



Comprehensive Annual Financial Report



Comprehensive Annual Financial Report

For the
Department of Aviation
an Enterprise Fund of the
City of Kansas City, Missouri

For the years ended
April 30, 2006 and 2005

Prepared by:

Finance & Accounting Division

Michael F. Zonsius, CPA
Deputy Director / Finance & Accounting

Eric B. Clevenger, CPA
Aviation Controller

Danelle J. Harrison
General Ledger Supervisor



Kansas City (the City) is a constitutionally chartered city and political subdivision of the State of Missouri, incorporated on June 3, 1850. The City is the central city of a fifteen-county Metropolitan Statistical Area (MSA) situated at the confluence of the Kansas and Missouri rivers.

The City is governed by a city council comprised of a mayor and twelve (12) other elected members. The City Council is elected to four-year terms of which only two terms may be consecutive. The Mayor and six of the Council Members are elected at large and six council members are elected by the residents of their districts. The City Council is responsible for establishing City policy and overseeing City affairs.

The Mayor appoints four members of the City Council to serve on the City's Aviation Committee. This committee performs in-depth reviews of proposed Aviation Department legislation and objectives.

Subsequent to the review of department legislation, the Committee will forward a recommendation to the full City Council for approval.

The City Council is also responsible for appointing the city manager who is responsible for implementing the City policies approved by the City Council. The City Manager appoints and has oversight responsibility for the Director of Aviation.

The Director of Aviation (the Director) is responsible for the operation and maintenance of the Department's three facilities: Kansas City International Airport, Charles B. Wheeler Downtown Airport and the former Richards-Gebaur Memorial Airport. The Director is also responsible for department staffing requirements and operates the department via nineteen divisions. Each division manager is responsible for budgeting and overseeing the daily operations of his/her respective division.

CITY OF KANSAS CITY, MISSOURI

Kay Barnes, Mayor

City Council Members

Council Members-at-Large

District 1Deb Hermann
District 2Bonnie Sue Cooper
District 3Troy Nash
District 4Jim Glover
District 5Rebecca "Becky" Nace ✦
District 6Alvin L. Brooks ✦

✦ Denotes member of Aviation Committee
✦✦ Denotes Chairman of Aviation Committee

District Council Members

District 1Bill Skaggs ✦✦
District 2John Fairfield
District 3Saundra McFadden-Weaver ✦
District 4George Blackwood ✦
District 5Terry Riley
District 6Charles A. Eddy

Wayne Cauthen, City Manager

DEPARTMENT OF AVIATION

Mark D. VanLoh	Director
Vacant	Deputy Director/Operations & Maintenance
Michael F. Zonsius	Deputy Director/Finance & Accounting

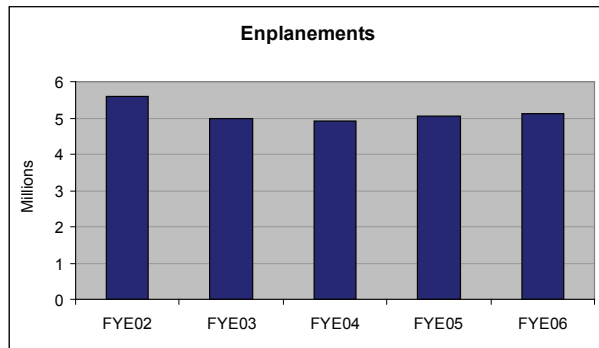


TABLE OF CONTENTS

Introductory Section

Transmittal Letter	11
Organizational Chart	16
Certificate of Achievement	17

Financial Section

Independent Auditors' Report	21
Management's Discussion and Analysis	23
Financial Statements	
Statements of Net Assets	28
Statements of Revenues, Expenses, and Changes in Net Assets	30
Statements of Cash Flows	31
Notes to Financial Statements	33
Other Supplementary Information	
Schedule of Actual vs Budgeted Expenses	52
Schedule of Insurance in Force	53
Schedule of Bond Issue Costs	54
Schedule of Construction in Progress	55
Schedule of Asset Projects Capitalized	56

Statistical Section

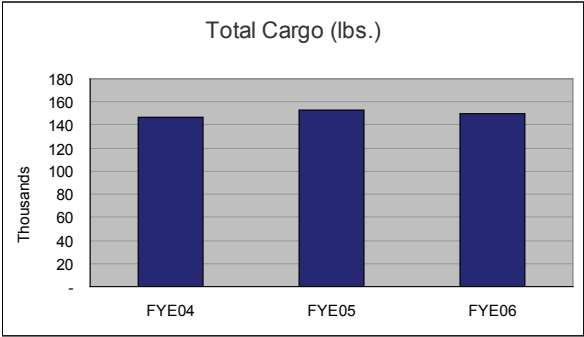
Schedule of Historical Net Assets and Cash Flows	60
Schedule of Historical Revenues and Expenses	62
Schedule of Statement of Cash Flows	64
Schedule of Unrestricted and Restricted Cash and Cash Equivalents	66
Schedule of Ratios of Outstanding Debt, Debt Service and Debt Limits	68
Schedule of Grants	70
Schedule of Highest Paying Customers	71
Schedule of Department of Aviation Operating Expenditures by Division	72
Schedule of Department of Aviation Full-time and Equivalent Employees by Division	74
Schedule of Revenues, Expenses, and Changes in Fund Net Assets by Facility	75
Schedule of Population	76
Schedule of Most Popular Destinations	77
Map of Non-Stop Flights	78
Schedule of Passenger and Cargo Airlines	79
Schedule of Airline Service	80
Schedule of Rates & Charges	82
Schedule of Facility Information	83

Compliance Section

Independent Auditors' Report	87
Schedule of PFC Funds Collected and Expended	88
Notes to Schedule of PFC Funds Collected and Expended	89

Bond Disclosure Section

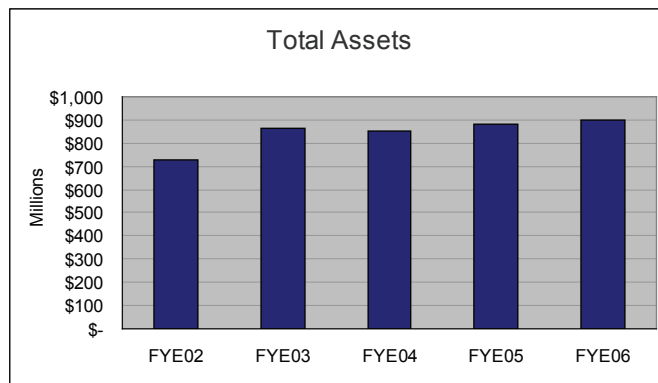
Schedule of Annual Passenger Enplanements	93
Schedule of Monthly Enplanements	94
Schedule of Changes in U.S. Domestic Monthly Enplanements	95
Schedule of Airlines Market Share	96
Schedule of Aircraft Operations	98
Schedule of Enplaned Cargo	99
Schedule of Commercial Aircraft Landed Weight by Airline	100
Schedule of Commercial Aircraft Landings	102
Schedule of Annual Parking Revenue by Facility	104
Schedule of Total Airport System Revenue & Expenses	106
Schedule of Historical Operating & Maintenance Expenses	108
Schedule of Historical Revenues	110
Schedule of Historical Airline Cost Per Enplaned Passenger	112
Schedule of Historical GARB Debt Service Coverage	113
Schedule of PFC Revenues	114
Schedule of PFC Bond Sufficiency Covenant	115



INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

TRANSMITTAL LETTER
ORGANIZATIONAL CHART
CERTIFICATE OF ACHIEVEMENT





**KANSAS CITY
AVIATION DEPARTMENT**

Kansas City International Airport
601 Brasilia Avenue
Kansas City, Missouri 64153

October 20, 2006

Honorable Mayor and City Council Members,

City of Kansas City Missouri;

Mr. Wayne Cauthen, City Manager, City of Kansas City, Missouri;

Citizens of Kansas City; and,

Fellow Employees:

I hereby present the Comprehensive Annual Financial Report (CAFR) of the Department of Aviation (Department) for the City of Kansas City (City).

State law requires that all political subdivisions publish an annual report of financial transactions. This report is published to fulfill that requirement for the fiscal year ended April 30, 2006. The independent accounting firm, KPMG LLP, whose report is included, has issued an unqualified ("clean") opinion on the Department's financial statements for the year ended April 30, 2006. The independent auditor's report is located at the front of the financial section of this report. The independent accounting firm also conducted an audit of compliance as required by Section 14 of the Code of Federal Regulations (CFR) Part 158, Passenger Facility Charges.

This report was prepared by the Accounting & Finance Division of the Department, which is committed to the accurate disclosure of reporting to the City Council and citizens of the City.

The financial statements, statistical, and bond disclosure information contained herein are representations of the Department management which bears the responsibility for the accuracy, completeness, and fairness of this report. To the best of my knowledge, these representations are accurate in all material respects.

This report is prepared in accordance with the guidelines set forth by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards a Certificate of

Achievement to all public entities whose CAFR has attained the high standards of public financial reporting, including U.S. generally accepted accounting principles (GAAP) promulgated by the Government Accounting Standards Board (GASB). Subsequent to publication of this report, it will be submitted for consideration by GFOA in meeting the high standards of disclosure and reporting.

In accordance with GFOA's criteria for awarding a Certificate of Achievement for Excellence in Financial Reporting, this report is comprised of five sections:

1. Introductory Section, including this transmittal letter.
2. Financial Section, including the independent auditors' opinion, management's discussion and analysis, financial statements, related footnotes, required supplementary information, and other supplementary information.
3. Statistical Section, providing financial, economic, and industry-specific information.
4. Compliance Section, including Passenger Facility Charge.
5. Bond Disclosure Section, including all reports necessary for continuing bond disclosure.

The reader is encouraged and reminded that the Management's Discussion and Analysis (MD&A) beginning on page 23 is a narrative representation of this past year's financial results and should also be read with this letter.

Profile of The Department of Aviation

The Department is a department of the City and commenced operations concurrent with the dedication of the Kansas City Municipal Airport, now the Charles B. Wheeler Downtown Airport, on August 17, 1927 by aviation legend, Charles Lindbergh. The Department now oversees operations at three transportation facilities: Kansas City International Airport, Charles B. Wheeler Downtown Airport, and Richards-Gebaur Intermodal Facility (formerly Richards-Gebaur Memorial Airport).

Kansas City International Airport

Kansas City International Airport (MCI) is located 18 miles north of downtown Kansas City, Missouri, and is comprised of 10,725 acres. MCI officially opened on November 11, 1972 and serves as the primary passenger air carrier airport. MCI has three fully instrumented runways and a full complement of parallel taxiways that are capable of handling any aircraft in service today. To accommodate all passengers, the airport has three passenger terminals that have a total of over one million square feet with 71 boarding gates and 50 passenger boarding bridges. Each of the three terminals includes a full complement of offices, food and beverage concession areas, restrooms, news and gift shops, departure lounges, and baggage handling facilities. The airport has 23,213 parking spaces to accommodate vehicles for airport visitors.

Charles B. Wheeler Downtown Airport

The Charles B. Wheeler Downtown Airport formerly served as Kansas City's air carrier airport prior to MCI's opening in 1972. The airport is conveniently located across the river from the downtown area and is comprised of 697 acres, approximately the same size as when it was dedicated in 1927. The airport currently services the general aviation community as a reliever airport with two fixed base operations, hangar, tie-down, maintenance aircraft rental, and charter and training services. The airport is also home to a college-level aircraft maintenance school and aircraft museum.

Richards -Gebaur Intermodal Facility

Richards-Gebaur (RG), located on the south side of the City, is a former United States Air Force Base. Although the Air Force ceased using this facility many years ago, RG was used for general aviation purposes until it was officially closed by the FAA on January 10, 2000. The City/Department accepted the responsibility of operating the facility until August 3, 1999 when a public referendum was passed to approve the closing of the airport's runway to establish an intermodal freight transportation facility. Part of RG is currently under a lease agreement with Kansas City Southern Railroad for the

development of the intermodal facility. On April 19, 2001, the City Council accepted the master plan and approved the recommendation that RG remain closed for aviation purposes. RG encompasses 1,500 acres.

Long Term Financial Planning

The Department has two long term financial goals:

- 1) To diversify more revenue away from aviation related industries. Currently, the Department's revenue is concentrated on the airline industry, to hedge against any future downturns in the airline industry, the Department will diversify its revenue into other industries. This past year the Department signed an agreement with Trammel Crowe to develop land in the warehousing industry.
- 2) Increase the percentage of fixed revenue. The Department currently has a far greater percentage of variable revenue than fixed revenue, which is favorable in a positive economic environment and unfavorable in a declining economic environment. So as to weather any future declining economic environments, and when it is financially prudent, the Department will pursue fixed versus variable revenue streams to protect itself from any economic downturns.

Local Economy

Kansas City, Missouri, is the most centrally located principal city in the United States. Such a logistically favorable location has allowed the City to flourish as a mecca for transportation-related industries and companies, as evidenced by the decision of 11 major passenger air carriers, 5 major cargo air carriers, 5 first-class railroads and well over 100 trucklines to serve Kansas City. Within a three-hour flight, one can be in any one of the fifty 50 major cities in the "lower 48." Not only is Kansas City served in the air, but it is served on the ground as well. The City is the second largest railroad hub in the country (Chicago is first) and is also the headquarters for Kansas City Southern Railroad. Located at the cross hairs of America, the City is well suited for truck transportation and is the headquarters for YRC Worldwide (formerly known as Yellow Roadway Corporation) as well as five *Fortune 500* companies.

The City has historically pursued a policy of annexation, and is today the 13th largest city in land area in the United States with a total area of approximately 317 square miles.

The City has a metropolitan statistical area (MSA) that includes a total of 15 counties, 8 and 7 of these counties are located in the

states of Missouri and Kansas, respectively. Those counties located in Missouri include Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray and those located in Kansas include Bates, Franklin, Johnson, Leavenworth, Linn, Miami, and Wyandotte. In total, this 15 county MSA encompasses an area of 7,605 square miles. Within this MSA are three principal cities; Kansas City, Missouri, Overland Park, Kansas, and Kansas City, Kansas. The population in calendar year 2005 and 2004 was 1,997,504 and 1,926,959, respectively.

The primary Air Service Area (ASA) serves the population within and beyond the MSA and includes the Buchanan, Missouri and Douglas, Kansas counties. In total, 2,081,451 residents live within the ASA. and no other hub airport overlaps the primary ASA. The nearest large hub airport, St. Louis, is located 250 miles away. Small hub airports, Des Moines and Wichita, are each located 190 miles away. The population of the MSA comprises 91.1 percent of the ASA's population and, therefore, all discussion of economic trends will focus on the MSA.

The unemployment for the MSA, as compared to that of the states of Missouri and Kansas, and the national average, is as follows:

	FYE06	FYE05	FYE04
Kansas City MSA	4.5%	5.4%	5.4%
State, Missouri	4.4	5.3	5.2
State, Kansas	4.2	4.8	5.2
National	4.7	5.1	5.5

Source: www.bls.gov, not seasonally adjusted

There has been a general overall improvement in unemployment and more importantly this improvement appears to be a trend that will continue into the foreseeable future. In contrast to the improvement in unemployment rate, there is a moderate increase in the Kansas City MSA's inflation rate as shown below. This past calendar year inflation increased 2.5 percent as compared to 2.1 percent increase in the previous calendar year.

	CPI-U	Annual % Increases
C2000	166.6	4.1%
C2001	172.2	3.4
C2002	174.0	0.1
C2003	177.0	1.7
C2004	180.7	2.1
C2005	185.3	2.5

Highlights

July 2005: Departure Lounge Restrooms and Concessions Open
 The first of 12 airline departure lounge restrooms and food concessions opened. Restrooms and concessions beyond the security checkpoint were a common customer request after the completion of the Terminal Improvement Program (November 2004) and the increase in security screening procedures. The 11 remaining facilities will be constructed within one year.

October 2005: America West moves to Terminal A
 As part of the merger with US Airways, America West Airlines moved from Terminal C to Terminal A on the evening of October 11th.

November 2005: Aircraft Rescue Firefighting Facility Completion
 An Aircraft Rescue Firefighting Facility was completed at a cost of \$6 million. This facility accommodates five ARFF vehicles and is more centrally located to provide better incident coverage. The cost of the facility was funded 68.3 percent by the FAA.

December 2005, Southwest Airlines Announces Nonstop Service to Dallas Love Field
 Following President George W. Bush's signing of a transportation appropriations bill containing language that exempts Missouri from federal restriction placed on Dallas' Love Field airport, Southwest Airlines announced new nonstop jet service. Southwest started this service on December 13 with four daily nonstop flights.

December 2005: Operation Heartsafe Introduced
 Kansas City International Airport teamed up with Saint Luke's Mid America Heart Institute and Anne Peterson Productions on a new program called Operation Heartsafe. The initiative includes a series of Public Service Announcements that will run on the CNN Airport Network TV monitors and flight information displays at MCI to increase awareness and instruct travelers if they witness a cardiac emergency in the airport. This program included the installation of 18 automatic external defibrillators (AEDs).

March 2006: Checkpoint Modification Project
 Security checkpoints at Kansas City International Airport were reconstructed to further enhance Kansas City air travel. Where needed, changes were made that resulted in more room for security procedures and improved passenger flow through the checkpoints. Other modifications included frosting glass walls to obscure passengers' view of screening equipment and the addition of a private room at each checkpoint for travelers selected for secondary screening.

April 2006: Passenger Traffic

In the last four months of the fiscal year, enplanements increased 41.2 percent, or 477,125 above that for the same four month period the prior year. Management is expecting the trend to continue throughout the summer.

April 2006: Air Service

The changes in passenger airline service this past year are as follows:

	Daily Domestic Departures	Non-Stop Destinations
FYE05 Balance	203	46
Increases	40	23
Reductions	<u>(35)</u>	<u>(18)</u>
FYE06 Balance	<u>208</u>	<u>51</u>

In FYE06, new domestic passenger service was provided to Love Field in Dallas, Pittsburgh, Boston and Harrison, Arkansas.

Grant Management

The Department has relied heavily on Airport Improvement Program (AIP) grants, sponsored by the Department of Transportation Federal Aviation Administration, to fund many of its capital improvement projects, including the cost of land, aircraft rescue and firefighting equipment, and costs associated with passenger security. Normally, these grants will fund between 75 and 90 percent of the entire project. The remaining portion is funded by Department funds.

At FYE06, the Department had 11 AIP grants open, three of which were opened in the current fiscal year. Please see page 70, Schedule of Grants for more details.

The Department also as an operating grant from the Federal Aviation Administration that funds the costs to provide canine bomb detection services. The annual proceeds provided by this grant is \$120,500.

Cash Management

The City administers the cash management of the Department's funds and invests them in accordance with the City's charter Section 2-1611, *Investment of idle cash*. This section allows for the invest-

ment of idle cash in financial instruments that are safe, liquid, and offer a high yield, in that order of priority. The City maintains pooled and restricted investments in accordance with the city charter investment policy.

Art Fund

The Department is a part of the City's One Percent for Art program. This is a legislated program passed in December 1986, which requires that one percent of the cost of the construction, reconstruction or remodeling of any municipal building be set aside for public art.

This past year the artwork, *Double Monopole*, a light and water sculpture by internationally-known artist Keith Sonnier was created.

The Budget

Department management has long recognized the importance of proper and accurate budgeting. To this end, the Department annually creates a budget and submits it to the City Council for approval.

Department control of the budget is maintained using encumbrances. A report of year-to-date actuals vs. budget is prepared monthly and distributed to all division managers.

Internal Control

The Department's internal control structure is an important and integral part of its entire accounting system. The current structure in place is designed to provide reasonable, but not absolute, assurance that:

1. Assets are safeguarded against loss from unauthorized use or disposition;
2. Transactions are executed in accordance with management's authorization;
3. Financial records are reliable for preparing financial statements and maintaining accountability for assets; and
4. There is compliance with applicable laws and regulations.

The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits that are likely to be derived from them, and that the evaluation of costs and benefits requires estimates and judgement by management.

I believe that the Department's internal control framework adequate-

ly safeguards assets and provides reasonable assurance and proper recording of financial transactions. Management also believes that the data in this CAFR, as presented, is accurate in all material respects, that it presents fairly the financial position, results of operations, and cash flows of the Department, and that all disclosures necessary to enable the reader to gain maximum understanding of the Department's financial affairs have been included herein.

