposal language for an extension of the tax. There was no new ballot proposal in 2003. The Commission executed a 12-month agreement extension with the Mid-America Regional Council (MARC), to continue administrative, accounting and clerical support to the Commission until December 31, 2004.

The Board of Commissioners is responsible for establishing and maintaining internal control designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

This is the Commission's seventh comprehensive annual financial report and reflects financial activity for the years ended December 31, 2003 and 2002. The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and necessarily include amounts based on reliable estimates and judgments. The Commission's books are recorded on a modified accrual basis of accounting using a single special revenue fund. Significant accounting policies are presented in more detail in the notes to the basic financial statements.

Results of Operations – January 13, 1997 through December 31, 2003

The Commission began operations on January 13, 1997 when it held its first meeting. The BiState Tax retail sales tax was terminated on March 31, 2002, while the Original Project expenditures were incurred in the first three years. As such, the Commission had a deficit balance until sufficient sales taxes were collected to cover the Original Project expenditures. The \$100,000 incurred in 2000 financed a portion of the cost to create a permanent interpretive exhibit about the station's history and redevelopment. The following table reflects the year actual sales tax revenues were collected, the timing of \$118,000,000 in expenditures in accordance with the Operating Agreement and reflects the actual and anticipated disbursements for subsequent Capital Improvement projects and administrative expenses. The table also reflects that not all tax collections have been allocated.

Tax Year	Actual Sales Tax Revenues	Actual Bistate Draw Approvals	Actual and Anticipated Disbursements from Subsequent Allocations	Cumulative Balance
1997	\$ 15,565,626	\$ 24,205,861	\$ —	\$ (8,640,235)
1998	22,916,608	47,736,612	—	(33,460,239)
1999	24,366,422	45,258,527	—	(54,352,344)
2000	25,677,386	100,000	—	(28,774,958)
2001	26,016,910	—	—	(2,758,048)
2002	6,850,613	—	33,689	4,058,876
2003	20,599	—	1,087,150	2,992,325
2004	—	—	1,379,161	1,613,164
Subtotal	121,414,164	117,301,000	2,500,000	1,613,164
Reserved for administration expenditures	—	699,000	55,000	(754,000)
Total fund balance	\$ <u>121,414,164</u>	\$ <u>118,000,000</u>	\$ <u>2,555,000</u>	\$ <u>859,164</u>

The above illustration does not include investment income.

Other Information

Independent Audit

This report was prepared in conformity with accounting principles generally accepted in the United States of America established by both the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The basic financial statements have been subjected to an independent audit by the accounting firm of Cochran, Head & Co., P.C. The auditors' report on the basic financial statements is included in the financial section of this report.

GFOA Financial Reporting Program

The Government Finance Officers Association of the United States and Canada (GFOA) has an award program for comprehensive annual financial reports. The program awards the Certificate of Achievement for Excellence in Financial Reporting to recognize conformance with the highest standards for preparation of state and local government financial reports.

To be awarded this prestigious national award, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both GAAP and applicable legal requirements. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the Commission.

A Certificate of Achievement is valid for a period of one year. The Commission received a Certificate of Achievement for the last six years' reports. The Commission believes that this report continues to conform to the Certificate of Achievement program's requirements, and we are submitting it to the GFOA.

Acknowledgments

The preparation of this report could not have been accomplished without the cooperation and dedicated services of the Financial Affairs Department of MARC and Cochran, Head & Co., P.C.

Appreciation also is extended to the Commission's officers and Board of Commissioners for their diligence and support in planning and conducting the financial operations of the Commission in a responsible and progressive manner.