The Department has an internal audit division that consists of one full-time employee. An audit committee comprised of the Director of Aviation and two Deputy Directors directs the duties and audits of this division.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kansas City's Department of Aviation for its comprehensive annual financial report for the fiscal years ended April 30, 2005 and 2004. This was the second in as many years the Department of Aviation prepared and submitted a comprehensive annual financial report for consideration of this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

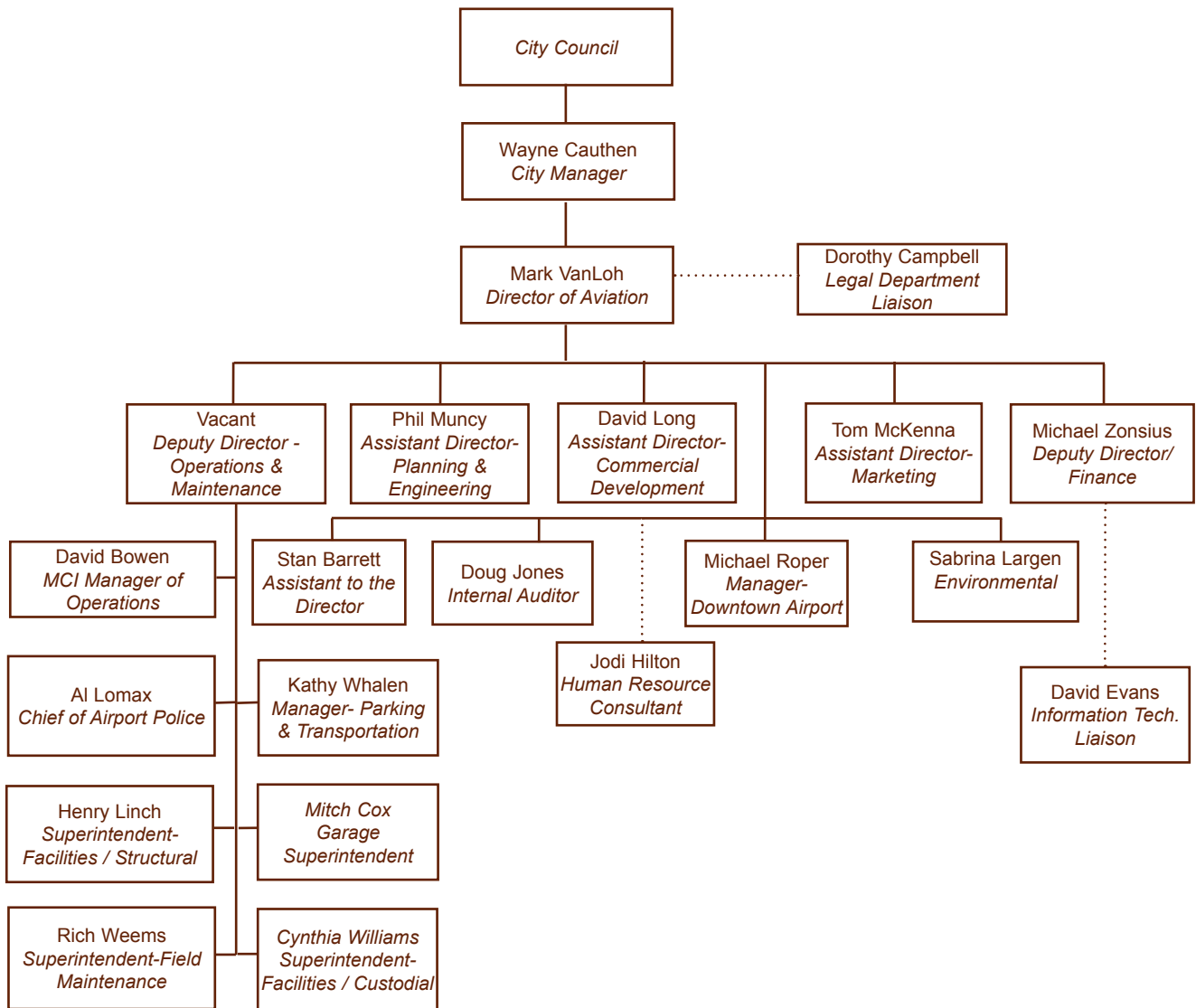
Acknowledgements

The production of this report is a cooperative effort of all the Divisions within the Aviation Department and, to this end, I extend my appreciation to all Divisions and their respective employees. I particularly recognize the efforts of the Accounting & Finance Division employees for the preparation of this report and their endeavor to accurately portray the financial operations of this Department.

Lastly, I would like to acknowledge the support of the City of Kansas City, Missouri, its City Council, the members of the Aviation Committee and Mr. Wayne Cauthen, City Manager.

Mark VanLoh, AAE
Executive Director





Certificate of Achievement For Excellence in Financial Reporting

Presented to

Department of Aviation,
City of Kansas City, Missouri

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended
April 30, 2005

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.



Carla E. Perry

President

Jeffrey R. Emery

Executive Director

This page intentionally left blank.

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

INDEPENDENT AUDITORS' REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL STATEMENTS, INCLUDING NOTES TO FINANCIAL STATEMENTS
OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT



KPMG LLP, Suite 1000, 1000 Walnut Street, Kansas City, MO 64106-2162

Honorable Mayor and Members of the City Council, Kansas City, Missouri:

We have audited the accompanying financial statements of the City of Kansas City Airports Fund (the Fund) as of and for the years ended April 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the Fund and are not intended to present fairly the financial position of the City of Kansas City, Missouri, and the changes in its financial position and cash flows where applicable for the years ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of April 30, 2006 and 2005, and the changes in its financial position and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

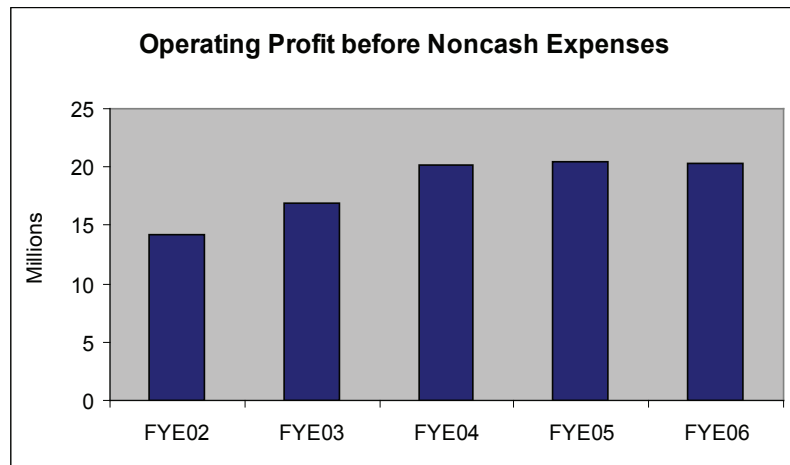
Management's discussion and analysis on pages 23 through 27 is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. The other supplementary information are presented for the purpose of additional analysis and are not a required part of the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the management discussion and analysis and supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the Fund's financial statements. The introductory section, statistical section, and bond disclosure section are presented for the purpose of additional analysis and are not a required part of the financial statements. The introductory section, statistical section, and bond disclosure section have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

KPMG LLP

Kansas City, Missouri
October 20, 2006

KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.



This management's discussion and analysis (MD&A) of the City of Kansas City, Missouri's Aviation Department (Department) provides an introduction and overview of the Department's financial statements and activities for the fiscal years ending April 30, 2006 and 2005. The Kansas City Airports Fund is an enterprise fund of the City of Kansas City, Missouri, (the City) and is supported wholly by airport user charges. No general tax fund revenues are used for the administration, promotion, operation, or maintenance of the airports in the system. The Department is charged with the responsibility to operate and maintain the City's two airports: Kansas City International Airport (MCI) and Charles B. Wheeler Downtown Airport (MKC), as well as the Richards-Gebaur Intermodal Transportation Facility (RG).

The information contained herein should be considered in conjunction with the financial statements, notes, and other supplemental information in order to provide a complete understanding of the financial performance and activities this past year. The City combines the financial operations of the City's two airports and Richards-Gebaur into one set of financial statements for the entire Department.

Overview of the Financial Statements

The accompanying financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles, as set forth by the Governmental Accounting Standards Board (GASB). Revenues and expenses are recognized when earned and incurred, not when received or paid. Capital assets, except land and construction in process, are depreciated over their useful lives. (See the notes to the financial statements for significant accounting policies).

The statement of net assets compares the Department's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Department's financial position.

The statement of revenues, expenses and changes in net assets presents information showing how the Department's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

In the statement of cash flows, only transactions that affect the Department's cash accounts through operating activities, financing activities, and investing activities are listed.

Airport Activities and Highlights

One of the Department's "bell weather" activity indicators, passenger enplanements, reacted to favorable economic conditions and increased 1.7 percent in FYE06. This increase led to increased revenues in parking, concessions, and passenger facility charges. In the prior year, FYE05, enplanements increased 2.7 percent.

The Department's other "bell weather" activity indicator, aircraft landed weight, decreased in FYE06 as airlines were using more lighter-weight regional jets than in the prior year. This decrease did not translate to lower airfield revenues as a new Use and Lease Agreement with the signatory airlines became effective May 1, 2005.

To a lesser extent, enplaned cargo is used as an indicator of the Department's activity. In FYE06, cargo marginally decreased 1.86 percent.

	FYE06	FYE05	FYE04
Enplanements	5,112,330	5,036,886	4,905,086
Cargo Enplaned (lbs.)	150,227	153,071	147,062
Landed Weight (lbs.)	8,077M	8,283M	8,426M

Financial Position and Assessment

Summary of Operating Revenues

As a result of the Department's favorable activities in FYE06, the Department's operating revenue continued to grow, increasing approximately \$9.5 million, or 13.4 percent, from the previous year. This is the Department's fourth consecutive year of an increase in operating revenue and its first year that revenues have more than marginally surpassed pre-911 levels. Also contributing to the increase were revenues derived from leased properties which increased \$2.1 million, or 36.4 percent from the previous year. In FYE05, operating revenue increased \$1.5M, or 2.2 percent from the prior year and resulted from increases in both parking and concession revenues.

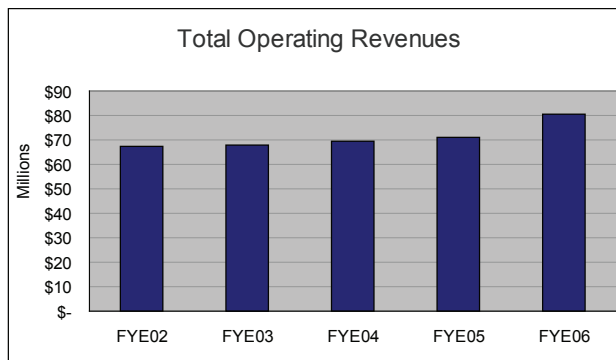
FYE06, FYE05 and FYE04 operating revenues are itemized as follows (in thousands):

	FYE06	FYE05	FYE04
Terminal fees			
Terminal floor space	\$8,196	\$6,789	\$6,834
Apron	1,728	1,834	1,761
Passenger boarding bridges	1,029	734	708
Total	10,953	9,357	9,303
Airfield fees			
Landing fees	11,003	9,359	9,546
Fuel flowage fees	659	680	682
Total	11,662	10,039	10,228
Parking			
Parking	35,473	34,314	32,878
Livery trip fees	297	295	415
Total	35,770	34,609	33,293
Property rental			
Aviation	4,389	2,327	3,001
Non-aviation	3,540	3,487	3,353
Total	7,929	5,814	6,354
Auto rental fees			
Property rental	1,309	2,261	1,139
Concession	7,064	5,568	6,726
Total	8,373	7,829	7,865
Transportation Facility Charge	1,760	-	-
Concessions			
Food & beverage	1,573	1,095	587
News, gifts, & merchandise	1,636	1,398	862
Other	382	265	236
In-flight food service	206	353	359
Total	3,797	3,111	2,044
Other	136	160	287
Total operating revenue	<u>\$80,380</u>	<u>\$70,919</u>	<u>\$69,374</u>

Terminal fees, and primarily that of terminal floor space revenue, increased as a result of changes in the renegotiated Use & Lease Agreement that became effective May 1, 2005. One of the changes within the agreement was the reallocation of operating expenses to the following four cost centers: airfield, terminal, apron and passenger boarding bridge. The increase, however, was partially offset by Apron fees that were also renegotiated in the same agreement. Passenger boarding bridge fees increased \$295 thousand due to the increased cost of maintaining each bridge as a result of the increased complexity of recently added bridges.

Landing fees increased \$1.6 million, or 17.6 percent in FYE06 and this increase was also reflective of changes to the new Use and

Lease Agreement. In FYE05, landing fees decreased \$187 thousand as a result of a 143 million pound, or 1.7 percent, decrease in aircraft landed weight.



Parking revenue increased approximately \$1.16 million as a result of the increase in enplanments this past year. This increase is slightly lower increase than the \$1.32 million increase realized in FYE05 that resulted from the opening of the new Economy Parking Lot. (opened January 2004).

The Department's property rental revenue in FYE06 increased a total of \$2.1 million. Although a decrease was to result from the transfer of the American Airlines Overhaul Base ("Base") revenue to the separately recognized Overhaul Base Special Facility Fund, revenue was more than made up from other sources. One of these sources was the reimbursement of utility expenses incurred at the Base which amounted to approximately \$1.6 million.

In FYE06, the Department recognized a new source of operating revenue, Transportation Facility Charges. These charges are assessed at \$2 per transaction day on rental car contracts to pay for a new bus facility to house buses that will be used for transporting passengers between the new consolidated rental car facility and the terminals. The fee will also pay for maintenance of the new rental car facility.

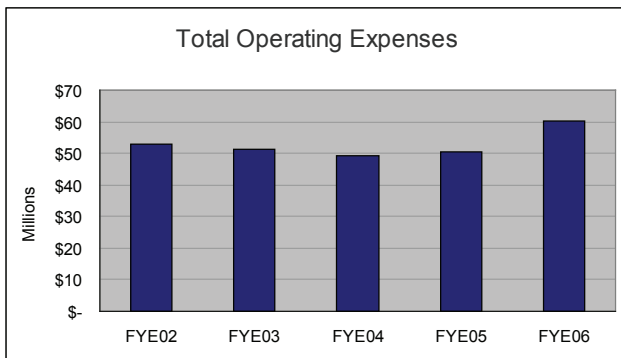
Concession fees, specifically Food & Beverage and News, Gifts & Merchandise, increased by 22 percent in FYE06. Not only is the increase attributed to additional enplanments, but also, the recognition of higher commissions on sales over a twelve month period. FYE05 Concession revenue increased \$1.07 million as a result of an increase in the sales commission that became effective in December 2004 upon of the completion the Terminal Improvement Project.

Summary of Operating Expenses (in thousands)

Operating expenses increased approximately \$9.6 million or 19.0 percent from the previous year, with the "lions share" of the increase attributable to contractual services. The previous year, FYE05, operating expenses increased a marginal \$1.26M or 2.6 percent. Operating expenses for the past three (3) years are itemized as follows (in thousands):

	FYE06	FYE05	FYE04
Salaries, wages and benefits	\$24,007	\$22,169	\$21,121
Contractual services	33,071	25,680	25,474
Commodities	2,977	2,622	2,617
Total	<u>\$60,055</u>	<u>\$50,471</u>	<u>\$49,212</u>

Besides the annual salary and wage increase necessary for retaining quality employees, the increase in Salaries, Wages and Benefits was also due to a \$1.1 million increase in contributions to the employee pension plan. This past year the Department contributed \$2,656,745 to the pension plan



which is 17.7 percent of salaries. The \$7.4 million increase in contractual services is attributed to increases of \$1.8 million in fees for the new bus service agreement with the rental car companies,

\$1.6 million in utility fees for the central utilities plant which is a part of the American Airlines Overhaul Base, \$1.7 million in electrical expenses, \$800 thousand in a parking service agreement, and \$600 thousand in natural gas expenses.

In FYE05, operating expenses increased approximately \$1.3 million, or 2.6 percent. Salaries, wages and employee benefits increased approximately \$1 million, or 5.0 percent. This increase was attributed to increases in employee wages of \$285 thousand and employee health insurance of \$512 thousand.

Summary of Statement of Revenues, Expenses and Changes in Net Assets

FYE06 net assets increased a favorable \$23.7 million. This increase is reflective of both an increase in operating revenues, as previously discussed, and an increase in capital contributions. Net assets in FYE05 decreased \$4.1 million and contributing to this decrease was a \$10.3 million increase in non-cash operating expenses, all of which was depreciation. The increase in depreciation was due to the first full year of depreciation for the \$59 million Economy Parking Lot and six months of depreciation for the \$257 million Terminal Improvement Project.

A summary of revenues and expenses for the past three years is as follows (in thousands):

	FYE06	FYE05	FYE04
Operating revenues	\$80,379	\$70,919	\$69,374
Operating expenses	<u>60,056</u>	<u>50,471</u>	<u>49,212</u>
Operating income before non-cash operating expenses	20,324	20,448	20,162
Non-cash operating expenses:			
Depreciation	41,575	30,562	20,015
Depreciation-grant proceeds	7,692	8,088	8,385
Amortization	354	288	210
Total	<u>49,621</u>	<u>38,938</u>	<u>28,610</u>
Operating loss	(29,297)	(18,490)	(8,448)
Nonoperating revenue:			
Interest	7,396	3,189	4,879
Passenger facility charge	20,253	13,655	13,880
Customer facility charge	6,148	5,977	5,887
Operating grant revenue	130	136	937
Other	211	615	187
Total nonoperating revenue	34,138	23,572	25,770
Nonoperating expense:			
Interest	19,187	14,676	9,324
Other	2,886	328	91
Total nonoperating expense	22,073	15,004	9,415
Nonoperating income	12,065	8,568	16,355
Income (loss) before cap. contr.	(17,232)	(9,922)	7,907
Capital contributions	<u>40,898</u>	<u>5,817</u>	<u>3,258</u>
Increase (decr.) in net assets	23,666	(\$4,105)	\$11,164
Net assets - beginning of year	450,878	454,983	443,819
Net assets - end of year	<u>\$474,544</u>	<u>\$450,878</u>	<u>\$454,983</u>

Passenger facility charges partially contributed to the increase in nonoperating revenue and increased to \$20.3 million as a result of an increase in the passenger facility charge fee from \$3.00 to \$4.50 per enplanement. In comparison to the prior year, passenger facility charge revenue was \$13.6 million.

As a beneficiary of higher interest rates, interest revenue increased \$4.2 million and contributed to the overall \$10.6 million increase in nonoperating revenue. This compares favorably with the prior fiscal year during which interest revenue and nonoperating revenue decreased approximately \$1.7M and \$2.2M, respectively. Also attributing to the decrease in FYE05 was the expiration of an operating grant for buses with the Missouri Department of Transportation.

In concert with the nonoperating revenues, FYE06 nonoperating expenses increased as well, \$7.1 million, or 47.1 percent from the prior year. This increase is mostly attributable to \$4.5 million in additional interest expense. Although interest paid increased only slightly, as shown in the following table, interest expense increased in FYE06 as FYE05 had \$3.3 million more of capitalized interest on construction projects. Interest is capitalized and not expensed on projects when the projects are funded by bonded debt and the project is under construction. In FYE06, the only ongoing capital project for which interest is capitalized was the consolidated rental car facility.

For this past year, the Department had the following additions and deductions from the interest paid on its outstanding bonds:

	FYE06	FYE05	FYE04
Interest paid	\$20,158,000	\$19,138,877	\$20,242,594
Interest capitalized	(1,153,481)	(4,453,501)	(10,905,918)
Accrued interest	100,655	(160,950)	(372,493)
Amortized loss on refunding	630,627	654,067	571,711
Amortized bond discount	76,342	71,223	91,023
Amortized premium	(604,645)	(486,723)	(304,623)
Interest exp. on refund.	-	90,444	-
Interest rev. on bond sale	(23,236)	(180,245)	-
Fiscal agent fees paid	2,631	2,577	2,004
Interest Expense	<u>\$19,186,893</u>	<u>\$14,675,769</u>	<u>\$9,324,298</u>

Debt Administration

Total debt outstanding at FYE06 was approximately \$398 million, a \$14.7 million decrease from the previous year. The decrease is due to a payment of \$11.78 million for principal on bonds, and the issuance on August 15, 2005, of General Improvement Airport Refunding Revenue bonds, Series 2005H bonds, in the amount of \$19,615,000 which were sold to refund \$22,490,000 outstanding on Series 1995A bonds.

Please refer to Footnote 8 for more details.

Capital Contributions

Capital contributions, grant revenue, increased approximately \$35.1M in FYE06 as the Department received reimbursement on completed projects at both KCI and Downtown airports. Receipts from grants are as follows:

	FYE06	FYE05
AIP-3-29-0040-34	\$1,389,800	1,775,141
AIP 3-29-0040-37	5,178,810	2,593,983
AIP 3-29-0040-38	48,811	537,587
AIP 3-29-0040-41	532,843	1,436
AIP 3-29-0040-42	394,507	32,817
AIP 3-29-0040-43	925,341	716,057
AIP 3-29-0040-44	3,803,506	-
AIP 3-29-0040-45	6,748,979	-
AIP 3-29-0040-46	4,634,255	-
AIP 3-29-0040-47	837,989	-
AIP 3-29-0040-48	2,778,347	-
AIP 3-29-0041-13	77,025	159,627
AIP 3-29-0041-14	7,650,000	-
AIP 3-29-0041-15	5,415,000	-
AIP 3-29-0041-16	409,776	-
MODOT	72,896	-
Total capital contributions	<u>\$40,897,885</u>	<u>\$5,816,648</u>

Summary of Statement of Net Assets (in thousands)

	FYE06	FYE05	FYE04
Assets:			
Current assets	\$247,051	\$262,341	\$246,828
Non-current			
Capital, net	648,697	613,887	601,064
Bond issue costs, net	4,243	4,564	3,369
Total assets	<u>899,991</u>	<u>880,792</u>	<u>851,261</u>
Liabilities:			
Current liabilities	39,148	29,357	31,999
Long-term	386,299	400,557	364,279
Total liabilities	<u>425,447</u>	<u>429,914</u>	<u>396,278</u>
Net Assets:			
Invested in capital, net of debt	295,181	283,935	271,379
Restricted	61,684	42,686	59,359
Unrestricted	117,679	124,257	124,245
Total net assets	<u>474,544</u>	<u>450,878</u>	<u>454,983</u>
Total liabilities and net assets	<u>\$899,991</u>	<u>\$880,792</u>	<u>\$851,261</u>

In FYE06, total assets increased \$19.2 million to approximately \$899.9 million. During the same period the previous year, assets increased \$29.5 million which was a result of capital raised in the amount of \$57 million to fund the construction of a consolidated car rental facility.

Capital Assets

Capital assets increased in FY06 by \$34.8 million as compared to \$12.8 million in FY05. The capital asset growth in FYE06 is attributed to three construction projects: the consolidated rental car facility, the automated access control system, and the Runway 1/19 project at MKC. The increase in capital assets in FYE04 was due to construction of projects in process.

Additional information can be found in Footnote 5 on pages 40 and 41.

Airline Rates & Charges

Airline rates and charges (R&Cs) represent the fees received by the Department from the airlines for their use of the airport's facilities and for the privilege of operating at MCI. The calculation of the R&Cs is based on the provisions of the airline use and lease agreement. It is important to maintain low airline rates and charges in order to remain cost-competitive.

The use and lease agreement negotiated between the City and the airlines became effective May 1, 2005 and will expire April 30, 2009. R&Cs are determined for a year using budgeted amounts. After six months, the R&Cs may be amended to conform with year-to-date actuals. At the end of the year, settlement R&Cs are calculated based on actual amounts and additional payments may be paid to or received from the signatory airlines.

The rates and charges billed to the airlines were as follows:

	FYE06 ¹	FYE05 ¹
Signatory landing fee ²	\$ 1.35	\$ 1.10
Terminal rental rate	\$ 24.39/sf	\$ 24.41/sf
Terminal apron rental	\$202.33/lf	\$258.11/lf
Passenger boarding bridge ³	\$2,592/mo	\$1,807/mo

¹ post settlement
² per 1,000 lbs. of aircraft landed weight
³ per boarding bridge

A mid-term adjustment increased the FYE06 landing fees from \$1.29 to \$1.45. This offset a decrease in projected landing weights in FYE06.

Landing fees and terminal rental rates for non-signatory airlines are assessed at 125 percent of the established rates.

Passenger Facility Charges

Passenger facility charges (PFC) revenue grew as a result of a fee increase from \$3.00 to \$4.50 and is earned on an accrual basis. Historical PFC revenue is as follows:

FYE06	\$20,252,999
FYE05	13,655,542
FYE04	13,879,589

Customer Facility Charges

A Customer Facility Charge (CFC) of \$3.00 per transaction day on rental cars was implemented on January 1, 2001 to fund the debt service associated with the design, engineering and construction of the new consolidated rental car facility. CFC revenue earned on an accrual basis for the current and previous two fiscal years are as follows:

FYE06	\$6,147,691
FYE05	5,976,731
FYE04	5,886,939

Request for Information

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

This report is respectfully submitted by,

Michael F. Zonsius, CPA
 Deputy Director / Finance & Accounting

Statements of Net Assets as of April 30, 2006 and 2005

ASSETS	FYE06	FYE05
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	\$124,978,593	\$124,182,308
Accounts receivable	5,158,414	1,356,547
Allowance for doubtful accounts	(485,749)	(62,401)
Grants receivable	8,034,496	230,726
Interest receivable	825,215	547,396
Prepaid insurance	625,103	613,572
Inventories	725,033	550,202
Total current assets-unrestricted	<u>139,861,105</u>	<u>127,418,350</u>
Restricted assets:		
Cash and cash equivalents	101,451,304	132,228,128
Accounts receivable	5,278,726	2,203,636
Allowance for doubtful accounts	(242,821)	(101,367)
Interest receivable	703,119	592,127
Total current assets-restricted	<u>107,190,328</u>	<u>134,922,524</u>
Total current assets	<u>247,051,433</u>	<u>262,340,874</u>
Non-current assets:		
Capital assets:		
Land (nondepreciable)	37,270,829	37,896,398
Construction in progress (nondepreciable)	82,488,938	34,141,629
Buildings, infrastructure and equipment	940,005,436	919,523,261
	1,059,765,203	991,561,288
Accumulated depreciation	(411,068,019)	(377,674,731)
Total capital assets	<u>648,697,184</u>	<u>613,886,557</u>
Bond issue costs, net of accumulated amortization of \$1,390,143 and \$983,605 at April 30, 2006 and 2005, respectively	<u>4,242,900</u>	<u>4,564,350</u>
Total assets	<u>\$899,991,517</u>	<u>\$880,791,781</u>

The notes are an integral part of these financial statements.

LIABILITIES and NET ASSETS	FYE06	FYE05
Current liabilities:		
Payable from unrestricted assets:		
Accounts and retainages payable, unrestricted	\$ 11,176,233	\$ 4,716,965
Accrued payroll, vacation, and sick leave	3,236,820	2,239,154
Security deposits	122,307	479,949
Prepaid lease revenue	3,955,448	3,564,316
Workers' compensation liability	843,600	703,831
Total current liabilities payable from unrestricted assets	<u>19,334,408</u>	<u>11,704,215</u>
Payable from restricted assets:		
Accounts and retainages payable, restricted	4,732,529	2,760,596
Matured bonds and coupons	299,373	299,373
Accrued interest and fiscal agent fees	2,776,462	2,675,807
Due to other governments	-	136,491
Bonds payable, current portion	12,005,000	11,780,000
Total current liabilities payable from restricted assets	<u>19,813,364</u>	<u>17,652,267</u>
Total current liabilities	<u>39,147,772</u>	<u>29,356,482</u>
Non-current liabilities:		
Bonds payable, net of current portion	385,990,000	400,870,000
Unamortized bond discount, premium and deferred refunding charge	309,521	(312,832)
Total non-current liabilities	<u>386,299,521</u>	<u>400,557,168</u>
Total liabilities	<u>425,447,293</u>	<u>429,913,650</u>
Net assets:		
Invested in capital assets, net of related debt	295,181,540	283,935,071
Restricted		
Principal & interest	8,958,129	8,789,141
Bond reserves	8,437,000	10,875,500
Deferred maintenance & replacement	750,000	750,000
Airline O&M reserve	10,009,000	1,000,000
DEA forfeited property	190,316	85,143
Passenger facility charges	19,895,495	11,723,949
Customer facility charges	13,443,851	9,462,687
	<u>61,683,791</u>	<u>42,686,420</u>
Unrestricted	117,678,893	124,256,640
Total net assets	<u>474,544,224</u>	<u>450,878,131</u>
Total liabilities and net assets	<u>\$899,991,517</u>	<u>\$880,791,781</u>

The notes are an integral part of these financial statements.

Statements of Revenues, Expenses and Changes in Net Assets

For the years ended April 30, 2006 and 2005

	FYE06	FYE05
Operating revenues:		
Terminal	\$ 10,952,845	\$ 9,356,744
Airfield fees	11,662,094	10,038,968
Parking	35,769,941	34,609,225
Auto rental	8,372,860	7,829,509
Transportation Facility Charges	1,760,366	-
Concessions	3,796,773	3,110,624
Property rental	7,928,682	5,813,881
Other	136,258	160,011
Total operating revenues	80,379,819	70,918,962
Operating expenses:		
Salaries, wages, and employee benefits	24,007,384	22,168,647
Contractual services	33,071,060	25,680,324
Commodities	2,977,198	2,621,999
Total operating expenses before depreciation and amortization	60,055,642	50,470,970
Operating income before noncash operating expenses	20,324,177	20,447,992
Non-cash operating expenses:		
Depreciation	41,575,458	30,561,991
Depreciation-grant proceeds	7,691,944	8,087,539
Amortization	353,723	288,380
Total non-cash operating expenses	49,621,125	38,937,910
Total operating loss	(29,296,948)	(18,489,918)
Nonoperating revenues:		
Interest	7,396,189	3,188,810
Passenger facility charge	20,252,999	13,655,542
Customer facility charge	6,147,691	5,976,731
Operating grant revenue	130,359	136,058
Other	210,810	614,809
Total nonoperating revenue	34,138,048	23,571,950
Nonoperating expense:		
Interest	19,186,893	14,675,769
Other	2,885,999	328,082
Total nonoperating expense	22,072,892	15,003,851
Total non operating revenue, net	12,065,156	8,568,099
Income (loss) before capital contributions	(17,231,792)	(9,921,819)
Capital contributions	40,897,885	5,816,648
Changes in net assets	23,666,093	(4,105,171)
Total net assets - beginning of the year	450,878,131	454,983,302
Total net assets - end of the year	<u>\$474,544,224</u>	<u>\$450,878,131</u>

The notes are an integral part of these financial statements.

Statements of Cash Flows

For the years then ended April 30, 2006 and 2005

	FYE06	FYE05
Cash flows from operating activities:		
Cash received from providing services	\$73,518,703	\$70,896,008
Cash paid to employees, including benefits	(23,009,718)	(21,967,293)
Cash paid to suppliers	(26,723,628)	(31,026,186)
Cash provided by operating activities	23,785,357	17,902,529
Cash flows from noncapital financing activities:		
Proceeds from grants	130,359	136,058
Proceeds due other governments	(136,491)	
Cash provided by (used in) noncapital financing activities	(6,132)	136,058
Cash flows from capital and related financing activities:		
Paid debt issue costs	(113,707)	(1,598,183)
Purchase of capital assets	(5,472,265)	(2,585,524)
Acquisition and construction of capital assets	(79,876,950)	(44,432,769)
Construction contract and retainage	(911,404)	(267,614)
Matured coupons	-	-
Proceeds from capital debt issuance	20,211,081	84,261,051
Capital debt refunded	(22,490,000)	(36,080,000)
Principal paid on capital debt	(11,780,000)	(11,285,000)
Interest paid on capital debt	(20,158,000)	(19,138,877)
Fiscal agent fees paid	(2,631)	-
Passenger facility charges	20,252,999	13,655,542
Customer facility charges	6,147,691	5,976,731
Proceeds from sales of capital assets	331,929	384,465
Capital contributions	33,094,115	5,700,284
Cash used in capital and related financing activities	(60,767,142)	(5,409,894)
Cash flows from investing activities:		
Interest received	7,007,378	5,344,602
Cash provided by investing activities	7,007,378	5,334,602
Net increase (decrease) in cash and cash equivalents	(29,980,539)	17,963,295
Cash and cash equivalents at beginning of year	256,410,436	238,447,141
Cash and cash equivalents at end of year	<u>\$226,429,897</u>	<u>\$256,410,436</u>
Reconciliation to Statements of Net Assets		
Cash and Cash Equivalents:		
Unrestricted	\$124,978,593	\$124,182,308
Restricted	101,451,304	132,228,128
Cash and cash equivalents at end of year	<u>\$226,429,897</u>	<u>\$256,410,436</u>

The notes are an integral part of these financial statements.

	FYE06	FYE05
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$(29,296,948)	\$(18,489,918)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	\$49,621,125	\$38,937,910
Accounts receivable	(6,312,155)	290,246
Prepaid insurance and other	(11,531)	42,037
Inventories	(174,831)	68,514
Accounts payable	9,371,223	2,667,668
Accrued payroll, vacation, and sick leave	997,666	201,354
Security deposits	(357,642)	374,454
Prepaid lease revenue	391,132	(553,340)
Workers compensation liability	139,769	(186,745)
Other	(582,451)	(134,315)
Cash provided by operating activities	<u>\$23,785,357</u>	<u>\$17,902,529</u>

The Notes are an integral part of these financial statements.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The Kansas City Airports Fund (Fund) is owned by and is a fund of the City of Kansas City, Missouri (the City). The Fund is utilized to account for the operations of the City's two airports, Kansas City International Airport (MCI) and the Charles B. Wheeler Downtown Airport (Downtown) as well as the Richards-Gebaur Intermodal Transportation Facility (RG). The financial statements present only the Fund and are not intended to present the financial position of the City of Kansas City, Missouri and the changes in its financial position and cash flows, where applicable, for the years ended, in conformity with U.S. generally accepted accounting principles.

Basis of Accounting

The City accounts for the Fund as a proprietary enterprise fund. The accompanying financial statements are prepared on the accrual basis of accounting, wherein revenues are recorded when earned and expenses are recorded when incurred.

Proprietary Accounting and Financial Reporting

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Fund follows all GASB pronouncements as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions, and Accounting Research Bulletins issued before November 30, 1989, unless they contradict GASB guidance.

Operating versus Nonoperating

The Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from the rental of property or utilization of airport facilities and infrastructure.

Revenue Recognition

Airfield fees - Based on the aircraft's landed weight, airfield fees are principally landing fees generated from scheduled airlines and nonscheduled airlines, including charters. The fee structure is determined annually based on an agreement between the City and signatory airlines, which takes into account the Department's operating expenses and the total annual landed weight of aircraft. Fuel flowage fees, which are included in airfield fees, comprised 5.6 percent and 6.7 percent of the total airfield fees for FY06 and FY05, respectively. Airfield fees are recognized as part of operating revenues when the airline-related facilities are utilized.

Rents - Terminal and other space rent, parking, car rental rents, and concessions are generated from airlines, parking structures and lots, food, rental cars, fixed base operators, and other commercial tenants. Leases for the airlines are based on a cost recovery basis. Rental revenue is recognized over the life of the respective leases and concession revenue is recognized partially based on reported concession revenue and partially based on minimum rental guarantee.

Cash and Cash Equivalents

The Fund investments maintained in the City's pooled investments are readily convertible to known amounts of cash and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. Accordingly, for purposes of the statements of cash flows, these investments are considered cash equivalents.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued*Accounts Receivable*

Accounts receivable balances are reflected as unrestricted and restricted and are recorded at the invoiced amount. The allowance for doubtful accounts is the Department's best estimate of the probable losses in the existing accounts receivable balance. Restricted accounts receivable consists of Passenger Facility Charges and Customer Facility Charges that are either outstanding or have been accrued as of April 30, 2006 and 2005.

Inventories

Inventories, consisting of machine parts, fuel, and supplies, is valued at the lower of cost or market.

Capital Assets and Depreciation

Capital assets are stated at cost and include assets funded by proceeds of revenue and general obligation bonds, grants, and contributions. Normal maintenance and repairs are charged to expense as incurred. Renewals and betterments are capitalized when placed into service and are depreciated over the remaining estimated useful lives of the related properties.

At the time of retirement or other disposition of properties, the assets and related depreciation accounts are relieved of the amounts included therein and the resulting gain or loss is recognized.

The provision for capitalization and depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

	Useful Life (yrs.)	Capitalization Threshold
Building and building improvements	25	\$100,000
Runway, aprons, and roads	15	\$25,000
Equipment	3 - 10	\$5,000

Capitalization of Interest

Interest costs incurred that relate to the acquisition or construction of capital assets acquired with debt are capitalized. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested idle debt proceeds over the same period. Capitalized interest in FYE06 and FYE05 was \$1,153,481 and \$4,453,501, respectively.

Prepaid Revenue

The Department reports prepaid lease revenue on its statements of net assets when revenues have been received but not been earned. In subsequent periods, when revenue recognition criteria are met, the liability for prepaid lease revenue is removed from the statements of net assets and the revenue is recognized.

Original Bond Issue Discount, Premium, and Deferred Refunding Charge

Original bond issue discount, premium, and deferred refunding charge on long-term indebtedness are amortized using the straight-line basis over the life of the debt to which it relates.

Contributed Capital

Contributions of capital assets received from other entities, including those from other City funds, grants, and assistance received from other governmental units for the acquisition of capital assets, are recorded as capital contributions. Contributions received for operating purposes are included in other nonoperating income.

Accounts and Retainages Payable

Accounts payable and retainage balances are reflected as unrestricted and restricted. Restricted accounts and retainages payable consist of invoices and retainage withheld from construction payments that are to be paid from bond proceeds or other restricted assets that were either outstanding or have been accrued as of April 30, 2006 and 2005.

Vacation and Sick Leave Benefits

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at an annual rate of 10 to 20 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 3.7 hours per two-week pay period. The maximum amount of vacation that may be carried forward, which is accrued in the Fund, is two times the amount earned in a year. Sick leave with pay may be accumulated up to a limit of 3,000 hours. Upon separation from service, employees may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit. Retiring employees 55 years or older with at least 25 years of creditable service; employees who are to receive a line-of-duty disability pension; employees who qualify for a City pension and retire with a normal retirement, take early retirement at age 60 or thereafter, or die are entitled to sick leave credit at the rate of two hours of sick leave to one hour of vacation leave credit.

Interfund Payments

Interfund payments consist primarily of payments to the City's general fund for administrative, data processing, and accounting services, as well as payments for fire operation services. These charges are recorded in the contractual services section of the statements of revenues, expenses, and changes in fund net assets.

A summary of the administrative service charge, fire protection service charge, and Metropolitan Ambulance Services Trust (MAST) charge for the previous two fiscal years are as follows:

	Administrative Service Charge	Fire Protection Service Charge	MAST
FYE06	\$4,166,368	\$2,379,759	\$480,000
FYE05	4,147,577	2,371,771	520,000

Nonoperating Revenue - Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act which authorized domestic airports to impose a passenger facility charge (PFC) on enplaning passengers. PFCs may be used for airport projects that meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or provide opportunities for enhanced competition between and/or among carriers.

Use of Estimates

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued*Reclassifications*

The FYE05 entry to adjust cash and cash equivalents to market value in the amount of (\$1,409,660) was shown in FY05 as an adjustment to restricted cash. The FY05 cash balances included in this report have been reclassified to properly show the market value adjustment with the investments to which they apply. To conform to the current year presentation, adjustments to unrestricted and restricted cash and cash equivalents were (\$1,041,768) and (\$367,892), respectively.

Note 2. DEPOSITS AND INVESTMENTS*Deposits*

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of demand and time deposits, repurchase agreements, and other investments with maturities of less than five years. At April 30, 2006, the carrying amount (book value) of the City's deposits, including certificates of deposit and the collateralized money market account was \$26,759,087, which was covered by federal depository insurance or by collateral held by the City's agents under joint custody agreements in accordance with the City's administrative code. A difference exists between book and bank balances of \$2,327,125 due to deposits in transit and other reconciling items.

Investments - Pooled and Restricted

The City of Kansas City, Missouri is empowered by City Charter to invest in the following types of securities:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips). The City may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. United States Agency/GSE Securities. The City of Kansas City, Missouri may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - a. U.S. Govt. Agency Coupon and Zero Coupon Securities.
 - b. U.S. Govt. Agency Callable Securities. Restricted to securities callable at par only with maximum final maturities of five (5) years.
 - c. U.S. Govt. Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate. Restricted to securities with maximum final maturities of three (3) years.
 - d. U.S. Govt. Agency Floating Rate Securities. The coupon rate floats off of only one index. Restricted to coupons with no interim caps that reset at least quarterly.
 - e. U.S. Govt. Agency Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of three (3) years or have the final projected payment no greater than three (3) years when analyzed in a +300 basis point interest rate environment. Restricted to obligations of FNMA, FHLMC and GNMA only.
3. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Bond Market Association's guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.
4. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
5. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase. In addition, the City's portfolio may not contain commercial paper of any one corporation, the total value of which exceeds 2% of the City's aggregate investment portfolio.
6. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard and Poor's or Moody's.
7. Any full faith and credit obligations of any county in which the city is located rated at least AA or Aa2 by Standard and Poor's or Moody's.