Respectfully submitted,



Molly McGovern
Administrator



Kathy Mayhew
MARC Accountant

KANSAS AND MISSOURI METROPOLITAN CULTURE DISTRICT COMMISSION

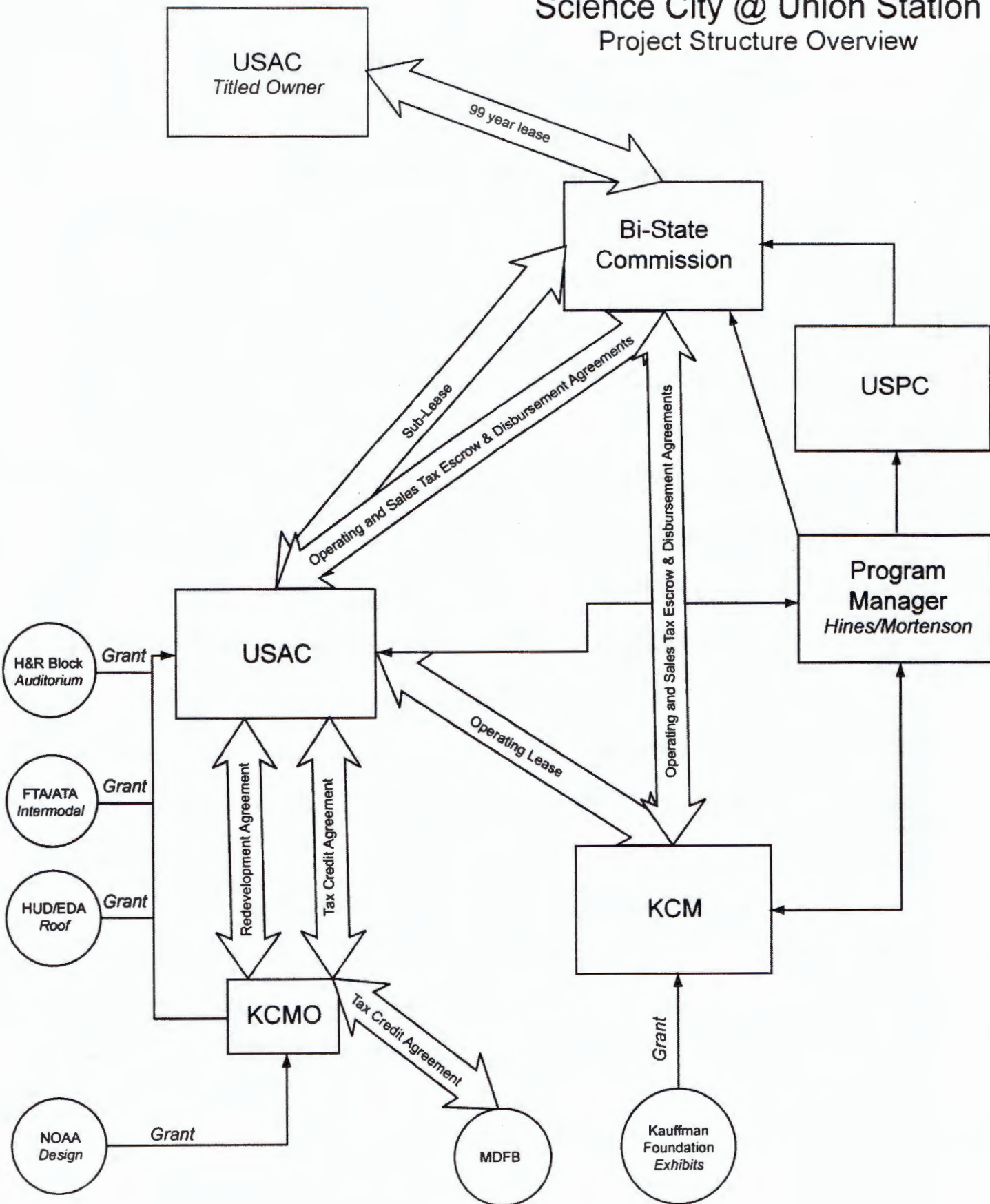
BOARD OF COMMISSIONERS

COMMISSIONER	OFFICE
Karen Holland Missouri Arts Council	Chairperson
Annabeth Surbaugh Commissioner, Johnson County, Kansas	Vice Chairperson
Lisa Ashner Adkins Kansas Arts Commission	Treasurer
Tom Brown Commissioner, Clay County, Missouri	
Michael Copeland Mayor, City of Olathe, Kansas	
Ed Eilert Mayor, City of Overland Park, Kansas	
Troy Nash Councilmember, City of Kansas City, Missouri	
Randy Rhoads Councilmember, City of Lee's Summit, Missouri	
Charlie Rich Councilmember, City of Independence, Missouri	
Michael Short Commissioner, Platte County, Missouri	
Robert Stringfield Legislator, Jackson County, Missouri	

MID-AMERICA REGIONAL COUNCIL STAFF

Sandra Hackman	Administrator to the Commission (until April 1999)
Molly McGovern	Administrator to the Commission (April 1999–present)

Science City @ Union Station Project Structure Overview



Science City @ Union Station
Project Structure Overview
 Key to Chart

BiState Commission	Kansas and Missouri Metropolitan Culture District Commission
USAC	Union Station Assistance Corporation
KCM	Kansas City Museum Association
USPC	Union Station Project Consultants, Inc.
Program Manager	Hines/Mortenson <i>USAC and the Museum have hired a joint venture of Hines, a Houston-based international development firm, and M.A. Mortenson Company, a Minneapolis-based national construction firm, to manage the design, construction, schedule and budget of the Project.</i>
KCMO	City of Kansas City, Missouri
MDFB	Missouri Development Finance Board <i>A Missouri body corporate and politic which authorized and issued: \$89.6 million Infrastructure Facilities Revenue Bonds, Series 1997A; \$22.4 million Infrastructure Facilities Revenue Bonds, Series 1997B; and \$9.1 million Infrastructure Facilities Revenue Bonds, Series 1997C to finance the Project.</i>
H&R Block	H&R Block Foundation <i>The Foundation's gift of \$2 million is restricted to construction of a theater or auditorium in Science City's Theater District.</i>
Kauffman Foundation	Ewing Marion Kauffman Foundation <i>The Foundation's gift of \$25 million to the Museum will be used to design and fabricate Science City exhibits.</i>
FTA/ATA	Federal Transit Administration/Kansas City Area Transportation Authority <i>USAC, as a subrecipient to the Kansas City Area Transportation Authority, is seeking \$28.7 million in FTA grants to assist in the development of intermodal transportation enhancements. The first \$17.225 million of the \$28.7 million in FTA grant proceeds have been dedicated for payment of transportation-related costs in the Project budget. Any grant proceeds in excess of that amount will be expended in transportation-related enhancements outside the scope of the Project. Of the \$28.7 million, the entire amount has been appropriated.</i>
HUD/EDA	U.S. Department of Housing and Urban Development/Economic Development Administration <i>A \$2.5 million HUD grant is restricted to roof replacement. A \$2.7 million EDA grant is restricted to roof replacement.</i>
NOAA	National Oceanic and Atmospheric Administration <i>USAC has received, as a subrecipient to the city of Kansas City, Missouri, a \$2.5 million grant, the proceeds of which paid a portion of the design cost of the Project.</i>

Kansas and Missouri Metropolitan Culture District Commission

Map of District



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kansas and Missouri Metro Culture District Commission

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

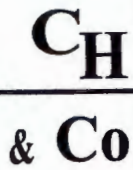
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

II. Financial Section



10034 NW Ambassador Dr.
Kansas City, MO 64153
(816) 880-0006
Fax (816) 880-4868

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Kansas and Missouri Metropolitan Culture District Commission

We have audited the accompanying financial statements of the governmental activities and major fund of the Kansas and Missouri Metropolitan Culture District Commission (the Commission) as of and for the year ended December 31, 2003, which collectively comprise the Commission's basic financial statements, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Commission as of December 31, 2003, and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Offices

Westowne Commercial Center
1170 W. Kansas, Suite H
Liberty, MO 64068
(816) 792-1020
(816) 792-1928 FAX

713 PCA Road, P.O. Box 1043
Warrensburg, MO 64093
(860) 747-9125
(860)747-9490 FAX

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Kansas City, MO 64116
(816) 453-7014
(816) 453-7016 FAX

10500 Barkley, Suite 108
Overland Park, KS 66212
(913) 648-4272
(913) 648-4276 FAX

1333 Meadowlark Lane
Kansas City, KS 66102
(913) 287-4433
(913) 287-0010 FAX

As described in Note 1 to the basic financial statements, the Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*; Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures* as of and for the year ended December 31, 2003. This results in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis on pages 23 through 26 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2004, on our consideration of the Commission's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

June 14, 2004

Cosby, Head & Co PC

Kansas and Missouri Metropolitan Culture District Commission

Management's Discussion and Analysis

This section of the annual financial report of Kansas and Missouri Metropolitan Culture District Commission (the Commission) presents a discussion and analysis of the financial performance for the year ended December 31, 2003. The information contained here, as well as the information contained in the letter of transmittal, are intended to provide the reader with a well rounded picture of the Commission's financial condition.