8. Any full faith and credit obligations of any school district in Kansas City, Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.
9. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.
10. Any municipal obligation as defined in (6), (7), (8) or (9) that is not rated but either pre-refunded or escrowed to maturity with U.S. Treasury Securities as to both principal and interest.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of a change in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Merrill Lynch 1-3 year Government/Agency index, and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates. As of April 30, 2006, the City had the following investments and maturities (amounts are in thousands):

Investment Type	Investment Maturities (In Years)					Weighted Average
	Fair Value	Less Than 1	1 - 2	2 - 3	3 - 5	
Pooled Investments:						
Money Market Account	\$ 15,049	\$ 15,049	\$ -	\$ -	\$ -	0.01
Certificates of Deposit	5,700	5,700	-	-	-	0.14
US Treasury Bills	17,372	17,372	-	-	-	0.17
US Treasury Notes/Bonds	165,186	119,759	45,427	-	-	0.77
US Agencies - Noncallable	366,825	195,260	136,566	4,247	30,752	1.13
US Agencies - Callable	164,738	34,530	36,292	74,084	19,832	2.18
Mortgage-Backed Agency	10,009	-	7,175	2,834	-	1.76
Total Pooled	\$744,879	\$387,670	\$ 225,460	\$ 81,165	\$50,584	1.24
Restricted Investments:						
US Agencies - Noncallable	\$ 67,235	\$ 56,757	\$ 10,478	\$ -	\$ -	0.59
US Agencies - Callable	25,925	9,586	5,438	8,408	2,493	1.58
Total Restricted	\$ 93,160	\$66,343	\$ 15,916	\$ 8,408	\$ 2,493	0.87
GRAND TOTAL	<u>\$838,039</u>	<u>\$454,013</u>	<u>\$241,376</u>	<u>\$89,573</u>	<u>\$53,077</u>	1.20

Callable Agency Securities. The City actively monitors its callable bond portfolio with respect to probability of call relative to market rates of interest. As of April 30, 2006, the total fair value of the City's callable bond portfolio (pooled and restricted) is \$190,663,689. Unless interest rates markedly decline in the near future, none of these securities should be called prior to maturity.

Variable Coupon Securities. The City invested \$10 million in a step-up coupon medium term note issued by the Federal Home Loan Bank (FHLB). The security was purchased on December 29, 2004, and matures on December 29, 2006. The security is callable every six months beginning on June 29, 2005. If the security is not called, the coupon rate increases every six months as follows. At April 30, 2006, the security had a fair market value of \$9,928,850.

Call Date / Step-Up Date	New Coupon Rate
06/29/05	3.25%
12/29/05	3.75%
06/29/06	4.25%

The City also invested \$5 million in a step-up coupon medium term note issued by the Federal National Mortgage Association (FNMA). The security was purchased on May 5, 2005, and matures on April 20, 2010. The security is callable quarterly until April 20, 2007.

DEPOSITS AND INVESTMENTS, continued

which time it becomes a non-callable security. In addition, if the security is not called on April 20, 2007, the coupon rate will increase to 5.65% on that date and will remain fixed at that level until maturity. At April 30, 2006, the security had a fair market value of \$4,930,320. Except for discount instruments, all other securities in the portfolio have fixed coupon rates.

Mortgage-Backed Securities. The City invested \$10 million in a collateralized mortgage obligation security issued by the Federal Home Loan Mortgage Corporation (FHLMC). The security was purchased on June 30, 2005, and has a stated final maturity of July 15, 2010. The security has a fixed coupon rate of 5.5% and pays interest monthly. The security is the first tranche of the issue to receive principal payments, and the City's principal amount should be retired on a monthly basis beginning in June 2007 and ending in September 2008. At April 30, 2006, the security had a fair market value of \$10,008,590.

Credit Risk

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

US Treasury Securities and Government Guaranteed Securities	100%
Collateralized Time and Demand Deposits	80%
US Government Agency and GSE Securities	80%
Collateralized Repurchase Agreements	50%
US Agency Callable Securities	30%
Commercial Paper	30%
Bankers Acceptances	30%
Qualified Municipal Obligations	10%

As of April 30, 2006, the City had the following pooled and restricted investment balances which are rated by both Moody's and Standard and Poor's (amounts are in thousands).

Account/Investment Type	Fair Value	Risk Rating	Notes	Moody's/S&P Ratings
US Treasury Bills	\$ 17,372	1	US Gov	Aaa/AAA
US Treasury Notes/Bonds	165,186	1	US Gov	Aaa/AAA
US Agency Discount Notes	40,228	1	US Agency	Aaa/AAA
US Agency Securities	<u>594,505</u>	1	US Agency	Aaa/AAA
Total	<u>\$ 817,291</u>			

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the City's safekeeping institution). The City's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 110 percent of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2006, all deposit were adequately collateralized except the \$5,350,000 on deposit with Douglass National Bank. Even though the deposit was adequately collateralized on a dollar-for-dollar basis, the deposit was not 110% collateralized as follows (in thousands):

Total Deposit Amount	\$ 5,350
Less: FDIC Insurance	<u>(100)</u>
Balance to be Collateralized	5,250
Actual Collateral Market Value	5,705
Collateral required @ 110%	<u>5,775</u>
Collateral (Shortage)	(70)
Actual Collateral Coverage Ratio	108.6%

The City's investment policy requires that all investment securities be held in the City's name in the City's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2006, all investment securities were in the City's name in the City's safekeeping accounts at its safekeeping institutions. In addition, all collateral securities were in the City's joint custody account(s) at the Federal Reserve Bank and were either US Treasury (US Government guaranteed) or US Agency (Aaa/AAA rated) obligations.

Concentration of Credit Risk. More than 5 percent of the City's investments are in the following U.S. Agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 7%, 21%, 23%, and 25%, respectively, of the City's total investments.

Note 3. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Changes in allowance for doubtful accounts for FYE06 and FYE05 are as follows:

	Beginning Balance	Bad Debt Expensed	Write-Offs	Ending Balance
FYE06	(\$163,768)	(\$705,090)	\$140,288	(\$728,570)
FYE05	(\$827,606)	(\$39,743)	\$703,581	(\$163,768)

The balance in the allowance account reflects 4.6% of the respective accounts receivable balances less any bankruptcies, plus 100% of the bankruptcy amounts. Unrestricted and restricted allowance balances for FYE06 were (\$485,749) and (\$242,821), respectively; unrestricted and restricted allowance balances for FYE05 were (\$62,401) and (\$101,367) respectively.

Note 4. PREPAID INSURANCE

Changes in prepaid insurance in FYE06 and FYE05 are as follows:

	Beginning Balance	Premiums Paid	Insurance Expensed	Ending Balance
FYE06	\$613,572	\$1,235,821	(\$1,224,290)	\$625,103
FYE05	655,609	1,214,833	(1,256,870)	613,572

Prepaid insurance balances include prepaid insurance premiums less any monthly amortized expense for airport and law enforcement liability insurance and property insurance. In FYE05, Airport Liability insurance limits of coverage were reduced and War Risk Liability insurance was eliminated in its entirety.

Note 5. CAPITAL ASSETS

Capital asset activity for the years ended April 30, 2006 and 2005 is as follows:

	FYE05	Additions	Reclass	Retirement/ Expensed	FYE06
Capital assets not being depreciated:					
Land	\$ 37,896,398	\$1,129,360	\$266,323	\$(2,021,252)	\$37,270,829
Construction in progress	<u>34,141,629</u>	<u>81,464,491</u>	<u>(31,529,641)</u>	<u>(1,587,541)</u>	<u>82,488,938</u>
Total	72,038,027	82,593,851	(31,263,318)	(3,608,793)	119,759,767
Other capital assets					
Buildings	437,500,779	171,173	12,233,836	(5,049,476)	444,856,313
Infrastructure	400,968,396	222,875	10,924,475	(2,896,775)	409,218,970
Equipment	<u>81,054,086</u>	<u>5,102,337</u>	<u>8,105,007</u>	<u>(8,331,277)</u>	<u>85,930,153</u>
Total	919,523,261	5,496,385	31,263,318	(16,277,528)	940,005,436
Less accumulated depreciation:					
Buildings	134,267,297	15,189,088	-	(4,842,550)	144,613,834
Infrastructure	207,492,412	21,052,949	-	(2,896,775)	225,648,586
Equipment	<u>35,915,022</u>	<u>13,025,366</u>	-	<u>(8,134,789)</u>	<u>40,805,599</u>
Total	377,674,731	49,267,402	-	(15,874,114)	411,068,019
Other capital assets, net	<u>541,848,530</u>	<u>(43,771,017)</u>	<u>31,263,318</u>	<u>(403,415)</u>	<u>528,937,417</u>
Total capital assets	<u>\$613,886,557</u>	<u>\$38,822,835</u>	<u>\$ -</u>	<u>(\$4,012,208)</u>	<u>\$648,697,184</u>
	FYE04	Additions	Reclass	Retirement/ Expensed	FYE05
Capital assets not being depreciated:					
Land	\$ 36,679,779	\$ -	\$ 1,216,619	\$ -	\$ 37,896,398
Construction in progress	<u>251,419,111</u>	<u>50,705,436</u>	<u>(266,163,752)</u>	<u>(1,819,166)</u>	<u>34,141,629</u>
Total	288,098,890	50,705,436	(264,947,133)	(1,819,166)	72,038,027
Other capital assets					
Buildings	223,336,440	199,220	213,984,619	(19,500)	437,500,779
Infrastructure	394,617,150	-	6,351,246	-	400,968,396
Equipment	<u>34,056,514</u>	<u>2,386,304</u>	<u>44,611,268</u>	-	<u>81,054,086</u>
Total	652,010,104	2,585,524	264,947,133	(19,500)	919,523,261
Less accumulated depreciation:					
Buildings	123,611,351	10,675,446	-	(19,500)	134,267,297
Infrastructure	186,609,818	20,882,594	-	-	207,492,412
Equipment	<u>28,823,532</u>	<u>7,091,490</u>	-	-	<u>35,915,022</u>
Total	339,044,701	38,649,530	-	(19,500)	377,674,731
Other capital assets, net	<u>312,965,403</u>	<u>(36,064,006)</u>	<u>264,947,133</u>	-	<u>541,848,530</u>
Total capital assets	<u>\$601,064,293</u>	<u>\$14,641,430</u>	<u>\$ -</u>	<u>(\$1,819,166)</u>	<u>\$613,886,557</u>

FYE06 activity included additions to construction in progress of \$81,464,491, of which \$31,126,220 was for ongoing construction costs for the new airport consolidated rental car facility, \$22,551,979 was spent on runway and taxiway rehabilitation, and \$27,786,293 was for various improvements to airport facilities, equipment purchases, and upgrades. The purchase of six light vehicles, eight snow plows, ten heavy construction equipment, three sand spreaders, and eight buses accounted for a vast majority of the \$5,102,336 additions in equipment.

Also in FYE06, \$31,529,641 was reclassified from construction in progress to other fixed assets. Of this total, \$266,323 represents the Simulator Building demolition cost and transfer to land. Amounts transferred to buildings and building improvements include \$6,039,412 for the ARFF facility, \$3,707,589 for the 533 Mexico Building upgrade, and \$1,108,777 for terminal improvements. Transfers of \$11,147,350 was to infrastructure with \$8,403,517 of this amount representing costs for the extension of Taxiways B & D. Transfers of \$8,105,007 was to equipment with \$3,383,347 representing costs for the parking lot revenue control system.

A total of \$18,298,780 in assets were retired in FYE06. Retirement of computers, vehicles, and snow removal equipment comprised \$8,331,277 of this amount and the retirement of land, buildings, and infrastructure comprised \$2,021,252, \$5,049,476, and \$2,896,775 respectively.

FYE05 activity included additions to construction in progress of \$50,705,436, of which \$47,712,135 was for the construction completion of the terminal improvement program (TIP). Building improvements, in the amount of \$199,220 were made to the existing building at 901 Tel Aviv Avenue and twenty-seven light vehicles, two heavy snow plows and seven buses accounted for the majority of the \$2,386,304 additions in equipment.

Also in FYE05, \$266,163,752 was classified from construction in progress to other fixed assets. Of this total, \$256,337,462 represents TIP, with \$213,984,619 being transferred to buildings and \$42,352,843 being transferred to equipment. Other assets reclassified include \$1,216,619 for the purchase of two separate tracts of land that total 10.4 acres; \$748,031 for an airfield generator; \$3,508 for ARFF equipment; \$1,506,886 for the acquisition of an on-site triturator for the treatment of waste removed from aircraft; and \$6,351,246 for various infrastructure improvements to parking lots and aprons.

Assets retired in FYE05 included the golf course clubhouse at the Richards Gebauer Facility at a cost of \$19,500. Projects expensed in FYE05 totaled \$1,819,166.

Note 6. BOND ISSUE COSTS

	FYE05	Additions/ Amortization	Refunded	Reclass/ Expensed	FYE06
Bond issue costs	\$5,547,954	\$113,707	(\$120,224)	(\$28,618)	\$5,512,819
Accumulated amortization	(983,604)	(353,723)	67,408	-	(1,269,919)
Total	<u>\$4,564,350</u>				<u>\$4,242,900</u>
	FYE04	Additions/ Amortization	Refunded	Reclass/ Expensed	FYE05
Bond issue costs	\$4,064,526	\$1,598,183	(\$114,755)	-	\$5,547,954
Accumulated amortization	(695,224)	(288,380)	-	-	(983,604)
Total	<u>\$3,369,302</u>				<u>\$4,564,350</u>

Note 7. WORKER'S COMPENSATION LIABILITY

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is entitled to the defense of sovereign immunity against tort action that provides immunity except in two areas, motor vehicles and condition of City property; however, plaintiffs are limited to a maximum of \$300,000 per person and \$2,000,000 per occurrence in these two areas. The City has retained the risk for these amounts and the deductibles on commercial insurance for other risks of loss. Settled claims have not exceeded commercial insurance coverage for the past three years.

The City has established a Cumulative Insurance Reserve Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. All funds of the City participate in the program and make payments to the Cumulative Insurance Reserve Fund based on actual amounts needed to pay prior and current year claims. The claims liability for the Fund, which includes an estimate of claims incurred but not reported (IBNR), totaled \$843,600 and \$703,831 as of April 30, 2006 and 2005, respectively. The IBNR was determined based upon historical claims experience.

	Beginning Balance	Additions	Deductions	Ending Balance
FYE06	\$703,831	\$139,769	\$ -	\$843,600
FYE05	890,576	-	(186,745)	703,831

Note 8. UNAMORTIZED BOND DISCOUNT, PREMIUM AND DEFERRED REFUNDING CHARGE

Unamortized bond discount, premium and deferred refunding charges at April 30, 2006 and 2005 are as follows:

	FYE05	Additions	Deletions	Amortization	FYE06
Unamortized bond discount	\$1,385,471	\$ -	\$ -	(\$ 76,342)	\$1,309,129
Unamortized bond premium	(4,677,711)	(797,745)	189,544	604,645	(4,681,267)
Deferred charge on refunding	3,605,072	1,053,197	(965,025)	(630,627)	3,062,617
Total	\$ 312,832	\$ 255,452	(\$775,481)	(\$102,324)	(\$ 309,521)

	FYE04	Additions	Deletions	Amortization	FYE05
Unamortized bond discount	\$1,603,153	\$ 117,329	(\$263,788)	(\$ 71,223)	\$1,385,471
Unamortized bond premium	(3,525,528)	(1,638,906)	-	486,723	(4,677,711)
Deferred charge on refunding	3,517,938	741,201	-	(654,067)	3,605,072
Total	\$1,595,563	(\$ 780,376)	(\$263,788)	(\$238,567)	\$ 312,832

Note 9. BONDS OUTSTANDING AND RESTRICTED ASSETS

Bonds outstanding in the Fund at April 30, 2006 and 2005 are as follows:

Series	Type	Coupon Range (%)	Original Issuance	Bond Rating ¹	Yield Range (%)	Final Maturity	FYE06 Balance	FYE05 Balance
1995A	GARB	4.00 - 6.75	41,020,000	Aaa, AAA	4.00 - 5.15	Sep 2009	\$ -	\$25,285,000
1997A	GARB	5.30 - 5.50	29,495,000	Aaa, AAA	5.30 - 5.55	Sep 2014	29,495,000	29,495,000
1999	GARB	5.00 - 5.25	35,260,000	Aaa	3.80 - 5.15	Sep 2008	11,210,000	15,785,000
2001	PFC	5.00 - 5.00	140,000,000	Aaa, AAA	3.23 - 5.32	Apr 2026	125,380,000	129,220,000
2003A	GARB	5.75 - 4.75	76,955,000	Aaa, AAA	2.75 - 4.75	Sep 2027	76,955,000	76,955,000
2003B	GARB	5.375 - 4.25	53,055,000	Aaa, AAA	4.12 - 4.39	Sep 2018	53,055,000	53,055,000
2004E	GARB	3.50 - 5.25	25,835,000	Aaa, AAA	2.00 - 4.27	Sep 2012	25,265,000	25,835,000
2005C ²	CFC	5.00 - 5.25	57,020,000	Aaa,AAA,AAA	4.25 - 5.40	Sep 2020	57,020,000	57,020,000
2005H ³	GARB	4.00 - 5.00	19,615,000	A1, A+, A+	3.55 - 4.00	Sep 2010	19,615,000	-
							<u>397,995,000</u>	<u>412,650,000</u>
							<u>12,005,000</u>	<u>11,780,000</u>
							<u>\$385,990,000</u>	<u>\$400,870,000</u>

Less current portion

- ¹ Moody's, Standard & Poor's, Fitch respectively. Insured except for Series 2005H which was uninsured.
- ² The 2005C series bonds was a subordinated taxable issue.
- ³ The 2005H series bonds refunded the 1995A series bonds.

Changes in bonds payable in FYE06 and FYE05 are as follows:

	FYE06	FYE05
Beginning balance	\$412,650,000	\$377,160,000
Bonds issued		
Series 2005H, Refunding Series 1995A	19,615,000	
Series 2004E, Refunding Series 1994A		25,835,000
Series 2005C, CFC Revenue		57,020,000
Bonds refunded		
Series 1995A	22,490,000	
Series 1994A		36,080,000
Principal payments	<u>11,780,000</u>	<u>11,285,000</u>
	397,995,000	412,650,000
Less current payable	<u>12,005,000</u>	<u>11,780,000</u>
Total long term	<u>\$385,990,000</u>	<u>\$400,870,000</u>

Airport Refunding

In August 2005, the City issued General Improvement Airport Revenue Refunding Revenue Bonds to refund Series 1995 bonds. The total par amount for the refunding is \$19,615,000 with an interest rate ranging from 4.0% to 5.0%. The bonds will current refund \$22,490,000 of outstanding 1995 series with interest ranging from 4.00% - 6.75%. The net proceeds of \$22,714,900 (after payment of cost of issuance of \$117,272, underwriter discount of \$19,074, funding Series 2005H Debt Service Reserve of \$1,961,500, receipt of premium of \$797,745 and Series 1995 Debt Service Reserve of \$4,400,000) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 series bonds. As a result, the 1995 series of bonds are considered in substance defeased and the liability for those bonds has been removed from the financial statements.

The City completed the current refunding to reduce its total debt service payments over the next 4 years by \$3,995,940 and to obtain an accounting gain in addition to economic gain of \$3,643,776. The defeased bond's outstanding balance was \$22,490,000.

The annual requirements to retire the bonds outstanding as of April 30, 2006 are as follows:

	Principal	Interest	Total
FYE07	12,005,000	19,605,744	31,610,744
FYE08	15,340,000	18,951,625	34,291,625
FYE09	18,395,000	18,117,444	36,512,444
FYE10	19,035,000	17,172,364	36,207,364
FYE11	18,750,000	16,208,614	34,958,614
FYE12-16	119,650,000	64,792,748	184,442,748
FYE17-21	116,590,000	32,299,461	148,889,461
FYE22-26	67,055,000	12,244,943	79,299,943
FYE27-31	11,175,000	537,106	11,712,106
Total	<u>\$397,995,000</u>	<u>\$199,930,049</u>	<u>\$597,925,049</u>

On December 15, 2000, the City issued \$10,000,000 in Subordinated Taxable Airport Revenue Bonds authorized by voters in 2000. The bonds are primarily backed by the Customer Facility Charge on the rental of cars at MCI and subordinated by general airport revenues. The Fund used excess operating funds to purchase the bonds at issuance. The bond issuance has not been reflected in the accompanying financial statements since they have not been issued to the public.

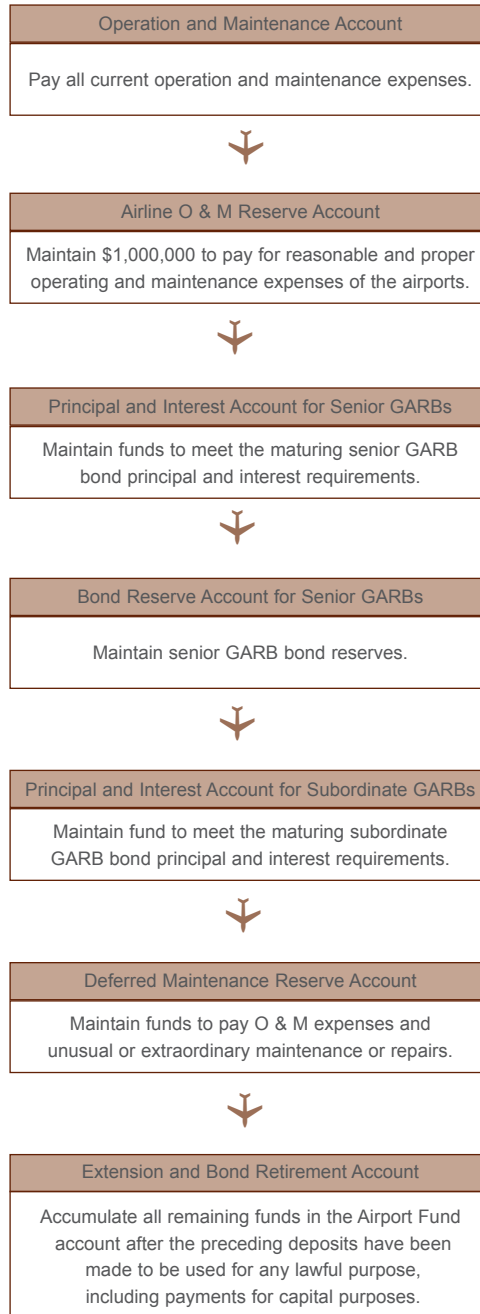
Restricted accounts and special reserves as required by bond ordinances are reported on the accompanying statements of net assets as restricted assets as required by bond ordinances and are as follows at April 30, 2006 and 2005:

Account	Restricted assets	Net Assets restricted
Bond reserve	\$8,437,000	\$8,437,000
Operations & maintenance	3,998,071	10,009,000
Deferred maintenance and replacement	750,000	750,000
Principal and interest	8,958,129	8,958,129
Construction	40,545,977	-
Drug Enforcement Agency	190,316	190,316
Richards-Gebaur	5,232,465	-
Passenger facility charge	19,895,495	19,895,495
Customer facility charge	13,443,851	13,443,851
Other restricted	5,035,905	-
Interest Receivable	703,119	-
Total at April 30, 2006	<u>\$107,190,328</u>	<u>\$61,683,791</u>
Total at April 30, 2005	134,922,524	42,686,420

Under the terms of various ordinances enacted at issuance of revenue bonds, the Fund must maintain adequate insurance coverage, rates, and fees sufficient to pay reasonable and proper operating and maintenance expenses and scheduled debt service requirements. The ordinances also establish priorities for the allocation of revenues. After meeting normal operating and maintenance expenses, all remaining monies are to be allocated to the following accounts in the order listed on the next page.

At April 30, 2006, the Department was in compliance with the provisions of the ordinances relating to the maintenance of restricted accounts and special reserves and coverage requirements. Resources received with purpose restrictions are shown as restricted until the resources are used for the specified purpose.

Ordinances establish the priorities for the allocation of revenues and said allocation is to the following accounts in the order listed below:



Note 10. LEGAL DEBT MARGIN

The Department computes its legal debt margin for general obligation bonds ordinary indebtedness and additional indebtedness based on Sections 26(b) to (c) and 26(d) to (e), respectively, of the State Constitution of Missouri. The bonds issued for aviation purposes and subject to these financial statements are not subject to the legal debt margin of those State Constitution sections. Therefore, no legal debt margin computation is made for the bonds issued for aviation purposes.

Voted Authority for Issuance

On August 2, 1988, the City held an election at which election the qualified voters of the City approved the City's issuance of up to \$330,000,000 principal amount of airport revenue bonds to be payable solely from the revenues derived by the City from the operation of its airports, including all future improvements and extensions thereto, for the purpose of paying the cost of extending and improving the airports owned and operated by the City, including runways, terminal buildings, and related facilities. On August 8, 2000, the voters approved an additional \$395,000,000 of airport revenue bonds for improvements at the airports. As of April 30, 2006, the City has issued \$330,000,000 of general airport revenue bonds payable from the 1988 authorization and \$143,159,105 of the 2000 authorization. This exhausts the 1988 authorization and leaves \$251,840,895 available from the 2000 authorization. The City intends to issue the balance of the authorization in future financing.

Note 11. PASSENGER FACILITY CHARGES

In 1990, the United States Congress enacted the Aviation Safety and Capacity Expansion Act ("ASCEA") of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a \$1, \$2, or \$3 passenger facility charge, or PFC. In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century ("AIR-21"), which allowed airports to levy a PFC of \$4.00 or \$4.50 per eligible enplaned passenger. In 2003, the Century of Flight Authorization Act of 2003, Public Law 108-176 ("Vision 100") was signed into law. Vision 100 extends the Airport Improvement Program ("AIP") through September 30, 2007.

The proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

Since the ASCEA authorization, the Department has submitted a total of five applications, two of which were submitted in FYE05.

In June 2004, the Department submitted a PFC application to amend seven (7) previously approved PFC projects by \$34,198,367 and to request authority to collect \$4,066,500 in PFCs for a new project (Reconstruct Runway 1/19-MKC). The application extended the estimated PFC collection end date to December 1, 2017. Approval for this PFC application was received from the Federal Aviation Administration (FAA) on October 8, 2004.

In March 2005, the Department submitted a PFC application to decrease collection authority for one (1) previously approved project (Land Acquisition) by \$5,015,007 and to request authority to collect \$7,276,886 in PFCs for fifteen (15) new projects. This application also requests increasing the PFC collection rate from \$3.00 to \$4.50 per eligible enplaning passenger and revises the PFC collection end date to February 1, 2017. As of June 2005, approval has been granted to amend the previously approved PFC project and to increase the PFC collection rate from \$3.00 to \$4.50 per eligible enplaning passenger. As of April 30, 2006, the Department is still awaiting approval from the FAA for the new projects.

Note 12. USE and LEASE AGREEMENTS

In May 1998, the Department entered into a five (5) year Use and Lease Agreement (Agreement) with certain air carriers serving MCI (signatory carriers). This Agreement was subsequently extended for a two (2) year term upon its original expiration, April 30, 2003. Pursuant to the Agreement, signatory air carriers have agreed to a guaranteed minimum amount of rentals and fees based on expected levels of use of airport facilities. Further, the Agreement provides the determination for the landing fees and apron, terminal and passenger boarding rents at MCI along with granting certain rights and privileges to air carriers, both passenger and cargo. The Agreement provides for an annual settlement, post fiscal year end close, whereby the rates and charges are recalculated using audited financial statements to determine any airline over/under payment. For the year ended April 30, 2006 and 2005, there was a \$567,526 and \$521,822, respectively, airline overpayment. A new four (4) year Use and Lease Agreement became effective May 1, 2005.

Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year for each of the next five years and thereafter at April 30, 2006 and 2005 are as follows:

FYE06	Amount	FYE05	Amount
n/a	-	n/a	-
n/a	-	FYE06	\$5,571,353
FYE07	\$6,075,527	FYE07	5,071,640
FYE08	5,150,675	FYE08	4,029,855
FYE09	5,134,644	FYE09	3,998,057
FYE10	4,981,002	FYE10	3,875,711
FYE11	4,432,494	FYE11-15	15,403,979
FYE12-16	18,572,719	FYE16-20	14,317,793
FYE17-21	15,867,238	FYE21-25	10,694,461
FYE22-26	14,210,412	FYE26-30	7,420,240
FYE27-31	12,339,323	FYE30-35	5,353,392
FYE32-36	8,938,364	FYE36-40	4,787,233
FYE37-41	5,359,819	FYE41-45	4,750,000
FYE42-46	5,355,006	FYE46-50	4,546,667
FYE47-51	4,998,006	FYE51-55	226,667
Total	<u>\$111,415,229</u>		<u>\$90,047,048</u>

Note 13. RICHARDS-GEBAUR FACILITY

During the FYE00, the Federal Aviation Administration (FAA) approved the City's request to close the Richards-Gebaur Memorial Airport (RG). This approval waived the City's obligation to maintain certain RG parcels for aeronautical use and from the City's federal grant agreement assurance allowing for the public aeronautical use of RG.

The City subsequently closed RG and leased certain parcels as nonaeronautical, revenue producing airport property. This property will be used as both an intermodal freight center (Phase I Property) and an ancillary railroad facility (Phase II Property). These two properties are leased from the City to the Port Authority of Kansas City, Missouri (the Authority) and then subleased from the Authority to Kansas City Southern Railroad (KCSR).

The City and FAA completed a Memorandum of Agreement (MOA) on March 20, 2000 in which the City agreed to diligently pursue the relocation and construction of a replacement general aviation airport, subject to applicable FAA approval, within five years. The City completed the master planning process for the relocated airport and decided against the construction of a relocated airport. RG was placed into permanent

Note 13. RICHARDS-GEBAUR FACILITY, continued

closure status with concurrence from the FAA. Certain stipulations as documented in the MOA require the City to set up escrow accounts for the repayment of federal obligations and revenue received from airport property.

In accordance with the MOA, the City was required to pay \$5,000,000 plus interest as partial settlement for grant funds received for the development of RG. The settlement was accrued as a nonoperating expense during the year ended April 30, 2002, and was paid in FYE03.

In addition, all proceeds from the sale, lease, or other disposition of RG, up to a maximum of \$18 million as outlined in the table below, are restricted for general aviation projects. Once the percentage has been reached, the remainder of RG lease revenue may be used for AIP (Airport Improvement Program) or CIP (Capital Improvement Program) projects at Downtown or MCI.

Through June 17, 2003	100%
June 18, 2003 — June 17, 2006	50
June 18, 2006 — June 17, 2021	25
June 18, 2021 through lease term	0

In FYE05, the golf course comprising 184 acres was sold to the City of Belton for \$330,000.

Lease Agreement with Related Party

On December 30, 1999, the City entered into a Lease Agreement (Lease) with the Authority to lease certain RG property referred to as Phase I and Phase II Property for the purpose of subleasing said properties to KCSR. KCSR has leased Phase I and Phase II Property from the Authority for the purpose of constructing an intermodal freight center and an ancillary railroad facility, respectively.

The term of the Lease between the Authority and the City is 50 years beginning January 9, 2000. On the 10th day of each January throughout the term of the Lease, the Authority is to pay rent as follows:

Years 1 — 6	7% of the appraised value of the Phase I Property and, if applicable, 7% of the Phase II Property if construction begins prior to June 1, 2002.
Years 7 — 50	10% of the appraised value of the Phase I Property and, if applicable, 10% of the Phase II Property.

The appraised value for the Phase I and Phase II Property is \$6,100,000 and \$3,400,000, respectively. Rental income related to this Lease is approximately \$665,000 per year for the first five years. For the years 1 through 20 of the Lease term, the rent payable will be adjusted every five years based upon the consumer price index and the specific terms of the Lease. For years 21 through 50, the rent will be increased every year by 1.5 percent based upon year 20's rent due.

At any time after the twenty-third anniversary of the inception of the Lease, the Authority will have the option to purchase Phase I and Phase II Property for a purchase price that is equal to the fair market value of both properties at that time.

The Department has accounted for the Lease as an operating lease and recognized lease revenue of \$880,600 and \$678,300 for the fiscal years ended April 30, 2006 and 2005, respectively.

At April 30, 2006, the Authority owed the Department \$1,142,401, of which \$428,401 is FYE06 revenue and the remaining is deferred revenue that will be recognized in FYE07.

On May 19, 2005, the City Council approved the transfer of the administrative responsibility of three building leases at the Richards-Gebaur Facility from the Aviation Department to the City Development Department which cumulatively generate approximately \$200,000 per year in lease revenue.

Note 14. BANKRUPTCY

Voluntary petition activities for U.S. Bankruptcy Chapter 11 proceedings are as follows:

Airline	File Date	Emergence Date	Prepetition Amount Owed
United Airlines	December 9, 2002	February 1, 2006	
US Airways Group ¹	September 12, 2004	September 27, 2005	
Northwest Airlines	September 14, 2005		\$185,186
Delta Airlines	September 14, 2005		99,623

¹Merged with America West Airlines

Throughout the above periods while the airlines were in Chapter 11 of the U.S. Bankruptcy Code they all continued to operate at MCI.

Note 15. EMPLOYEE RETIREMENT PLAN

The City has a contributory, single employer, defined benefit pension plan, The Civilian Employees' Retirement System (the Plan), covering substantially all employees administered by a retirement board (Board). The Board issues publicly available financial reports that include financial statements and required supplementary information about the Plan. The Board is responsible for establishing or amending plan provisions. The financial reports may be obtained by writing to The Retirement Board of the Police Retirement System of Kansas City, Missouri, 1328 Agnes, Kansas City, Missouri 64127 or by calling 816-482-8138.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The employer contributions are established by the Board. Level percentages of payroll employer contribution rates are determined using the individual entry age normal method.

As a condition of participation in the Plan, members are required to contribute 5 percent of their salary to the Plan. The Department contributes the balance required to pay pensions and maintain the system on an actuarially sound basis. For the year ended April 30, 2006, the Department contributed at a rate of 10.53 percent of members' salaries.

The pension summary is as follows:

	Actuarial Value of Assets	Actuarial Accrued Liability	Funded (Unfunded) Actuarial Liability	Pension Plan Contribution
FYE06	\$745,720,993	\$800,839,808	(\$55,118,815)	\$1,795,845
FYE05	645,609,869	781,899,987	(136,290,118)	1,546,351
FYE04	627,078,139	740,186,346	(113,108,207)	1,286,205

Note 15. NET ASSETS

Invested in capital assets net of related debt at April 30 2006 and 2005 are as follows:

	FYE06	FYE05
Capital assets		
Land	\$37,270,829	\$37,896,398
Construction in progress	82,488,938	34,141,629
Buildings	444,856,313	437,500,779
Infrastructure	409,218,970	400,968,396
Equipment	85,930,153	81,054,086
	<u>1,059,765,203</u>	<u>991,561,288</u>
Less: Accumulated depreciation	(411,068,019)	(377,674,731)
Capital assets, net	648,697,184	613,886,557
Bond issuance costs, net	4,242,900	4,564,350
Total capital assets	<u>652,940,084</u>	<u>618,450,907</u>
Less: related liabilities		
Current portion, bonds payable	12,005,000	11,780,000
Bonds payable, net of premium, discount, and unspent proceeds	345,753,544	322,735,835
Total liabilities	<u>357,758,544</u>	<u>334,515,835</u>
Invested in capital assets, net of related debt	<u>\$295,181,540</u>	<u>\$283,935,071</u>

Restricted net assets at April 30, 2005 and 2004 are as follows:

	FYE06	FYE05
Restricted assets		
Cash and cash equivalents, restricted	\$68,111,958	\$109,999,725
Passenger facility charges	19,895,495	11,723,949
Customer facility charges	13,443,851	9,462,687
Accounts and interest receivable, restricted	5,739,024	2,689,805
	<u>107,190,328</u>	<u>133,876,166</u>
Less: liabilities from restricted assets		
Accounts and retainages payable	4,732,529	2,760,596
Debt related to unspent bond proceeds	37,997,546	85,753,343
Accrued interest payable	2,776,462	2,675,807
	<u>45,506,537</u>	<u>91,189,746</u>
Restricted net assets	<u>\$61,683,791</u>	<u>\$42,686,420</u>

Note 16. SUBSEQUENT EVENTS

On August 16, 2006, the Aviation Director was authorized to execute a Master Development Agreement with Trammell Crow Kansas City Development, Inc. for the development of 640 acres at Kansas City International Airport. The master development agreement is for a term of five (5) years. If Trammell Crow meets or exceeds phased development goals, the term shall automatically renew for an additional five (5) years.

On September 13, 2006 the City received FAA approval to sell the former Richards-Gebaur Air Force Base for a purchase price of \$10.6 million. Upon the mutual agreement of documents between the FAA and the City, and the deposit of \$10.6 million to the Aviation Department's account, the FAA will release the City from all obligations under the MOA and extinguish the MOA. The Department may use the proceeds for capital improvements at the Charles B. Wheeler Downtown Airport as suggested in the sale proposal. After year end, the Department entered into negotiations to sell the Richards-Gebaur airport. Once finalized, the sale could result in a loss for the Airport in FYE07.

On September 21, 2006, the Department purchased an office building adjacent to the airport for a total cost of \$18,382,500.

This page intentionally left blank.

SCHEDULE OF ACTUAL VS. BUDGETED EXPENSES
UNAUDITED

	Adopted Budget FYE06	Available Budget FYE06	Expenses ¹ FYE06	Uncommitted FYE06
Wages and benefits	\$25,946,234.00	\$26,161,094.98	\$23,024,666.62	\$ 3,136,428.36
Contractual services	27,794,975.00	36,941,580.30	29,221,059.26	7,720,521.04
Commodities	2,972,050.00	4,597,581.62	3,103,165.41	1,494,416.21
Capital outlay	<u>2,155,500.00</u>	<u>7,039,781.28</u>	<u>5,380,506.88</u>	<u>1,659,274.40</u>
Total Operations	<u>\$58,868,759.00</u>	<u>\$74,740,038.18</u>	<u>\$60,729,398.17</u>	<u>\$14,010,640.01</u>

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their respective governments over the course of the year. The Department revises its original budget over the course of the year for a variety of reasons. Under the current reporting model, the Department provides budgetary comparison information as other supplementary information.

¹ Expenses for budgeting purposes are on a cash basis.

SCHEDULE OF INSURANCE IN FORCE
 UNAUDITED

Insurer	Insurance Type	Limits of Coverage	Deductible	FYE06 Premium	FYE05 Premium
Old Republic	Primary General Liability	\$50,000,000 ¹	\$100,000	\$789,582	\$747,464
Lloyds of London	Excess General Liability	\$250,000,000 ²	-	\$213,533	\$213,554
Federal Ins. Co.	Property	\$250,000,000 limit real/personal \$25,000	\$150,000 ⁴	\$170,989	\$185,517
Gemini US Risk Underwriters	Law Enforcement Liability	\$1,000,000 each person occurrence/ annual aggregate	\$50,000	\$61,727	\$ 68,298
Total				<u>\$1,235,821</u>	<u>\$1,214,833</u>
	Public Officials				
Self-insured	Workers' Compensation				
Self-insured	Automobile				

¹ Changed from \$30,000,000 in FYE04
² Changed from \$350,000,000 in FYE04
³ War Risk Liability eliminated in FYE04
⁴ Changed from \$25,000 in FYE04

SCHEDULE OF BOND ISSUE COSTS
UNAUDITED

Bond Issue	Total Issue Costs	Amortized To FYE05	FYE06 Amortization	Refunded	Amortized To FYE06	Accumulated Balance
1994A	\$ 67,408	\$ 67,408	\$ -		\$ 67,408	\$ -
1995	216,666	158,200	5,648	\$52,818	216,666	-
1997A	364,384	169,119	20,922		190,041	174,343
1999A	182,154	108,653	19,175		127,828	54,327
2001 PFC	1,325,935	199,725	53,629		253,354	1,072,581
2003A	1,028,489	90,386	42,005		132,391	896,098
2003B	731,278	101,636	47,223		148,859	582,418
2004E	749,955	83,730	90,843		174,573	575,382
2005C	853,067	4,747	55,325		60,072	792,995
2005H	113,707	-	18,951		18,951	94,756
Total	<u>\$5,633,043</u>	<u>\$983,604</u>	<u>\$353,721</u>	<u>\$52,818</u>	<u>\$1,390,143</u>	<u>\$4,242,900</u>

SCHEDULE OF CONSTRUCTION IN PROGRESS (UNAUDITED)