Financial Highlights

- The assets of the Commission exceeded liabilities at the close of the most recent year by \$2,519,603 (*net assets*). Of this amount, \$2,475,565 (*restricted net assets*) may be used to fund future development and/or uses of Union Station.
- Sales tax revenue decreased by \$6,830,014 (100 percent) from 2002.
- Capital improvement expenses increased \$1,053,461 with the funding of two projects.

The Basic Financial Statements

The basic financial statements of the Commission include the government-wide financial statements and the fund financial statements. The notes to the basic financial statements, which start on page 32 are essential for the reader's understanding of the financial statements. Other schedules are included in this report to provide additional information to the reader.

Government-wide Financial Statements

The government-wide financial statements present the results of the Commission's operations using the accrual basis of accounting, the basis of accounting used by private-sector businesses. These statements focus on the long-term financial picture of the Commission as a whole.

The Statement of Net Assets reports all of the Commission's assets and liabilities. Net assets, the difference between assets and liabilities, is an important measure of the Commission's overall financial health. Over time, the increases and decreases in net assets can be monitored to determine whether the Commission's financial position is improving or deteriorating.

The Statement of Activities shows how the net assets have changed during the fiscal year. The unique feature of this statement is how it shows the revenues and expenses related to specific programs. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is actually received.

The Commission has no component units.

Fund Financial Statements

The Commission uses only one type of fund, a governmental fund, to manage its resources. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein. The accounts of the Commission are organized into one major fund, a Special Revenue Fund, which is considered to be a separate accounting entity. The Special Revenue Fund is used to account for all revenues and expenditures of the Commission. The BiState Tax represents the Commission's primary source of revenue. Commission expenditures are legally restricted to projects approved by the Commission that restore, repair, construct, reconstruct, remodel, acquire, furnish and equip Union Station and Science City at Union Station and parking facilities.

Kansas and Missouri Metropolitan Culture District Commission

Management's Discussion and Analysis

Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred. The focus, therefore, is on the short-term financial picture of the operations reported, rather than the Commission as a whole.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$2,519,603 at December 31, 2003. Two percent (or \$44,038) of the Commission's net assets are restricted to cover administrative expenses of the Commission. The balance (\$2,475,565) may be used to meet the Commission's approved Union Station projects.

The following table reflects the condensed Statement of Net Assets compared to the prior year.

Kansas and Missouri Metropolitan Culture District Commission

Statement of Net Assets

	December 31		Increase	Percent
	2003	2002	(Decrease)	Increase
			(Decrease)	(Decrease)
Cash and investments	\$ 2,515,735	\$ 3,589,689	\$ (1,073,954)	(30) %
Receivables	<u>9,714</u>	<u>15,416</u>	<u>(5,702)</u>	(37)
Total assets	<u>2,525,449</u>	<u>3,605,105</u>	<u>(1,079,656)</u>	(30)
Current liabilities	<u>5,846</u>	<u>6,148</u>	<u>(302)</u>	(5) %
Total net assets - restricted	<u>\$ 2,519,603</u>	<u>\$ 3,598,957</u>	<u>\$ (1,079,354)</u>	(30) %

At the end of the current fiscal year, the Commission is able to report positive balances in total net assets. The same situation held true for the prior fiscal year.

Kansas and Missouri Metropolitan Culture District Commission

Management's Discussion and Analysis

The following table summarizes the Commission's changes in net assets for the years ended December 31, 2003 and 2002.

Kansas and Missouri Metropolitan Culture District Commission

Changes in Net Assets

	Year ended December 31		Increase	Percent
	2003	2002	(Decrease)	Increase (Decrease)
Revenues				
Sales tax	\$ 20,599	\$ 6,850,613	\$ (6,830,014)	(100) %
Investment income	<u>29,899</u>	<u>46,623</u>	<u>(16,724)</u>	(36)
Total revenues	50,498	6,897,236	(6,846,738)	(99)
Expenses				
Administration	42,702	122,908	(80,206)	(65)
Capital improvements	<u>1,087,150</u>	<u>33,689</u>	<u>1,053,461</u>	3,127
Total expenses	1,129,852	156,597	973,255	622
Increase (decrease) in net assets	(1,079,354)	6,740,639	(7,819,993)	(116)
Net assets - beginning of year	3,598,957	(3,141,682)	6,740,639	(215)
Net assets - ending of year	<u>\$ 2,519,603</u>	<u>\$ 3,598,957</u>	<u>\$ (1,079,354)</u>	(30) %

The net assets of the Commission decreased in 2003 by \$1,079,354 as compared to an increase of \$6,740,639 in 2002. The change is due to two factors. The sales tax revenue decreased in 2003 by \$6,830,014. On March 31, 2002 the retail sales tax was terminated, and so the only sales tax revenue earned in 2003 is for delinquent payments, problem refunds, and business audits grants. The capital improvements expenses increased \$1,053,461 in 2003. In 2002 one of the two projects approved for the enhancement of Union Station was just beginning to incur expenses. In 2003 the first project was completed and the second project was well underway.

Budget Highlights

As provided by law, the Commission prepares and adopts an annual budget for all Commission administration expenditures. Actual expenditures for administration in 2003 were \$42,702 as compared to the budget of \$108,700. An emergency fund is budgeted each year to allow for any unexpected expenditures. The emergency fund was budgeted for \$50,000 in 2003, but no expenditures were incurred for this line item in 2003.

Economic Condition and Next Year's Programs

Until a new sales tax is approved, the Commission's revenues are limited to the collection of delinquent or problem sales tax and investment income. The Commission has an unreserved fund balance of \$2,475,565 that is available for future development and/or uses of Union Station.