	FYE05	Additions	Capitalized	Expensed	FYE06
<i>MCI Projects</i>					
62000043	Airfield generator	\$ 26,314	\$ 44,876	(\$ 71,190)	\$ -
6201C39A	Communications backbone	1,538,612	-	(1,538,612)	-
62960C07	Rehabilitation, Taxiways B, G, & M	87,219	-	-	87,219
62970C39	Automated access control	1,076,436	5,311,595	-	6,388,031
62000059	ARFF facility	2,970,026	3,069,386	(6,039,412)	-
62010069	APEX project	708,334	-	(708,334)	-
62010077	533 Mexico Ave. building upgrade	2,926,403	781,186	(3,707,589)	-
62010101	AVL airport buses	418,747	-	(418,747)	-
62010122	Extend taxiways B & D	1,169,614	7,233,903	(8,403,517)	-
62010129	Parking revenue control system	3,212,917	170,430	(3,383,347)	-
62020154	Fuel system assessment	-	3,805	-	(3,805)
62020174	Upgrade glycol collection system	329,710	1,382,156	-	1,711,866
62020226	Upgrade CNG facility	411,418	-	-	411,418
62020237	Reroof 711 Mexico City Ave. Building	-	123,543	-	(123,543)
62020252	Construction advisor services	-	52,187	-	(52,187)
6202075B	Interior Chase & B-line	-	146,568	(146,568)	-
62030254	Two (2) ARFF vehicles	1,915	709,168	(711,083)	-
62030256	KCI- AVI FAC Development	-	851,469	-	851,469
62030257	Checkpoint modification	43,755	554,997	(598,752)	-
62040259	Inline baggage screening	954,743	1,178,861	-	2,133,604
62040260	Agriculture building, purchase	207,607	-	(207,607)	-
62040267	Upgrade GEMS 2000	121,618	-	-	(121,618)
62040279	Reconstruct Moscow & Helsinki Aves.	12,569	884,870	(897,439)	-
62040280	TR - The Rock of KC HVAC	596	-	-	(596)
62040281	Rehabilitate Airfield Lights	-	66,024	-	66,024
62040283	Departure lounge restrooms	44,967	4,038,220	-	4,083,187
62040284	Taxicab Building addition	-	213,212	(213,212)	-
62040285	Airfield sand/deicer facility	654	47,668	-	48,322
62040288	Demo Facility@ 11930 Prairieview	-	266,323	(266,323)	-
62040289	KCI- Rehabilitate Bridges	-	243,209	-	243,209
6201C11B	TIP - boarding bridges	380,979	395,203	(776,182)	-
6201C11C	TIP - preconstruction	400,700	167,002	(567,702)	-
6201C11D	TIP - temporary walkways	106	-	-	(106)
6201C11K	Systems Integrator/MUFIDS	-	103,636	(103,636)	-
6201C11L	Seating package	312	-	-	(312)
6201C11P	Apron/PSL General Contractor	-	394,507	(394,507)	-
6201C11R	Temporary signage	314	1,191	-	(1,505)
6201C52A	K.Sonnier fountain	746,478	-	(746,478)	-
6204C21A	Rental car facility - art	13,093	108,000	-	121,093
62050294	KCI- Overhaul Base Plant Rehab	-	239,328	-	239,328
62050297	241 Paris Building upgrade	-	227,286	(227,286)	-
62050299	KCI-Rehabilitate Taxiways M, L	-	203,262	-	203,262
62050301	KCI-FM South Fiber Extension	-	284,900	-	284,900
62050302	Network equipment upgrade	-	1,102,209	(1,102,209)	-
62930B29	Boiler rehabilitation	32,883	-	-	(32,883)
62960C11	Terminal improvements	28,068	284,783	-	312,851
62960C21	Consolidated rental car facility	13,048,372	29,981,354	-	43,029,726
62960C29	Rehabilitate terminal garages A & B	47,826	-	-	(47,826)
62980C86	Parking area west of Bern Ave.	70,060	-	-	70,060
62980C92	Program management	613,143	268,762	-	881,905
62990D49	KCI- Storage Bldg Improvements	-	38,247	-	38,247
62000000	Capital improvement accruals	-	5,593,012	-	5,593,012
Total construction-in-process at MCI	31,646,508	66,766,338	(30,521,398)	(1,092,715)	66,798,733
<i>CBW Projects</i>					
62000013	Storm drainage improvements	441,041	45,802	-	(486,843)
62000034	Replace well	877,042	-	(877,042)	-
6201K24A	Public art moving and storage	-	4,023	-	(4,023)
62030233	Replace airport fence	-	3,960	-	(3,960)
62030235	Runway 1/19 safety area extension	272,105	78,076	-	350,181
62040262	Terminal bldg HVAC improvements	139,805	295,580	-	435,385
62040271	Waste screening	131,201	-	(131,201)	-
62900K01	Runway 1/19 overlay	633,927	14,270,712	-	14,904,639
Total construction-in-process at CBW	2,495,121	14,698,153	(1,008,243)	(494,826)	15,690,205
Total construction-in-process	\$34,141,629	81,464,491	(31,529,641)	(1,587,541)	82,488,938

SCHEDULE OF ASSETS CAPITALIZED

UNAUDITED

Land	
Tract 160, 99.6 acres.	\$ 379,360
Tract 56, 10 acres.	750,000
Simulator Building Demolition	266,323
Total land	<u>1,395,683</u>
Buildings & building improvements	
America West Reservations Center	171,173
Aircraft Rescue Fire Fighting Facility	6,039,412
533 Mexico Ave. Building upgrade	3,707,589
Checkpoint Modifications	598,752
Agriculture Building	207,607
Dumpster screening at Charles B. Wheeler Downtown Airport	131,200
Taxicab Building addition	213,213
241 Paris Ave Building upgrade	227,286
KCI Terminal Improvements	1,108,777
Total buildings & building improvements	<u>12,405,009</u>
Infrastructure	
Radio and communications infrastructure	222,875
Replace well at Charles B. Wheeler Downtown Airport	877,042
Extend Taxiways B & D at KCI	8,403,517
Moscow and Helsinki Road reconstruction	897,438
K. Sonnier Fountain	746,478
Total infrastructure	<u>11,147,350</u>
Machinery & equipment	
Biological Oxygent Demand Analyzer	52,967
KCI airfield generator	71,190
Various Chevrolet vehicles (6)	139,140
Snow plow vehicles (2)	79,736
Boom Lift	42,931
Engineering printer	11,841
Pladin light construction equipment (6)	2,077,200
Tractor	33,536
Air compressor	12,500
International trucks (3)	359,592
Henke reversible snowplows (6)	101,354
Heavy duty sand spreader (3)	102,453
Computer equipment	12,164
KCI AVL in airport buses	418,747
Parking revenue control system	3,383,347
EIDorado EZ Rider Transit Bus (8)	2,012,889
ARFF vehicles (2)	711,084
Network equipment upgrade	1,102,209
Communications backbone	1,538,612
Boarding bridges	776,182
Integrator//MUFIDS	103,636
Roberts auto plaza vehicle	21,560
American Equipment Co. - snowplows (3)	42,474
Total machinery & equipment	<u>13,207,344</u>
Total assets capitalized	<u>\$38,155,386</u>

This page intentionally left blank.

This page intentionally left blank.

STATISTICAL SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

FINANCIAL TRENDS

SCHEDULE OF HISTORICAL NET ASSETS AND CASH FLOWS
SCHEDULE OF HISTORICAL REVENUES AND EXPENSES
SCHEDULE OF STATEMENT OF CASH FLOWS
SCHEDULE OF UNRESTRICTED AND RESTRICTED CASH AND CASH EQUIVALENTS
SCHEDULE OF RATIOS OF OUTSTANDING DEBT, DEBT SERVICE AND DEBT LIMITS

REVENUE CAPACITY

SCHEDULE OF GRANTS OPEN
SCHEDULE OF HIGHEST PAYING CUSTOMERS
SCHEDULE OF DEPARTMENT OPERATING EXPENDITURES BY DIVISION
SCHEDULE OF DEPARTMENT FULL-TIME AND EQUIVALENT EMPLOYEES BY DIVISION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS BY FACILITY
SCHEDULE OF POPULATION
SCHEDULE OF MOST POPULAR DESTINATIONS
MAP OF NON-STOP FLIGHTS
SCHEDULE OF PASSENGER AND CARGO AIRLINES
SCHEDULE OF AIRLINE SERVICE
SCHEDULE OF RATES & CHARGES
SCHEDULE OF FACILITY INFORMATION

SCHEDULE OF HISTORICAL NET ASSETS AND CASH FLOW INFORMATION

	FYE97	FYE98	FYE99	FYE00
Statement of net assets:				
Current assets - Unrestricted	\$ 44,279,108	\$ 49,867,254	\$ 30,319,143	\$143,965,136
Current assets - Restricted	134,857,816	128,305,718	143,061,612	35,108,721
Non current - Capital	417,632,544	479,189,636	489,013,372	494,881,394
Non current - Constr. in progress	41,099,113	31,208,283	60,828,209	80,468,160
Non current - Accumulated. Depr.	(192,348,739)	(211,412,950)	(226,889,575)	(245,330,844)
Non current - Bond issue costs	799,564	889,586	783,577	831,634
Due from other funds	-	-	1,333,469	1,383,789
Total assets	\$446,319,406	\$479,380,996	\$498,500,127	\$513,908,307
Current liabilities	\$ 8,893,697	\$ 3,133,553	\$ 9,031,037	\$ 8,497,440
Current liabilities from restricted assets	8,815,615	11,175,632	9,142,506	8,535,982
Long-term liabilities	152,500,433	139,458,133	135,253,145	130,725,091
Total liabilities	170,209,745	163,767,318	153,426,688	147,758,513
Contributed capital	116,432,758	132,532,504	136,059,350	132,159,930
Retained earnings / net assets	159,676,903	183,081,174	209,014,089	233,989,864
Total liabilities and net assets	\$446,319,406	\$479,380,996	\$498,500,127	\$513,908,307
Cash Flow Information:				
Operating profit before				
depreciation & amortization	\$13,630,548	\$23,929,686	\$22,961,708	\$26,576,275
Depreciation & amortization	18,302,898	20,382,937	17,840,736	21,105,183
Total operating profit/(loss)	\$ 4,672,350	\$ 3,546,749	\$ 5,120,972	\$ 5,471,092
Capital contributions	\$13,446,863	\$11,649,282	\$13,455,399	\$ 2,729,040
Capital acquisitions	53,823,406	59,494,192	42,504,755	30,397,438

FYE01	FYE02	FYE03	FYE04	FYE05	FYE06
\$161,646,608	\$165,960,388	\$181,503,411	\$130,027,638	\$127,418,350	\$139,861,105
37,285,843	121,391,304	156,966,757	116,800,168	134,922,524	107,190,328
535,827,948	621,741,794	628,519,098	688,689,883	957,419,659	977,276,265
97,242,089	101,091,962	203,993,645	251,419,111	34,141,629	82,488,938
(263,913,086)	(284,365,891)	(310,824,361)	(339,044,701)	(377,674,731)	(411,068,019)
699,061	1,919,483	3,545,377	3,369,302	4,564,350	4,242,900
3,984,106	-	-	-	-	-
\$568,788,463	\$727,739,040	\$863,703,927	\$851,261,401	\$880,791,781	\$899,991,517
\$ 14,527,635	\$ 4,040,441	\$ 24,959,258	\$ 12,846,116	\$ 11,704,215	\$ 19,334,408
9,815,711	14,807,598	19,719,614	19,152,546	17,652,267	19,813,364
<u>127,932,228</u>	<u>257,940,000</u>	<u>375,206,326</u>	<u>364,279,437</u>	<u>400,557,168</u>	<u>386,299,521</u>
<u>152,275,574</u>	<u>296,788,039</u>	<u>419,885,198</u>	<u>396,278,099</u>	<u>429,913,650</u>	<u>425,447,293</u>
141,085,580	134,462,070	-	-	-	-
<u>275,427,309</u>	<u>296,488,931</u>	<u>443,818,729</u>	<u>454,983,302</u>	<u>450,878,131</u>	<u>474,544,224</u>
\$568,788,463	\$727,739,040	\$863,703,927	\$851,261,401	\$880,791,781	\$899,991,517
\$25,805,967	\$14,169,532	\$16,920,214	\$20,162,013	\$20,447,992	\$20,324,177
21,682,523	22,735,719	27,292,927	28,610,026	38,937,910	49,621,125
<u>\$ 4,123,444</u>	<u>(\$8,566,187)</u>	<u>(\$10,372,713)</u>	<u>(\$8,448,013)</u>	<u>(\$18,489,918)</u>	<u>(\$29,296,948)</u>
\$15,518,707	\$13,307,685	\$ 9,557,005	\$ 3,279,074	\$ 5,700,284	\$33,094,115
57,073,651	92,012,560	110,379,572	96,872,489	47,018,293	85,349,215

SCHEDULE OF HISTORICAL REVENUES AND EXPENSES

	FYE97	FYE98	FYE99	FYE00
Operating revenues:				
Terminal and aprons	\$11,963,883	\$11,937,618	\$ 9,179,225	\$ 9,401,496
Airfield	10,222,160	9,887,450	10,912,386	9,750,600
Parking ¹	-	-	-	-
Rental car ¹	-	-	-	-
Transportation Facility Charge	-	-	-	-
Concessions ¹	-	-	-	-
Parking & concessions ¹	24,871,665	27,549,491	42,150,141	43,873,844
Other property rentals	10,885,215	12,316,187	4,478,829	4,576,828
Other	52,608	140,874	93,908	32,009
Total operating revenue	57,995,531	61,831,620	66,814,489	67,634,777
Nonoperating revenues:				
Interest income	9,519,551	10,178,657	9,134,514	7,486,337
Passenger facility charge	14,729,258	15,682,026	15,752,125	16,409,710
Customer facility charge	-	-	-	-
Operating/Federal grant	8,887,444	-	108,292	46,883
Other income	188,299	103,436	79,291	-
Total nonoperating revenue	33,324,552	25,964,119	25,074,222	23,942,930
Capital contributions	-	-	-	-
Total revenue	91,320,083	87,795,739	91,888,711	91,577,707
Operating expenses:				
Personnel services & benefits	16,609,174	16,362,601	17,105,678	18,108,645
Contractual services	12,672,688	13,898,934	13,945,951	18,855,000
Commodities	14,627,340	7,232,021	12,583,113	4,005,745
Other	455,781	408,378	218,039	89,112
Total operating expense	44,364,983	37,901,934	43,852,781	41,058,502
Non cash expenses:				
Depreciation	17,990,519	20,303,667	17,779,943	21,075,416
Amortization	312,379	79,270	60,793	29,767
Total Non Cash Expense	18,302,898	20,382,937	17,840,736	21,105,183
Nonoperating expenses:				
Interest expense	5,953,636	9,709,310	9,522,835	8,919,383
Other expense	-	-	-	2,147,324
Total nonoperating expense	5,953,636	9,709,310	9,522,835	11,066,707
Total expense	68,621,517	67,994,181	71,216,352	73,230,392
Change in net assets	\$22,698,566	\$19,801,558	\$20,672,359	\$18,347,315

¹ During the years FYE95 through FYE00 parking, rental car, and concession revenues were all included in parking and concessions revenues.

FYE01	FYE02	FYE03	FYE04	FYE05	FYE06
\$ 9,630,210	\$10,894,533	\$ 9,573,569	\$ 9,302,622	\$ 9,356,744	\$10,952,845
9,919,277	9,533,402	10,204,660	10,228,110	10,038,968	11,662,094
32,773,679	29,791,619	31,869,141	33,293,350	34,609,225	35,769,941
7,773,929	7,238,643	7,290,691	7,864,913	7,829,509	8,372,860
-	-	-	-	-	1,760,366
3,740,279	2,855,587	2,248,520	2,044,290	3,110,624	3,796,773
-	-	-	-	-	-
5,630,947	6,095,620	6,201,322	6,353,902	5,813,881	7,928,682
143,254	810,837	663,543	286,530	160,011	136,258
<u>69,611,575</u>	<u>67,220,241</u>	<u>68,051,446</u>	<u>69,373,717</u>	<u>70,918,962</u>	<u>80,379,819</u>
14,711,152	9,725,987	9,171,250	4,879,174	3,188,810	7,396,189
17,207,518	16,134,494	13,686,560	13,879,589	13,655,542	20,252,999
1,776,234	6,186,432	5,792,046	5,886,939	5,976,731	6,147,691
123,049	1,223,993	3,022,340	936,958	136,058	130,359
1,463,226	-	163,840	187,230	614,809	210,810
<u>35,281,179</u>	<u>33,270,906</u>	<u>31,836,036</u>	<u>25,769,890</u>	<u>23,571,950</u>	<u>34,138,048</u>
-	9,118,124	7,450,857	3,258,011	5,816,648	40,897,885
<u>104,892,754</u>	<u>109,609,271</u>	<u>107,338,339</u>	<u>98,401,618</u>	<u>100,307,560</u>	<u>155,415,752</u>
18,292,675	20,509,676	22,365,738	21,120,771	22,168,647	24,007,384
20,486,708	27,350,108	23,004,062	25,474,042	25,680,324	33,071,060
4,940,937	5,082,986	5,663,077	2,616,891	2,621,999	2,977,198
85,288	107,939	98,355	-	-	-
<u>43,805,608</u>	<u>53,050,709</u>	<u>51,131,232</u>	<u>49,211,704</u>	<u>50,470,970</u>	<u>60,055,642</u>
21,632,145	22,630,206	27,159,055	28,400,493	38,649,530	49,267,402
50,378	105,513	133,872	209,533	288,380	353,723
<u>21,682,523</u>	<u>22,735,719</u>	<u>27,292,927</u>	<u>28,610,026</u>	<u>38,937,910</u>	<u>49,621,125</u>
8,428,713	12,280,379	15,698,287	9,324,298	14,675,769	19,186,893
-	7,104,353	348,165	91,017	328,082	2,885,999
<u>8,428,713</u>	<u>19,384,732</u>	<u>16,046,452</u>	<u>9,415,315</u>	<u>15,003,851</u>	<u>22,072,892</u>
<u>73,916,844</u>	<u>95,171,160</u>	<u>94,470,611</u>	<u>87,237,045</u>	<u>104,412,731</u>	<u>131,749,659</u>
<u>\$30,975,910</u>	<u>\$14,438,111</u>	<u>\$12,867,728</u>	<u>\$11,164,573</u>	<u>(\$ 4,105,171)</u>	<u>\$ 23,666,093</u>

SCHEDULE OF STATEMENT OF CASH FLOWS

	FYE04	FYE05	FYE06
Cash flows from operating activities:			
Cash received from providing services	\$ 69,653,034	\$ 70,896,008	\$ 73,518,703
Cash paid to employees, including benefits	(20,930,841)	(21,967,293)	(23,009,718)
Cash paid to suppliers	(41,303,178)	(31,026,186)	(26,723,628)
Cash provided by operating activities	7,419,015	17,902,529	23,785,357
Cash flows from noncapital financing activities			
Proceeds from grants	936,958	136,058	130,359
Due other government	-	-	(136,491)
Cash provided noncapital financing activities	936,958	136,058	(6,132)
Cash flows from capital and related financing activities:			
Paid debt issue costs	(33,458)	(1,483,426)	(113,707)
Purchase of capital assets	(784,394)	(2,585,524)	(5,472,265)
Acquisition and construction of capital assets	(96,088,095)	(44,432,769)	(79,876,950)
Construction contract and retainage	214,828	(267,614)	(911,404)
Matured coupons	37,573	-	-
Proceeds from capital debt	-	84,146,294	20,187,845
Capital debt refunded	-	(36,080,000)	(22,490,000)
Principal paid on capital debt	(10,790,000)	(11,285,000)	(11,780,000)
Interest paid on capital debt	(20,242,594)	(19,136,877)	(20,137,395)
Passenger Facility Charges	13,879,589	13,655,542	20,252,999
Customer Facility Charges	5,886,939	5,976,731	6,147,691
Proceeds from sales of capital assets	96,213	384,465	331,929
Capital contributed by federal government	3,279,074	5,700,284	33,094,115
Cash used in capital and related financing activities	(104,544,325)	(5,409,894)	(60,767,142)
Cash flows from investing activities:			
Interest received	5,299,647	5,334,602	7,007,378
Cash provided by investing activities	5,299,647	5,334,602	7,007,378
Net increase (decrease) in cash and cash equivalents	(90,888,705)	17,963,295	(29,980,539)
Cash and cash equivalents at beginning of year	329,335,846	238,447,141	256,410,436
Cash and cash equivalents at end of year	\$238,447,141	\$256,410,436	\$226,429,897
Reconciliation to Statements of Net Assets			
Cash and Cash Equivalents:			
Unrestricted	\$125,868,377	\$124,182,309	\$124,978,593
Restricted	112,578,764	132,228,129	101,451,304
Cash and Cash Equivalents at end of year	\$238,447,141	\$256,410,436	\$226,429,897

This page intentionally left blank.