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest. Questions concerning any of the information provided in this reports or requests for additional financial information should be addressed to the Administrator to the Commission, Mid-America Regional Council, 600 Broadway, Suite 300, Kansas City, Missouri 64105-1554.

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Basic Financial Statements

Kansas and Missouri Metropolitan Culture District Commission

Statement of Net Assets

December 31, 2003

	<u>Governmental Activities</u>
Assets	
Cash and equivalents	\$ 65,023
Investments	2,450,712
Sales taxes receivable	7,889
Accrued interest receivable	<u>1,825</u>
Total assets	<u><u>2,525,449</u></u>
Liabilities	
Accounts payable	<u><u>5,846</u></u>
Net assets - restricted	<u><u>\$ 2,519,603</u></u>

See accompanying notes to the basic financial statements.

Kansas and Missouri Metropolitan Culture District Commission

Statement of Activities

Year ended December 31, 2003

Function/Programs	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:			
Project	\$ —	\$ —	\$ —
Administration	42,702	—	(42,702)
Capital Improvement	<u>1,087,150</u>	<u>—</u>	<u>(1,087,150)</u>
Total governmental activities	<u>\$ 1,129,852</u>	<u>\$ —</u>	<u>(1,129,852)</u>
General revenues			
Sales taxes			20,599
Investment earnings			<u>29,899</u>
Total general revenues			<u>50,498</u>
Change in net assets			(1,079,354)
Net assets - beginning of year			<u>3,598,957</u>
Net assets - end of year			<u>\$ 2,519,603</u>

See accompanying notes to the basic financial statements.

Kansas and Missouri Metropolitan Culture District Commission
Balance Sheet - Special Revenue Fund

	December 31	
	<u>2003</u>	<u>2002</u>
Assets		
Cash and equivalents	\$ 65,023	\$ 3,408
Investments	2,450,712	3,586,281
Sales taxes receivable	7,889	11,566
Accrued interest receivable	<u>1,825</u>	<u>3,850</u>
 Total assets	 <u><u>2,525,449</u></u>	 <u><u>3,605,105</u></u>
Liabilities and fund balance		
Liabilities:		
Accounts payable	<u>5,846</u>	<u>6,148</u>
Fund balance:		
Reserved for administrative expenditures	44,038	84,720
Unreserved	<u>2,475,565</u>	<u>3,514,237</u>
 Total fund balance	 <u><u>2,519,603</u></u>	 <u><u>3,598,957</u></u>
 Total liabilities and fund balance	 <u><u>\$ 2,525,449</u></u>	 <u><u>\$ 3,605,105</u></u>

See accompanying notes to the basic financial statements.

Kansas and Missouri Metropolitan Culture District Commission

Statement of Revenues, Expenditures and Changes in
Fund Balance - Special Revenue Fund

	Year ended December 31,	
	<u>2003</u>	<u>2002</u>
Revenues		
Sales tax	\$ 20,599	\$ 6,850,613
Investment income	<u>29,899</u>	<u>46,623</u>
Total revenues	<u>50,498</u>	<u>6,897,236</u>
Expenditures		
Current:		
Administration	42,702	122,908
Capital improvements	<u>1,087,150</u>	<u>33,689</u>
Total expenditures	<u>1,129,852</u>	<u>156,597</u>
Net change in fund balance	(1,079,354)	6,740,639
Fund balance (deficit) at beginning of year	3,598,957	(3,141,682)
Fund balance at end of year	<u>\$ 2,519,603</u>	<u>\$ 3,598,957</u>

See accompanying notes to the basic financial statements.

Kansas and Missouri Metropolitan Culture District Commission

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Administration
Special Revenue Fund

	Year ended December 31, 2003			Year ended December 31, 2002		
	Original/Final Budget	Actual	Variance - Positive (Negative)	Original/Final Budget	Actual	Variance - Positive (Negative)
Revenues						
Investment income	\$ 4,500	\$ 2,020	\$ (2,480)	\$ 4,500	\$ 8,123	\$ 3,623
Total revenues	<u>4,500</u>	<u>2,020</u>	<u>(2,480)</u>	<u>4,500</u>	<u>8,123</u>	<u>3,623</u>
Expenditures						
Administration:						
Legal fees	15,000	6,389	8,611	20,000	89,332	(69,332)
Insurance	600	556	44	600	556	44
MARC administrative services	13,500	7,886	5,614	12,000	11,630	370
General administration:						
MARC accounting and clerical support	9,500	7,479	2,021	14,400	8,894	5,506
Audit	8,600	8,600	—	8,355	8,355	—
Emergency fund	50,000	—	50,000	50,000	—	50,000
Other	11,500	11,792	(292)	11,500	4,141	7,359
Total expenditures	<u>108,700</u>	<u>42,702</u>	<u>65,998</u>	<u>116,855</u>	<u>122,908</u>	<u>(6,053)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(104,200)</u>	\$ <u>(40,682)</u>	\$ <u>63,518</u>	\$ <u>(112,355)</u>	\$ <u>(114,785)</u>	\$ <u>(2,430)</u>

See accompanying notes to the basic financial statements.

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Notes to the Basic
Financial Statements

Kansas and Missouri Metropolitan Culture District Commission

Notes to the Basic Financial Statements

December 31, 2003

1. Reporting Entity and Significant Accounting Policies

The Reporting Entity

The Kansas and Missouri Metropolitan Culture District Commission (the Commission) came into existence in 1997 as a body corporate and politic and a political subdivision of the states of Kansas and Missouri. The Commission was formed for the promotion of cultural facilities and cultural activities within the Metropolitan Culture District (the District), pursuant to Kansas Annotated Statutes Sections 12-2536 to 12-2540 and Missouri Revised Statutes Sections 70.500 to 70.510 as amended in 2000. At this time, the Commission's primary focus is to ensure that the facilities continue to meet the definition of the Project for a term of 99 years. The Project is defined to be activities which contribute to and enhance aesthetic, artistic, historic, and social development and appreciation of the general public in accordance with the master plan.