SCHEDULE OF UNRESTRICTED AND RESTRICTED CASH AND CASH EQUIVALENTS

	Cash & Cash Equivalents & Investments	Passenger Facility Charge	Customer Facility Charge	DEA Forfeited Property	Richards- Gebaur
FYE01	\$147,248,851	-	\$ 1,279,740	\$115,335	\$6,639,703
FYE02	155,209,796	8,809,380	6,659,616	104,373	5,034,134
FYE03	173,626,211	13,503,621	12,339,400	123,724	2,504,857
FYE04	125,868,377	13,528,927	17,928,526	55,054	3,764,239
FYE05	124,182,309	11,635,032	9,398,371	84,563	4,906,580
FYE06	124,978,593	19,895,495	13,443,851	190,316	5,232,465

Airlines Operations & Maintenance	Deferred Maintenance & Replacement	Principal & Interest	Bond Reserve	Construction Proceeds	Other	Total
\$1,725,534	\$4,158,593	\$5,639,649	\$14,776,000	\$2,274,074	\$302,343	\$184,159,822
1,000,000	750,000	8,176,953	15,275,500	73,506,105	311,962	274,837,819
1,000,000	750,000	13,837,907	15,275,500	96,048,330	326,297	329,335,847
1,951,189	6,410,983	10,821,389	15,275,500	42,509,427	333,530	238,447,141
1,996,607	6,560,207	8,789,141	10,875,500	77,640,831	341,295	256,410,436
3,998,071	750,000	8,958,129	8,437,000	40,545,977	-	226,429,897

SCHEDULE OF RATIOS OF OUTSTANDING DEBT, DEBT SERVICE, AND DEBT LIMITS,

	FYE01	FYE02	FYE03	FYE04
Outstanding debt by type				
General Revenue Bonds (GARBs)	\$134,785,000	\$128,265,000	\$251,430,000	\$244,230,000
Subordinate Bonds	-	-	-	-
Passenger Facility Charge Bonds	-	140,000,000	136,520,000	132,930,000
Outstanding debt	\$134,785,000	\$268,265,000	\$387,950,000	\$377,160,000
Enplaned passengers	6,145,608	5,593,527	4,987,421	4,905,086
Outstanding debt per enplaned passenger	\$21.93	\$47.96	\$77.79	\$76.89
Debt Service (in thousands)				
Principal	\$ 6,100	\$ 6,520	\$10,325	\$10,790
Interest	7,905	12,111	14,274	20,243
Total Debt Service	\$14,005	\$18,631	\$24,599	\$31,033
Ratio of debt to total expenses	10.39%	6.94%	6.34%	8.23%

FYE05	FYE06
\$226,410,000	\$215,595,000
57,020,000	57,020,000
<u>129,220,000</u>	<u>125,380,000</u>
\$412,650,000	\$397,995,000
5,036,889	5,112,330
\$81.93	\$77.85
\$10,710	\$11,780
<u>17,878</u>	<u>20,889</u>
\$28,588	\$32,669
6.93%	8.21%

SCHEDULE OF GRANTS

Grant Number	Location	Description	Maximum Balance	FYE06 Revenue	Executed	Status
Capital						
AIP 3-29-0041-12	MKC	Master plan	\$ 230,866	\$ -	FYE00	Closed FYE04
AIP 3-29-0041-13	MKC	Rwy 1/19 safety area extension	522,896	77,025	FYE04	Open
AIP 3-29-0041-14	MKC	Rehabilitate Rwy 1/19 (Ph I)	7,650,000	7,650,000	FYE05	Closed FYE06
AIP 3-29-0041-15	MKC	Rehabilitate Rwy & Airfield Lighting	5,415,000	5,415,000	FYE05	Open
AIP 3-29-0041-16	MKC	Rehabilitate Runway and Airfield Lightng	1,100,000	409,776	FYE06	Open
AIP 3-29-0040-28	MCI	Rehabilitate terminal aprons	10,485,334	-	FYE98	Closed FYE00
AIP 3-29-0040-31	MCI	Apron rehabilitation - Phase V	6,402,660	-	FYE00	Closed FYE04
AIP 3-29-0040-32	MCI	Rehabilitate taxiways B & G	16,252,545	-	FYE01	Closed FYE04
AIP 3-29-0040-34	MCI	ARFF building	4,125,000	1,389,800	FYE02	Closed FYE06
AIP 3-29-0040-36	MCI	Airport security operating grant	1,057,659	-	FYE02	Closed FYE03
AIP 3-29-0040-37	MCI	Security enhancements	8,864,132	5,178,810	FYE03	Open
AIP 3-29-0040-38	MCI	Emergency airfield generator	1,419,276	48,811	FYE04	Open
AIP 3-29-0040-39	MCI	Land acquisition	702,492	-	FYE04	Closed FYE04
AIP 3-29-0040-40	MCI	Glycol treatment	150,000	-	FYE04	Closed FYE04
AIP 3-29-0040-41	MCI	Acquire Two ARFF vehicles	1,346,426	532,843	FYE04	Open
AIP 3-29-0040-42	MCI	Security enhancements - holdroom	517,194	394,507	FYE04	Open
AIP 3-29-0040-43	MCI	Security enhancements - terminal	15,000,000	925,341	FYE04	Open
AIP 3-29-0040-44	MCI	Rehabilitate Apron (Ph IX), Security Enh.	6,419,446	3,803,506	FYE05	Open
AIP 3-29-0040-45	MCI	Extend Taxiway B, D, and M	6,985,000	6,748,979	FYE05	Open
AIP 3-29-0040-46	MCI	Apron, Look-back (Phase 10)	4,634,235	4,634,255	FEY06	Closed FYE06
AIP 3-29-0040-47	MCI	Airfield Lighting and Glycol Recovery	7,464,005	837,989	FYE05	Open
AIP 3-29-0040-48	MCI	Apron, Look-back (Phase 11)	2,778,347	2,778,347	FYE06	Closed FYE06
CMAQ-3300 (481)	MCI	MODOT - buses	663,500	-		Closed FYE04
AIR 026-107C	MKC	MODOT - fence project	72,896	72,896	FYE03	Closed FYE06
Total Capital Grant Revenue				<u>\$40,897,885</u>		
Operating						
	MCI	TSA - Explosives Detection K-9 Team Prgm	120,500 ⁽¹⁾	<u>\$130,359</u>		
Total Operating Grant Revenue				<u>\$130,359</u>		

⁽¹⁾Maximum per Federal Fiscal Year October 1 through September 30

SCHEDULE OF HIGHEST PAYING CUSTOMERS

	FYE03 ⁽¹⁾		FYE04 ⁽¹⁾		FYE05 ⁽²⁾		FYE06	
	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount
Southwest Airlines	1	\$4,804,652	1	\$4,657,049	1	\$5,751,808	1	\$5,826,355
American Airlines	2	2,088,927	3	2,116,212	2	3,573,652	2	3,863,103
Hertz Car Rental	3	2,013,156	2	2,193,635	3	2,715,287	3	2,303,147
Midwest Express Airlines	-	-	-	-	6	2,043,120	4	2,296,561
Avis Rent-A-Car	4	1,904,547	4	2,013,541	4	2,575,275	5	2,169,480
Delta Airlines	7	1,601,187	5	1,865,965	5	2,312,019	6	1,834,106
Vanguard Car Rental	5	1,655,220	6	1,642,180	7	1,967,296	7	1,821,328
Host International, Inc.	-	-	-	-	-	-	8	1,768,374
Paradies - Kansas City, LLC	-	-	-	-	10	1,400,545	9	1,676,215
Executive Beechcraft	-	-	-	-	-	-	10	1,584,246
Northwest Airlines	10	1,289,364	8	1,334,688	8	1,905,249	11	1,381,179
United Airlines	6	1,649,577	7	1,390,867	9	1,718,621	12	1,374,774
Continental Airlines	11	1,184,572	10	1,154,382	12	1,302,199	13	1,346,992
US Airways	9	1,367,758	9	1,273,485	11	1,323,884	14	1,283,125
Port Authority of Kansas City, MO	-	-	-	-	-	-	15	1,071,001

⁽¹⁾FYE03 and FYE04, rankings were provided for the 10 highest paying customers only.

⁽²⁾FYE05 rankings were provided for the 12 highest paying customers only.

SCHEDULE OF DEPARTMENT OF AVIATION OPERATING EXPENDITURES BY DIVISION

Division	Salaries, Wages & Employee Benefits			Contractual Services		
	FYE06	FYE05	FYE04	FYE06	FYE05	FYE04
Administration	\$ 952,418	\$ 794,016	\$ 967,240	\$ 638,037	\$ 200,862	\$1,016,445
Accounting & Finance	1,269,353	1,495,603	1,163,849	544,386	964,740	417,182
Information Technology	597,325	454,327	641,965	1,046,069	2,387,423	1,915,058
Engineering	906,155	994,181	801,268	250,614	241,313	469,917
Human Resources	154,819	255,668	270,407	184,831	226,312	250,164
Marketing	546,031	517,218	493,259	1,092,109	919,874	744,926
Economic Development	699,568	728,537	786,530	4,550,436	1,878,810	1,680,421
CBW Downtown Airport	757,625	684,930	608,136	710,650	678,772	731,003
Richards-Gebaur	-	-	-	89,663	193,141	253,031
Operations	923,217	764,571	726,888	2,592,112	2,610,554	2,562,922
Airport Police	5,037,296	4,512,540	4,541,523	1,951,223	1,872,778	1,975,026
Field Maintenance	2,839,374	2,590,070	2,475,102	479,974	494,655	541,790
Fleet Maintenance	865,127	755,446	755,607	663,510	381,247	270,264
Facilities Custodial	3,315,372	3,235,297	3,003,633	809,399	893,258	820,862
Facilities Structural	1,628,172	1,465,550	1,482,091	9,989,406	6,087,855	5,340,259
Parking & Bus	3,051,577	2,826,189	2,403,273	5,339,132	4,016,427	3,495,477
Environmental	314,885	94,504	-	418,686	462,035	106,072
Safety	149,070	-	-	22,497	-	-
Art and Aesthetics	-	-	-	4,781	5,156	-
Maintenance projects	-	-	-	1,693,545	1,165,112	2,883,223
Total	\$24,007,384	\$22,168,647	\$21,120,771	\$33,071,060	\$25,680,324	\$25,474,042

Commodities			Total		
FYE06	FYE05	FYE04	FYE06	FYE05	FYE04
\$18,496	\$28,562	\$ 22,682	\$1,608,951	\$1,023,440	\$2,006,367
71,895	11,375	16,820	1,885,634	2,471,718	1,597,851
212,921	129,909	75,732	1,856,315	2,971,659	2,632,755
12,723	11,706	18,336	1,169,492	1,247,200	1,289,521
4,719	2,405	8,251	344,369	484,385	528,822
12,579	11,538	10,755	1,650,719	1,448,630	1,248,940
149,831	24,923	106,927	5,399,835	2,632,270	2,573,878
185,612	169,746	116,643	1,653,887	1,533,448	1,455,782
-	-	-	89,663	193,141	253,031
30,287	33,360	16,615	3,545,616	3,408,485	3,306,425
100,732	50,633	97,021	7,089,251	6,435,951	6,613,570
917,819	1,034,746	957,170	4,237,167	4,119,471	3,974,062
791,071	681,273	567,356	2,319,708	1,817,966	1,593,227
363,383	288,271	432,885	4,488,154	4,416,826	4,257,380
87,368	120,792	158,239	11,704,946	7,674,197	6,980,589
9,458	13,921	11,459	8,400,167	6,856,537	5,910,209
5,849	8,839	-	739,420	565,378	106,072
2,455	-	-	174,022	-	-
-	-	-	4,781	5,156	-
-	-	-	1,693,545	1,165,112	2,883,223
<u>\$2,977,198</u>	<u>\$2,621,999</u>	<u>\$2,616,891</u>	<u>\$60,055,642</u>	<u>50,470,970</u>	<u>\$49,211,704</u>

SCHEDULE OF DEPARTMENT OF AVIATION FULL-TIME AND EQUIVALENT EMPLOYEES BY DIVISION

Division	FYE04	FYE05	FYE06
Administration	10	11	8
Accounting & Finance	27	27	27
Information Technology	11	2	0
Engineering	20	19	16
Human Resources	5	3	4
Marketing	8	8	8
Economic Development	14	11	10
Downtown Airport	13	15	17
Richards-Gebaur	-	-	-
Operations	11	12	16
Airport Police	129	144	128
Field Maintenance	74	72	74
Fleet Maintenance	16	16	16
Facilities Custodial	92	94	94
Facilities Structural	36	34	34
Parking & Bus	66	67	104
Environmental	-	2	3
Safety Management	-	3	3
Total	<u>532</u>	<u>540</u>	<u>562</u>

Source: Department of Aviation records.

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS BY FACILITY
 FOR THE YEAR ENDED APRIL 30, 2006

	Kansas City International	Charles B. Wheeler Downtown	Richards- Gebaur	Total
Operating revenues:				
Terminal	\$ 10,519,805	\$ 433,040	\$ -	\$ 10,952,845
Airfield fees	11,406,719	255,375	-	11,662,094
Parking	35,723,707	46,234	-	35,769,941
Auto rental	8,372,860	-	-	8,372,860
Transportation facility charges	1,760,366	-	-	1,760,366
Concessions	3,796,773	-	-	3,796,773
Property rental	5,246,961	1,446,618	1,235,103	7,928,682
Other	135,005	238	1,015	136,258
Total operating revenues	<u>76,962,196</u>	<u>2,181,505</u>	<u>1,236,118</u>	<u>80,379,819</u>
Operating expenses:				
Salaries, wages, and employee benefits	23,249,759	757,625	-	24,007,384
Contractual services	32,277,157	710,650	83,253	33,071,060
Commodities	<u>2,791,586</u>	<u>185,612</u>	<u>-</u>	<u>2,977,198</u>
Total operating expenses	58,318,502	1,653,887	83,253	60,055,642
Total operating expenses before depreciation and amortization	18,643,694	527,618	1,152,865	20,324,177
Noncash operating expenses:				
Depreciation	46,947,745	1,834,691	484,966	49,267,402
Amortization	<u>353,723</u>	<u>-</u>	<u>-</u>	<u>353,723</u>
Total noncash expenses	<u>47,301,468</u>	<u>1,834,691</u>	<u>484,966</u>	<u>49,621,125</u>
Total operating income/(loss)	(28,657,774)	(1,307,073)	667,899	(29,296,948)
Nonoperating revenues:				
Interest	7,240,599	-	155,590	7,396,189
Passenger facility charge	20,252,999	-	-	20,252,999
Customer facility charge	6,147,691	-	-	6,147,691
Operating grant revenue	130,359	-	-	130,359
Other	<u>210,796</u>	<u>14</u>	<u>-</u>	<u>210,810</u>
Total nonoperating revenue	<u>33,982,444</u>	<u>14</u>	<u>155,590</u>	<u>34,138,048</u>
Nonoperating expense:				
Interest	19,186,893	-	-	19,186,893
Other	<u>588,471</u>	<u>176,217</u>	<u>2,121,311</u>	<u>2,885,999</u>
Total nonoperating expense	<u>19,775,364</u>	<u>176,217</u>	<u>2,121,311</u>	<u>22,072,892</u>
Total nonoperating income	<u>14,207,080</u>	<u>(176,203)</u>	<u>(1,965,721)</u>	<u>12,065,156</u>
Net income (loss) before capital contributions	(14,450,694)	(1,483,276)	(1,297,822)	(17,231,792)
Capital contributions	<u>30,822,655</u>	<u>10,075,230</u>	<u>-</u>	<u>40,897,885</u>
Changes in net assets	<u>\$16,371,961</u>	<u>\$ 8,591,954</u>	<u>(\$ 1,297,822)</u>	<u>\$23,666,093</u>

SCHEDULE OF POPULATION
FOR THE YEAR ENDED APRIL 30, 2006

Metropolitan Statistical Area (MSA) and Air Service Area (ASA)

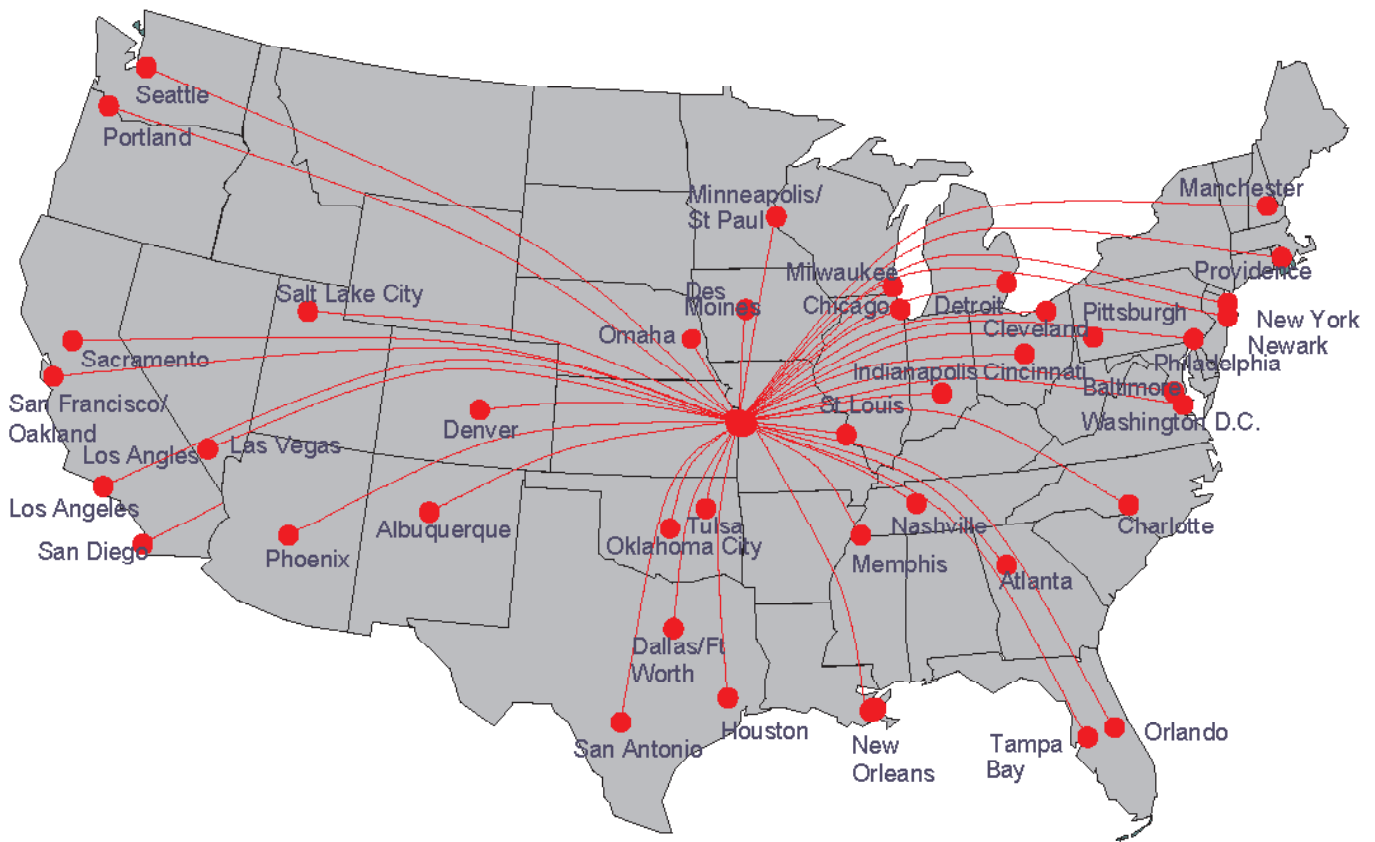
	Square Miles	1980	1990	2000	2005
Metropolitan Statistical Area (MSA)					
Missouri					
Bates	848	15,873	15,025	16,653	16,965
Caldwell	429	8,660	8,380	8,969	9,204
Cass	699	51,029	63,808	82,092	91,593
Clay	396	136,488	153,411	184,006	197,588
Clinton	419	15,916	16,595	18,879	20,683
Jackson	605	629,266	633,232	654,880	660,095
Lafayette	629	29,925	31,107	32,960	33,134
Platte	420	46,341	57,867	73,781	80,967
Ray	570	21,378	21,971	23,354	23,937
Kansas					
Franklin	922	71,233	80,603	93,807	98,234
Johnson	477	270,269	355,054	451,086	496,691
Leavenworth	463	54,809	64,371	68,691	72,439
Linn	599	8,234	8,254	9,570	9,775
Miami	577	21,618	23,466	28,351	29,712
Wyandotte	151	172,335	161,993	157,882	156,487
Total Metropolitan Statistical Area	<u>8,204</u>	<u>1,553,374</u>	<u>1,695,137</u>	<u>1,904,961</u>	<u>1,997,504</u>
Air Service Area					
Missouri					
Buchanan	410	87,888	83,083	85,998	84,825
Kansas					
Douglas	<u>465</u>	<u>67,640</u>	<u>81,798</u>	<u>99,962</u>	<u>102,786</u>
Total Air Service Area	<u>9,079</u>	<u>1,708,902</u>	<u>1,860,018</u>	<u>2,090,921</u>	<u>2,185,115</u>

Source: www.census.gov

SCHEDULE OF MOST POPULAR DESTINATIONS

Rank	City	C2002		C2003		C2004		C2005
1	Chicago, Midway	396,290	Chicago, Midway	387,890	Chicago, Midway	401,700	Chicago, Midway	411,590
2	Las Vegas	334,550	Las Vegas	348,460	Chicago, O'Hare	339,570	Las Vegas	353,380
3	Chicago, O'Hare	332,720	Chicago, O'Hare	327,660	Las Vegas	333,180	Chicago, O'Hare	339,250
4	Dallas/Ft. Worth	322,120	Atlanta	312,820	Phoenix	313,890	Los Angeles	313,480
5	Denver	305,690	Phoenix	282,030	Los Angeles	306,640	Phoenix	309,890
6	Atlanta	301,260	Orlando	281,410	Atlanta	299,380	Atlanta	304,890
7	Los Angeles	277,180	Dallas/Ft. Worth	265,820	Orlando	292,630	Orlando	281,580
8	Orlando	260,810	Los Angeles	258,680	Dallas/Ft. Worth	277,210	Denver	277,190
9	Phoenix	253,810	Denver	253,330	Denver	276,180	Dallas/Ft. Worth	264,840
10	New York, LGA	226,020	New York, LGA	220,990	New York, LGA	239,590	New York	252,110
11	St. Louis	213,980	St. Louis	201,910	Washington, DCA	198,920	Washington, DCA	235,630
12	Baltimore	173,810	Baltimore	197,370	St. Louis	183,200	St. Louis	178,580
13	Tampa	156,580	Tampa	157,590	Baltimore	171,920	Baltimore	169,320
14	Detroit	150,850	Detroit	154,850	Tampa	165,400	Tampa	155,740
15	Seattle	145,090	Washington, DCA	150,170	Seattle	149,180	San Diego	152,940
16	Ft. Lauderdale	143,480	Seattle	143,040	San Diego	148,640	Nashville	149,560
17	Washington, DCA	143,000	San Diego	141,180	Detroit	145,690	Seattle	145,040
18	San Diego	142,540	Philadelphia	136,490	Nashville	142,990	Detroit	143,360
19	Minneapolis	141,900	Nashville	135,530	Philadelphia	138,410	Minneapolis	143,210
20	Nashville	134,820	Minneapolis	127,800	Minneapolis	131,440	Philadelphia	140,410
Total		<u>8,456,700</u>		<u>8,358,670</u>		<u>8,721,510</u>		<u>8,875,340</u>