The Commission, among other things, serves as the governing body of the District who administered a 1/8-cent retail sales tax (the BiState Tax) used as financial support for the Original Project. The BiState Tax was collected on retail sales in the District comprised of Johnson County in Kansas and Jackson, Clay and Platte Counties in Missouri.

The Commission is comprised of 11 appointed officials: one member of the governing body of each of the District's member counties, one member of the governing body of each municipality within the member counties with a population over 50,000, and one member of each state's arts or humanities councils.

The Commission is a stand-alone government. There are no component units related to the Commission that should be accounted for in the Commission's basic financial statements in accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

During fiscal year 2003, the Commission adopted Governmental Accounting Standards Board ("GASB") Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments. The primary impact on the Commission of this adoption was the requirement of the Management's Discussion and Analysis and government-wide financial statements. GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, were issued in June 2001 and adopted by the Commission effective January 1, 2003.

Kansas and Missouri Metropolitan Culture District Commission

Notes to Basic Financial Statements (continued)

December 31, 2003

Significant Accounting Policies

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to governmental entities.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e. the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the governmental activities of the Commission.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Due to the nature of the funding sources, there are no operating grants and contributions. Sales taxes and unrestricted investment earnings not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Commission has one fund for financial statement presentation purposes. This governmental fund is a special revenue fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 when a liability is incurred, regardless of the timing of related cash flows.

Kansas and Missouri Metropolitan Culture District Commission

Notes to Basic Financial Statements (continued)

December 31, 2003

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers retail sales taxes available and susceptible to accrual if they are received within 60 days after year-end. Expenditures are recognized if incurred during the year and approved by the Commission within 60 days after year-end.

Special Revenue Fund

The Special Revenue Fund is used to account for all revenues and expenditures of the Commission. The BiState Tax represents the Commission's primary source of revenue. Commission expenditures are legally restricted to projects approved by the Commission that restore, repair, construct, reconstruct, remodel, acquire, furnish and equip Union Station and Science City at Union Station and parking facilities.

Sales Taxes

The BiState Tax was collected on all retail sales by each of the counties comprising the District. Sales taxes receivable has been accrued for all 2003 taxes that were collected by intermediary governments and forwarded to the Commission within 60 days of year end.

On August 1, 2002, the Commission took actions to terminate the Tax Escrow Agreement having fulfilled its responsibility pursuant to the Tax Escrow Agreement, including the payment of Original Project Costs of \$117,101,000 plus the \$200,000 transferred from administrative funds to the Project. Subsequently on September 26, 2002 the commission established "The BiState Commission Union Station Capital Improvement Fund" and "The BiState Commission Fund" custodial accounts utilizing revenues collected in excess of \$118,000,000 which have been and continue to be collected from the original BiState retail sales tax terminated on March 31, 2002.

Long-Term Leases

Lease agreements as required by the Operating Agreement were signed on July 1, 1998 with Union Station Assistance Corporation (USAC) who in 2001 became Union Station Kansas City, Inc. (USKC). Under these agreements, USKC, Inc. will lease the Project to the

Kansas and Missouri Metropolitan Culture District Commission

Notes to Basic Financial Statements (continued)

December 31, 2003

Commission for a term of 99 years, and the Commission will sublease the Project to USKC, Inc. and the Museum for a 99-year period. The leases restrict the use of the Project as a Cultural Facility and place conditions on the sale or assignment of the interests in the Project.

Assets, Liabilities and Net Assets or Equity

Cash and Equivalents – Cash on hand, cash in demand accounts at financial institutions and short-term, highly liquid investments that are readily convertible in known amounts of cash. Interest bearing deposit accounts are reported at cost plus accrued interest.

Investments – The Commission reports its investments at fair value that is determined by quoted market prices. Investment income, including changes in the fair value of investments, is recognized as revenue in the financial statements. As of December 31, 2003 investments consisted primarily of trust accounts at a financial institution that were invested in money market mutual funds.

Sales Taxes Receivable – Retail sales tax that has been received within 60 days after year-end.

Equity Classifications – In the government-wide financial statements, equity is classified as restricted net assets that consists of assets restricted for the sole use of the Commission's expenditures to include project and capital improvements at Union Station and the related administrative expenses.

2. Stewardship, Compliance and Accountability

Budgetary Control

As provided by law, an annual budget for all Commission administrative expenditures is prepared and adopted. The Commission's proposed annual budget for administrative expenditures (the budget) is given preliminary approval by a majority vote of the Board of Commissioners. Upon approval by the commissioners, the budget is submitted to the governing bodies of the counties comprising the District and to each city represented on the Commission for their review. Thereafter, the Board of Commissioners adopts the budget as final for the ensuing budget year. The budget is reviewed and approved by the Board of Commissioners and is considered to be a legally adopted budget as defined by GAAP. The legal level of budgetary control is at the fund level. Management may not amend the budget without seeking the approval of the Board of Commissioners. No budget amendments were made during 2003 or 2002.

Kansas and Missouri Metropolitan Culture District Commission

Notes to Basic Financial Statements (continued)

December 31, 2003

The budget for the administrative expenditures in the Special Revenue Fund is prepared on the modified accrual basis of accounting. Annual budgets are not prepared for the Project or Capital Improvement portion of the Special Revenue Fund. A reconciliation of the budgetary statement to the GAAP-basis statement follows:

	December 31	
	<u>2003</u>	<u>2002</u>
Revenues - budgetary basis	\$ 2,020	\$ 8,123
Revenues of nonbudgeted activities	<u>48,478</u>	<u>6,889,113</u>
Revenues - GAAP basis	<u>\$ 50,498</u>	<u>\$ 6,897,236</u>
Expenditures - budgetary basis	\$ 42,702	\$ 122,908
Expenditures of nonbudgeted activities	<u>1,087,150</u>	<u>33,689</u>
Expenditures - GAAP basis	<u>\$ 1,129,852</u>	<u>\$ 156,597</u>

Variances With Final Budget

Variances with the final administrative expenditures budget for the year ended December 31, 2003 resulted in a positive variance of \$63,518. Investment income is under budget \$2,480, reflecting the shifts in the investment market and the lower levels of idle funds available for investment during the year. Administrative expenditures are under budget \$65,998. Almost half of the \$108,700 administrative expenditure budget (\$50,000) is made up of an emergency fund reserve. Every year an amount is budgeted to cover any unexpected expenditures. There were no emergency fund expenditures in 2003.

3. Deposits and Investments

The Commission's Investment Policy and the Sales Tax Agreement authorize the Commission to invest in direct obligations of the United States government, certificates of deposit or demand deposit accounts. All deposits must be fully insured by the Federal Deposit Insurance Corporation or be fully collateralized by United States government securities.

At December 31, 2003 and 2002, the carrying values of deposits and investments are summarized as follows:

During 2002, the Commission approved two projects to be funded from the BiState Commission Capital Improvement Fund. The first project is the renovation of building space to provide for rental facilities for groups and meetings. The space referred to as the Zephyr Room was completed with a final cost of \$434,591. The second project approved by the Commission is for the creation of a Railroad Train Exhibit with a project budget of \$100,000. Because the Commission was in favor of the concept of the creation of a Railroad Train Exhibit to be located in a train themed restaurant, but not interested in incurring any expenses associated with a restaurant, the leasing manager for Union Station Kansas City, Inc. agreed to seek an interested tenant from the private sector to lease space and incorporate the exhibit into the space. The project budget for this project stipulates that before any portion of this budget can be obligated, USKC is required to submit a final plan to the Commission for their approval. Fifty thousand dollars of the project budget will be used to finance maintenance costs during a three year period, leaving \$50,000 for the installation of the exhibit itself. No action has been taken to complete this project to date, and the funds remain available for the approved purpose. While additional projects have been presented to the commission for their consideration, no additional projects have been approved.

Clay County	\$	15,656	2,910,914
Jackson County		—	2,684,320
Johnson County		865	340,710
Platte County			
Total sales tax revenue	\$	<u>20,599</u>	<u>\$ 6,850,613</u>

Kansas and Missouri Metropolitan Culture District Commission

Notes to Basic Financial Statements (continued)

December 31, 2003

5. Fund Balance

Pursuant to the Sales Tax Agreement, initial fund balance was reserved for \$899,000 for administrative expenditures of the Commission which were later reduced to \$699,000. Since the termination of the original Sales Tax Agreement, an additional \$55,000 has been transferred from excess funds to the administrative account. As of December 31, 2003 and 2002, cumulative administrative expenditures net of interest and other income totaled \$709,962 and \$669,280, respectively, and the remaining fund balance reserved for administrative expenditures was \$44,038 and \$84,720, respectively. The unreserved fund balance had a balance of \$2,475,565 at December 31, 2003 and a balance of \$3,514,237 at December 31, 2002.

6. Mid-America Regional Council Agreement

The Commission's contract with the Mid-America Regional Council (MARC) to provide administrative, accounting and clerical services expired on December 31, 2002 and was renewed for an additional 12-month period through December 31, 2003. Total expenditures to MARC for services provided to the Commission were \$15,365 and \$20,525 for the years ended December 31, 2003 and 2002, respectively. Additionally, the Commission reimburses MARC for incidental costs that are in accordance with the Commission's approved budget and are authorized for payment. These costs totaled \$2,061 and \$869 for the years ended December 31, 2003 and 2002, respectively.

7. Risk Management

The Commission is exposed to various risks of loss related to claims or complaints arising in the ordinary course of Commission activities. The Commission retains liability of \$10,000 for each indemnifiable loss, with specific excess coverage purchased commercially in the amount of \$2,000,000. The Commission and its members also are subject to the protection of sovereign immunity. No reductions in insurance coverage have occurred and there have been no claims.

Kansas and Missouri Metropolitan Culture District Commission

Notes to Basic Financial Statements (continued)

December 31, 2003

8. Commitments and Projects

During 2002, the Commission approved two projects to be funded from the BiState Commission Capital Improvement Fund. The first project is the renovation of building space to provide for rental facilities for groups and meetings. The space referred to as the Zephyr Room was completed with a final cost of \$434,591. The second project approved by the Commission is for the creation of a Railroad Train Exhibit with a project budget of \$100,000. Because the Commission was in favor of the concept of the creation of a Railroad Train Exhibit to be located in a train themed restaurant, but not interested in incurring any expenses associated with a restaurant, the leasing manager for Union Station Kansas City, Inc. agreed to seek an interested tenant from the private sector to lease space and incorporate the exhibit into the space. The project budget for this project stipulates that before any portion of this budget can be obligated, USKC is required to submit a final plan to the Commission for their approval. Fifty thousand dollars of the project budget will be used to finance maintenance costs during a three year period, leaving \$50,000 for the installation of the exhibit itself. No action has been taken to complete this project to date, and the funds remain available for the approved purpose. While additional projects have been presented to the commission for their consideration, no additional projects have been approved.

Supplemental Financial Schedules

The supplemental financial schedules contain more detailed information than the basic financial statements. This information is presented to provide additional financial information in order to better inform the users of the basic financial statements.

Kansas and Missouri Metropolitan Culture District Commission

Schedule of Revenues, Expenditures and
Changes in Fund Balance by Activity - Special Revenue Fund
Year ended December 31, 2003

	Project	Administration	Capital Improvement	Total
Revenues				
Sales tax:				
Clay County	\$ 4,078	\$ —	\$ —	\$ 4,078
Jackson County	15,656	—	—	15,656
Johnson County	—	—	—	—
Platte County	865	—	—	865
Total sales tax	20,599	—	—	20,599
Interest income	10,406	2,020	17,473	29,899
Total revenues	31,005	2,020	17,473	50,498
Current Expenditures				
Administration:				
Legal fees	—	6,389	—	6,389
Insurance	—	556	—	556
MARC administrative services	—	7,886	—	7,886
General administration:				
MARC accounting and clerical support	—	7,479	—	7,479
Audit	—	8,600	—	8,600
Bank fees	—	9,732	—	9,732
Other	—	2,060	—	2,060
Capital improvement:				
Rental Facility	—	—	400,902	400,902
AMTRAK Depot Project	—	—	686,248	686,248
Total current expenditures	—	42,702	1,087,150	1,129,852
Net change in fund balance	31,005	(40,682)	(1,069,677)	(1,079,354)
Fund balance at beginning of year	1,044,818	84,720	2,469,419	3,598,957
Fund balance at end of year	<u>\$ 1,075,823</u>	<u>\$ 44,038</u>	<u>\$ 1,399,742</u>	<u>\$ 2,519,603</u>

Kansas and Missouri Metropolitan Culture District Commission
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance by Activity - Special Revenue Fund
 Cumulative to Date

	Project	Administration	Capital Improvement	Total
Revenues				
Sales tax:				
Clay County	\$ 15,683,437	\$ —	\$ —	\$ 15,683,437
Jackson County	48,487,495	—	—	48,487,495
Johnson County	51,833,725	—	—	51,833,725
Platte County	5,409,507	—	—	5,409,507
Administrative revenue allocation	(899,000)	899,000	—	—
Transfer administrative revenue to project	145,000	(145,000)	—	—
Capital improvement allocation	(2,500,000)	—	2,500,000	—
	<u>118,160,164</u>	<u>754,000</u>	<u>2,500,000</u>	<u>121,414,164</u>
Interest income	216,659	99,837	20,581	337,077
Other income	—	99	—	99
	<u>118,376,823</u>	<u>853,936</u>	<u>2,520,581</u>	<u>121,751,340</u>
Total revenues				
Expenditures				
Project:				
Amounts disbursed to Missouri Development Finance Board	117,301,000	—	—	117,301,000
Administration:				
Legal fees	—	383,589	—	383,589
Insurance	—	65,187	—	65,187
MARC administrative services	—	157,549	—	157,549
General administration:				
MARC accounting and clerical support	—	94,691	—	94,691
Audit	—	72,240	—	72,240
Bank fees	—	16,829	—	16,829
Other	—	19,813	—	19,813
Capital improvement:				
Rental Facility	—	—	434,591	434,591
AMTRAK Depot Project	—	—	686,248	686,248
	<u>117,301,000</u>	<u>809,898</u>	<u>1,120,839</u>	<u>119,231,737</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	1,075,823	44,038	1,399,742	2,519,603
Fund balance at beginning of period	—	—	—	—
Fund balance at end of period	<u>\$ 1,075,823</u>	<u>\$ 44,038</u>	<u>\$ 1,399,742</u>	<u>\$ 2,519,603</u>

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III. Statistical Section (Unaudited)

Kansas and Missouri Metropolitan
Culture District Commission

Kansas City Metropolitan Area –
Location, Size and Demographics

December 31, 2003

The Kansas City Metropolitan Statistical Area (MSA) includes Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray counties in the state of Missouri and Franklin, Johnson, Miami, Leavenworth, Linn and Wyandotte counties in the state of Kansas. The Kansas City MSA has a 2003 population of 1,904,908. Johnson County in Kansas and Jackson, Clay and Platte counties in Missouri, comprising the District, have a combined population of 1,419,875, and account for 74.5 percent of the population of the MSA.

Selected Comparisons

	2003 Cost of Living Index	2002 Per Capita Retail Sales
Kansas City MSA	98.2	\$15,388
U.S. metro average	100.0	12,816

Sources: ACCRA, Inc., 2003

Sales and Marketing Management, 2003 Survey of Buying Power

US Census Bureau, 2002 Population Estimates

Kansas and Missouri Metropolitan
Culture District Commission

Historical Sales Tax Collections for Existing
Sales Taxes Within the BiState District

Using the historical sales tax collections for the five years prior to the BiState Tax for Johnson, Jackson, Clay and Platte counties, the following table presents the amount of sales taxes that would have been collected in these counties which make up the BiState District if the sales tax rate were equal to the BiState Tax of 0.125 percent:

	Fiscal Year					Average
	1992	1993	1994	1995	1996	
Johnson	\$5,550,350	\$6,445,613	\$7,197,528	\$7,528,871	\$7,930,455	\$6,930,563
% Growth	3.06%	16.13%	11.67%	4.60%	5.33%	8.16%
Jackson	\$7,426,089	\$7,682,730	\$7,942,576	\$8,463,135	\$8,790,953	\$8,061,097
% Growth	5.45%	3.46%	3.38%	6.55%	3.87%	4.54%
Clay	\$1,987,242	\$2,101,247	\$2,349,423	\$2,497,873	\$2,656,981	\$2,318,553
% Growth	4.77%	5.74%	11.81%	6.32%	6.37%	7.00%
Platte	\$563,249	\$587,823	\$649,012	\$722,271	\$779,019	\$660,275
% Growth	4.22%	4.36%	10.41%	11.29%	7.86%	7.63%
Total	\$15,526,930	\$16,817,413	\$18,138,539	\$19,212,150	\$20,157,408	\$17,970,488
% Growth	4.12%	8.31%	7.86%	5.92%	4.92%	6.23%

Source: MDFB Preliminary Official Statement, Infrastructure Facilities Revenue Bonds (Science City at Union Station Project)

Kansas and Missouri Metropolitan
Culture District Commission

Johnson County, Kansas – Demographic Information

General

Johnson County, Kansas, with a 2003 population of 486,515, is the most populous county in the state of Kansas and the second most populous in the Kansas City MSA. Johnson County leads the metropolitan area in wealth and housing value. The county's 2003 median household income is estimated at \$69,580, which is 33.5 percent higher than the metropolitan area's overall median household income of \$52,118. Johnson County has a sizable economic base of more than 364,000 jobs. During 1990-2000, the county added over 123,000 jobs, leading all area counties in employment growth. The City of Olathe, located in the center of the county, serves as the county seat. The county is governed by a six-member commission and a commission chair. The county contains nine townships and 20 incorporated cities, eight of which have populations in excess of 10,000. The county's largest city, Overland Park, with a 2002 population of 158,430, is located 12 miles from downtown Kansas City, Missouri. Johnson County encompasses 477 square miles.

*Source: Claritas, Inc., 2003 estimates
MARC's 2002 Kansas City Metropolitan Area Long Range Forecast
U.S. Bureau of The Census, 2000 Census 2nd 2002, estimates*

Demographic Statistics

Year	Population	Per Capita Income
1999	443,434	\$32,955
2000	453,962	35,139
2001	465,058	36,691
2002	465,290	36,520
2003	486,515	35,052

*Sources: 1998-2002, U.S. Bureau of the Census 2000 Census and July 1 Population Estimates
2003, Claritas, Inc., estimates Per Capita Income*

Unemployment

Year	Johnson County	MSA	U.S.
1999	1.9%	3.0%	4.1%
2000	2.4%	3.3%	4.0%
2001	3.4%	4.4%	5.8%
2002	3.4%	4.8%	5.8%
2003	3.9%	5.1%	5.7%

Source: U.S. Bureau of Labor Statistics, 1998-02, average annual data; 2003, December data.

Kansas and Missouri Metropolitan
Culture District Commission

Jackson County, Missouri – Demographic Information

General

Jackson County, Missouri, with a 2003 population of 659,723, is the second most populous county in the state of Missouri and is the most populous county in the Kansas City MSA. The oldest business and residential areas of the metropolitan region are located in Jackson County, primarily in the cities of Kansas City and Independence. The 2003 median household income is over 36 percent lower than the metropolitan area's median at \$44,214. While the county's population overall has made modest gains over the past two decades, growth in the eastern portions outside of Kansas City has been substantial. The county's employment base of approximately 479,000 jobs continues to expand, particularly in the areas of business, financial and professional services. Eighteen incorporated municipalities are located within the county. The county includes the major portion (72.2 percent) of the population of the City of Kansas City. Kansas City's total 2002 population was 443,471, making it the largest city in the state of Missouri. The City of Independence is the county seat. The county is governed by a county executive and a nine-member legislature. Jackson County encompasses 605 square miles.

*Source Claritas, Inc., 2003 estimates
MARC's 2002 Kansas City Metropolitan Area Long-Range Forecast
US Bureau of the Census, 2000 census and 2003 estimates*

Demographic Statistics

Year	Population	Per Capita Income
1999	654,073	\$20,227
2000	655,349	20,628
2001	655,855	21,514
2002	660,773	24,173
2003	659,723	23,432

*Sources: 1998-2002, U.S. Bureau of the Census 2000 Census and July 1 Population Estimates
2003, Claritas, Inc., estimates Per Capita Income*

Unemployment

Year	Jackson County	MSA	U.S.
1999	3.6%	3.0%	4.1%
2000	3.7%	3.3%	4.0%
2001	4.9%	4.4%	5.8%
2002	5.5%	4.8%	5.8%
2003	5.8%	5.1%	5.7%

Source: U.S. Bureau of Labor Statistics, 1998-02, average annual data; 2003, December data.

Kansas and Missouri Metropolitan
Culture District Commission

Clay County, Missouri – Demographic Information

General

Clay County, Missouri, with a 2003 population of 194,247, is the sixth most populous county in the state of Missouri. Clay County has both an older, industrial base and newly developing suburban areas. The county's 2003 median household income of \$54,271 is just above the metropolitan area's median household income. Clay County has an employment base of more than 110,000 jobs. Twenty-five incorporated municipalities are located within the county. Seventeen percent of the population of Kansas City resides in Clay County. The county is governed by a three-member commission. The City of Liberty, the county seat, is located in the south central part of the county, approximately 16 miles northeast of downtown Kansas City, Missouri. Clay County encompasses 397 square miles.

*Source Claritas, Inc., 2003 estimates
MARC's 2002 Kansas City Metropolitan Area Long-Range Forecast
US Bureau of the Census, 2000 census and 2003 estimates*

Demographic Statistics

Year	Population	Per Capita Income
1999	181,984	\$21,805
2000	184,765	22,634
2001	188,241	24,247
2002	191,381	25,991
2003	194,247	26,128

*Sources: 1998-2002, U.S. Bureau of the Census 2000 Census and July 1 Population Estimates
2003, Claritas, Inc., estimates Per Capita Income*

Unemployment

Year	Clay County	MSA	U.S.
1999	2.4%	3.0%	4.1%
2000	2.2%	3.3%	4.0%
2001	3.1%	4.4%	5.8%
2002	3.7%	4.8%	5.8%
2003	3.8%	5.1%	5.7%

Source: U.S. Bureau of Labor Statistics, 1998-02, average annual data; 2003, December data

Kansas and Missouri Metropolitan
Culture District Commission

Platte County, Missouri – Demographic Information

General

Platte County, Missouri, with a 2003 population of 79,390, is a rapidly growing part of the Kansas City MSA. The county's population is predicted to exceed 100,000 within 20 years. Platte County's 2003 median household income is estimated at \$62,703, 16% greater than the median of the metropolitan area. The metropolitan area's major airport, KCI, is located in the county. Much of the economic growth in the county is concentrated in business and industrial park areas around KCI. There are 19 incorporated cities in Platte County. Eight percent of the population of the City of Kansas City resides in the county. The City of Platte City is the county seat and is located approximately 25 miles northwest of downtown Kansas City, Missouri. Platte County encompasses 420 square miles.

*Source Claritas, Inc., 2003 estimates
MARC's 2002 Kansas City Metropolitan Area Long-Range Forecast
US Bureau of the Census, 2000 census and 2002 estimates*

Demographic Statistics

Year	Population	Per Capita Income
1999	72,555	\$24,224
2000	74,205	25,183
2001	76,223	27,067
2002	77,655	29,264
2003	79,390	30,405

*Sources: 1998-2002, U.S. Bureau of the Census 2000 Census and July 1 Population Estimates
2003, Claritas, Inc., estimates Per Capita Income*

Unemployment

Year	Platte County	MSA	U.S.
1999	2.0%	3.0%	4.1%
2000	2.0%	3.3%	4.0%
2001	2.4%	4.4%	5.8%
2002	3.7%	4.8%	5.8%
2003	3.6%	5.1%	5.7%

*Source: U.S. Bureau of Labor Statistics, 1998-02, average annual data; 2003, December data
al data; 2002, December data.*