One passenger flying roundtrip is counted twice.
 Source: O&D Survey of Airline Passenger Traffic, US DOT, via Data Bas Product



FLY NON-STOP TO THE FOLLOWING CITIES:

Albuquerque, 2 flights/day
 Atlanta, 11
 Baltimore, 3
 Boston, 1
 Charlotte, 4
 Chicago, 23
 Cincinnati, 5
 Cleveland, 4
 Dallas/Ft. Worth, 13
 Denver, 12
 Detroit, 5
 Dodge City, KS, 2
 Ft. Lauderdale, 2
 Great Bend, KS, 1
 Harrison, KS, 1
 Hays, KS, 1

Houston, 9
 Indianapolis, 5
 Las Vegas, 6
 Little Rock, 2
 Los Angeles, 6
 Manhattan, KS, 3
 Memphis, 3
 Milwaukee, 6
 Minneapolis, 7
 Nashville, 4
 New York, 3
 Oakland, 2
 Oklahoma, City, 4
 Omaha, 1
 Orlando, 7
 Philadelphia, 4

Phoenix, 7
 Pittsburgh, 1
 Portland, 1
 Sacramento, 1
 Salt Lake City, 4
 San Antonio, 3
 San Diego, 3
 San Francisco, 1
 Seattle, 1
 St. Louis, 6
 Tampa, 3
 Tulsa, 3
 Washington, D.C., 8

International
 Cancun, Mexico
 Puerto Vallarta
 Toronto, Canada

208 Daily Domestic Flights

SCHEDULE OF PASSENGER AND CARGO AIRLINES

MAJOR / NATIONALS

AirTran Airways ‡
America West ‡
American ‡
Continental ‡
Delta ‡
Frontier Airlines ‡
Midwest Airlines ‡
Northwest ‡
Southwest ‡
United ‡
US Airways ‡

MAJOR / INTERNATIONAL

Air Canada Jazz

REGIONAL / COMMUTERS

America West Express/Mesa ‡
Continental Express ‡
Delta Connection/ASA ‡
Delta Connection/Comair ‡
Northwest Airlink/Pinnacle ‡
United Express/Air Wisconsin ‡
United Express/Mesa ‡
United Express/Skywest ‡
US Airways Express/Mesa ‡
US Airways Express/MidAtlantic
US Airways Express/PSA ‡
US Airways Express/Air Midwest

ALL-CARGO CARRIERS

Air Cargo Carriers
Airborne Express ‡
BAX Global ‡
DHL
Eagle Global Logistics
Emery Worldwide ‡
Federal Express ‡
Kitty Hawk
Skyway Enterprises
United Parcel Service ‡

‡ denotes signatory airline

SCHEDULE OF AIRLINE SERVICE

<u>CARRIER</u>	<u>NONSTOP</u>	<u>ONE-STOP, SAME-PLANE SERVICE</u>
AirTran Airways, 3	Atlanta (ATL) 3	Ft Lauderdale (FLL), 1 Myrtle Beach (MYR), 1
America West, 3	Phoenix (PHX) 3	(MZT) 1 San Francisco (SFO) 1
America West Express/Mesa, 1	Phoenix (PHX) 1	Charolette, (CLT) 2 Phoenix (PHX) 1
American Airlines, 16	Chicago (ORD) 6 Dallas/Fort Worth (DFW) 7 Dallas Love Field (DAL) 3	Atlantata, (ATL) 1 Phoenix (PHX) 1 Phoenix (PHX) 7
Continental, 1	Houston (IAH) 1	
Continental Express, 11	Cleveland (CLE) 3 Houston (IAH) 8 Newark (EWR) 4	Rochester (ROC) 1 Washington (IAD) 1 (AGU) 1 Corpus Christ (CRP) 1 Mobile (MOB) 1i
Delta, 7	Atlanta (ATL) 7	
Delta Connection/Chautauqua, 1	Atlanta (ATL) 1	
Delta Connection/Comair, 5	Cincinnati (CVG) 5 Orlando (MCO) 2	Lexington (LEX) 1 Toledo (TOL) 1
Frontier Airlines, 5	Denver (DEN) 5	
Midwest Airlines, 25	Boston (BOS) 1 Ft.Lauderdale (FFL) 2 Los Angles (LAX) 2 Milwaukee (MKE) 6 New York (LGA) 3 Orlando (MCO) 2 Pittsburgh (PIT) 1 San Antonio (SAT) 2 San Diego (SAN) 1 San Francisco (SFO) 1 Tampa (TAP) 1 Washington D.C. (DCA) 3	Boston (BOS) 3 Newark (EWR) 1 Philadephia (PHL) 1
Northwest, 12	Detroit (DTW) 5 Memphis (MEM) 3 Minneapolis/St Paul (MSP) 4	Newark (EWR) 1 Philadelphia (PHL) 2 Washington D.C. (DCA) 1 Baton Rouge (BTR) 1 New Orleans (MSY) 1 Valparaiso, FL (VPS) Philadelphia (PHL) 1 (YYZ)
Northwest/Mesaba, 3	Minneapolis/St Paul (MSP) 3	Nashville (BNA) 1
Northwest Airlink/Pinnacle, 3	Indianapolis (IND) 3	Bradley CN (BDL) 1 New York (LGA) 1

SCHEDULE OF AIRLINE SERVICE, CONTINUED

CARRIER	NONSTOP	ONE-STOP, SAME-PLANE SERVICE	
Southwest, 65	Albuquerque (ABQ) 2	Phoenix (PHX) 1 Tucson (TUS) 1	
	Baltimore (BWI) 3 Chicago (MDW) 11	Cleveland (CLE) 1 Indianapolis (IND) 2 Islip NY (ISP) 1 Philadelphia (PHL) 2 Austin (AUS) 1 Tampa (TPA) 1 Ontario (ONT) 1 Los Angeles (LAX) 1 Reno (RNO) 1 San Diego (SAN) 1 San Jose (SJC) 1 San Jose (SJC) 1 Oakland (OAK) 1 Birmingham (BHM) 1 Tampa (TPA) 1	
	Dallas Love Field 4 Indianapolis (IND) 3 Las Vegas (LAS) 6	Houston (HOU) 3 Fort Lauderdale (FLL) 1	
	Los Angeles (LAX) 4	Ontario (ONT) 1 San Diego (SAN) 2 San Jose (SJC) 1 Oakland (OAK) 1 Sacramento (SMF) 1	
	Nashville (BNA) 4	Birmingham (BHH) 1 Louisville (SDF) 1 Tampa (TPA) 1 Ft.Lauderdale (FLL) 1 Houston (HOU) 1	
	Oakland (OAK) 1 Oklahoma City (OKC) 6 Orlando (MCO) 3 Portland (PDX) 1 Phoenix (PHX) 4		
	San Diego (SAN) 2		
	Sacramento (SMF) 1 Seattle/Tacoma (SEA) 1 St Louis (STL) 5		
	Tampa (TPA) 2 Tulsa (TUL) 2		
	United, 8	Chicago (ORD) 3	Bradley, (BDL) 1 New York (LGA) 1 Portland (PDX) 1 Salt Lake City (SLC) 1
		Denver (DEN) 5	
	United Express/GOJet, 2	Chicago (ORD) 2	
	United Express/Mesa, 3	Chicago (ORD) 1 Denver (DEN) 1 Washington D.C. (IAD) 1	
	United Express/Shuttle America, 1	Washington D.C. (IAD) 1	
	United Express/Sky West, 1	Chicago (ORD) 1	
	United Express/ Transtates, 1	Chicago (ORD) 1	
	US Airways, 1	Charlotte (CLT) 1	Myrtle Beach (MYR) 1
	US Airways Express/Air Wisconsin, 4	Philadelphia (PHL) 3	Raleigh/Durham (RDU) 1 Syracuse (SYR) 1 Syracuse (SYR) 1
		Washington D.C. (DCA) 1	
	US Airways Express/MidAtlantic, 1	Philadelphia (PHL) 1	
US Airways Express/PSA, 1	Charlotte (CLT) 1		
US Airways Express/Air Midwest, 11	Dodge City, KS (DDC) 2	Garden City, KS (GCK) 2 Hays, KS (HYS) 1 Great Bend (GBD) 1 Hot Springs, (HOT) 1	
	Great Bend, KS (GBD) 1		
	Hays, KS (HYS) 1		
	Harrison, AK (HRO) 1		
	Little Rock, AR (LIT) 2		
	Manhattan, KS (MHK) 3	Salina, KS (SLN) 3 Brookings, SD (BKX) 1	
	Omaha, NE (OMA) 1		

SCHEDULE OF RATES & CHARGES

	FYE02	FYE03	FYE04	FYE05	FYE06
Landing fee, signatory (per 1,000lbs.)	\$.81	\$ 1.07	\$ 1.10	\$ 1.10 ²	\$ 1.35 ²
Terminal aircraft apron (lineal foot)	282.36	284.11	284.11	258.11 ²	202.33 ²
Terminal building (per sq.ft.)	31.23	27.90	27.90	24.41 ²	24.39 ²
Passenger boarding bridges (per month)	1,487.70	1,671.45	1,671.45	1,807.00 ²	2,592.00 ²
Passenger facility charges (per enplanement)	3.00	3.00	3.00	3.00	4.50 ³
Custom facility fees (per contract day)	3.00	3.00	3.00	3.00	3.00
Transportation Facility Charge	-	-	-	-	2.00
Remaining over night parking fee	125.00	125.00	125.00	125.00	125.00
FIS fee custom facility use fee	2.50	2.50	2.50	2.50	2.50
Employee parking (changed Jan 03)	9.00	24.00	24.00	24.00	24.00
Tenant terminal parking fee (per month)			35.00	35.00	35.00
Taxicab/Limousine fee (per pickup)			1.00	1.00	1.00
Shuttle fee (per trip, min. \$30 per month)			0.50	0.50	.50
Fuel Flowage Fee (per gallon) ¹				.073	.08
Parking:					
Facility	Time Period				
Terminal parking A, B, & C	0 - 1/2hr.		Free	Free	Free
	1/2 - 1hr.		\$1.00	\$1.00	\$1.00
	1 - 2hrs.		2.00	2.00	2.00
	2 - 3hrs.		4.00	4.00	4.00
	3 - 4hrs.		6.00	6.00	6.00
	4 - 5hrs.		8.00	8.00	8.00
	5 - 6hrs.		10.00	10.00	10.00
	6 - 7hrs.		12.00	12.00	12.00
	7 - 8hrs.		14.00	14.00	14.00
	8 - 9 hrs.		16.00	16.00	16.00
9 - 24hrs. daily maximum		18.00	18.00	18.00	
Circle parking lot E	0 - 1/2hr.		Free	Free	Free
	1/2 - 1hr.		\$1.00	\$1.00	\$1.00
	1 - 2hrs.		2.00	2.00	2.00
	2 - 3hrs.		4.00	4.00	4.00
	3 - 4hrs.		6.00	6.00	6.00
	4 - 5hrs.		8.00	8.00	8.00
5 - 24hrs. daily maximum		10.00	10.00	10.00	
Economy parking lot	0 - 1/2hr.		Free	Free	Free
	1/2 - 24hrs.		\$5.00	\$5.00	\$5.00

¹ Fuel flowage increase implemented April 1, 2006

² Rates & Charges per Settlement

³ Passenger Facility Charge changed to \$4.50 in October 2005

SCHEDULE OF FACILITY INFORMATION

Kansas City International Airport

Size (acres): 10,725
 Elevation (ft): 1,026
 Airport code: MCI

Runways: 1L/19R 10,801 X 150ft
 1R/19L 9,500 x 150ft
 9 /27 9,500 x 150ft

Terminal information:

	Terminal A	Terminal B ¹	Terminal C	Total
Boarding gates	30	13	22	65
Passenger boarding bridges	17	16	17	50
Food & beverages	6	6	5	17
News/gifts	3	5	1	9

¹ At April 30, 2004 Terminal B was being renovated as part of the Terminal Improvement Project and the entire terminal could not be utilized.

Parking:

Terminal A 2,000
 Terminal B 2,000
 Terminal C 2,200
 Circle "E" 1,750
 Economy A 3,734
 Economy B 5,917
 Economy C 5,612
 Total all public lots 23,213

Employee parking 1,500

Charles B. Wheeler Downtown Airport

Size (acres): 697
 Elevation (ft): 759
 Airport code: MKC

Runways: 1/19 7,002 X 150ft
 3/21 5,050 x 150ft

Operations

Year	Domestic Air Carrier	Commuter/ Air Taxi	All-Cargo	General Aviation	Military	Total
2002	82	20,166	0	103,079	1,133	124,460
2003	34	19,213	0	97,434	830	117,511
2004	42	19,922	0	86,630	1,056	107,650
2005	16	15,028	0	85,871	564	101,479

Richards-Gebaur

Size (acres): 1,500

This page intentionally left blank.

COMPLIANCE SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

INDEPENDENT AUDITORS' REPORT
SCHEDULE OF PFC FUNDS COLLECTED AND EXPENDED
NOTES TO SCHEDULE OF PFC FUNDS COLLECTED AND EXPENDED

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT



ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF PFC FUNDS COLLECTED AND EXPENDED

KPMG LLP, Suite 1000, 1000 Walnut Street, Kansas City, MO 64106-2162

Aviation Department of the City of Kansas City, Missouri:

We have audited the compliance of the City of Kansas City, Missouri Airports Fund (Aviation Department) with the types of compliance requirements described in the Passenger Facility Charge Program Audit Guide that are applicable to its passenger facility charge (PFC) program for the year ended April 30, 2006. Compliance with the requirements of laws and regulations pertaining to the passenger facility charge requirements is the responsibility of the Aviation Department's management. Our responsibility is to express an opinion on the Aviation Department's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Passenger Facility Charge Program Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material and direct effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Aviation Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Aviation Department's compliance with those requirements. In our opinion, the Aviation Department complied, in all material respects, with the requirements referred to above that are applicable to the passenger facility charge program for the year ended April 30, 2006.

Internal Control Over Compliance: The management of the Aviation Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Aviation Department's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Passenger Facility Charge Program Audit Guide. Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations applicable to the passenger facility charge program that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

Schedule of PFC Funds Collected and Expended: We have audited the financial statements of the City of Kansas City, Missouri Airports Fund as of and for the years ended April 30, 2006 and 2005, and have issued our report thereon dated October 20, 2006. Our audits were performed for the purpose of forming an opinion on the financial statements of the City of Kansas City, Missouri Airports Fund taken as a whole. The accompanying schedule of PFC funds collected and expended (the Schedule) for the year ended April 30, 2005 is presented for purposes of additional analysis, as specified in the Passenger Facility Charge Program Audit Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. This report is intended for the information and use of the City Council, Aviation Department management, and the Federal Aviation Administration and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

Kansas City, Missouri
October 20, 2006

Schedule of PFC Funds Collected and Expended

City of Kansas City Missouri
 Passenger Facility Charge (PFC) Program
 Schedule of PFC Funds Collected and Expended
 For the Year Ending April 30, 2006

PFC Project	Description	Approved for	Project authorized amount	PFC funds expended
PFC #1.1	Paving of runway 1/R/19L, taxiways E & F, and all connecting taxiways	Collection and use	\$8,833,000	\$8,409,781
PFC #1.2	CIP #E24, terminal remodeling design phase	Collection and use	16,197,329	5,223,235
PFC #1.3	Taxiway D rehabilitation	Collection and use	427,000	426,763
PFC #1.4	Aircraft rescue and firefighting vehicles	Collection and use	265,000	264,944
PFC #1.5	Overlay runway 1L/19R, taxiway A, A1-A9	Collection and use	6,722,000	6,721,999
PFC #1.6	Terminal apron rehabilitation	Collection and use	28,529,979	20,597,419
PFC #1.7	Land acquisition	Collection and use	16,195,617	10,629,350
PFC #1.8	Terminal apron lights	Collection and use	1,080,000	630,529
PFC #1.9	Overlay runway 9/27 and taxiway C, C1-C9	Collection and use	6,050,932	4,549,975
PFC #1.10	Expand general aviation apron	Collection and use	-	-
PFC #1.11	Construct federal inspection services facility	Collection and use	4,949,000	4,099,000
PFC #1.12	Overlay of taxiway B	Collection and use	5,009,511	5,020,186
PFC #1.13	Terminal remodel-construction phase	Collection and use	205,852,308	49,015,469
PFC #2.1	Airfield storm drainage-MKC	Collection and use	-	-
PFC #2.2	Construction aircraft hold apron	Collection and use	3,900,303	3,900,303
PFC #2.3	Automated access control system	Collection and use	3,894,393	234,653
PFC #2.4	Reconstruct taxiway D	Collection and use	667,387	-
PFC #2.5	PFC development and administration	Collection and use	1,094,103	375,084
PFC #3.1	Terminal equipment	Collection and use	61,602,166	11,329,001
PFC #3.2	Airfield lighting generator	Collection and use	600,000	512,599
PFC #3.3	Relocate airfield lighting generator	Collection and use	1,200,000	-
PFC #3.4	Overlay runway 1/19-MKC	Collection and use	-	-
PFC #4.1	Reconstruct Rwy 1/19 - MKC	Collection and use	4,066,500	2,280,442
			<u>\$377,136,528</u>	<u>\$134,220,732</u>
	Funds expended by quarter:			
	Second quarter-2005			(\$2,343,817)
	Third quarter-2005			4,546,351
	Fourth quarter-2005			1,304,306
	First quarter-2006			1,441,150
	Less April 2005			(4,059,726)
	Plus April 2006			2,461,532
				<u>\$3,349,796</u>
	PFC collections			\$21,956,634
	Interest earned on PFC collections			727,707
	Total PFC revenue			<u>\$22,684,341</u>

See accompanying notes to schedule of PFC funds collected and expended.

City of Kansas City, Missouri
Notes to Schedule of PFC Funds Collected and Expended
April 30, 2006

- (1) General
The Kansas City Aviation Department applied for and the Federal Aviation Administration (FAA) approved a passenger facility charge (PFC) financing for a multi-project capital program (re: 14 CFR Part 158) at the Kansas City International Airport. Imposition of a \$3.00 PFC per enplaned passenger fee began on March 1, 1997. Based on subsequent amendments, the PFCs are approved through May 1, 2013. This fee is charged to passengers at the time each ticket is sold by an airline. The airlines are reimbursed for collecting the fee by retaining eight cents (\$0.08) of each PFC. Projects have been approved for total PFC collections of \$377,136,528. Revenue earned on a cash basis for fiscal year ended 2006 was \$22,684,341 and is recorded as nonoperating revenues in the Kansas City Airports Fund of the City of Kansas City, Missouri's financial statements for the year ended April 30, 2006.
- (2) Basis of Accounting
The schedule of PFC funds Collected and Expended (Schedule) is prepared on the cash basis of accounting, wherein revenues are recorded when received and expenses are recorded when paid. Airlines collect PFC charges based on passenger enplanement and submit these charges to the Kansas City Aviation Department the following month.
- (3) Relationship to Quarterly Reports
Amounts reported in the accompanying schedule agree with the amounts reported in the PFC quarterly reports of funds collected and expended.
- (4) PFC Bonds
On August 1, 2001, the Kansas City Airports Fund issued \$140,000,000 in PFC Revenue Bonds. The bonds are backed by the PFC on ticketed passengers that pass through Kansas City International Airport, for the purpose of financing the design and construction cost of terminal improvements at the Kansas City International Airport. The bonds mature annually through 2026.
- (5) General
The Kansas City Aviation Department applied for and the Federal Aviation Administration (FAA) subsequently approved the imposition of a \$4.50 per enplaned passenger fee on August 8, 2006. Projects have been approved for total PFC collections of \$426,782,363.

This page intentionally left blank.

BOND DISCLOSURE SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

- SCHEDULE OF ANNUAL PASSENGER ENPLANEMENTS
- SCHEDULE OF MONTHLY ENPLANEMENTS
- SCHEDULE OF CHANGES IN U.S. DOMESTIC MONTHLY ENPLANEMENTS
- SCHEDULE OF AIRLINES MARKET SHARE
- SCHEDULE OF AIRCRAFT OPERATIONS
- SCHEDULE OF ENPLANED CARGO
- SCHEDULE OF COMMERCIAL AIRCRAFT LANDED WEIGHT BY AIRLINE
- SCHEDULE OF COMMERCIAL AIRCRAFT LANDINGS
- SCHEDULE OF ANNUAL PARKING REVENUE BY FACILITY
- SCHEDULE OF TOTAL AIRPORT SYSTEM REVENUE & EXPENSES
- SCHEDULE OF HISTORICAL OPERATING & MAINTENANCE EXPENSES
- SCHEDULE OF HISTORICAL REVENUES
- SCHEDULE OF HISTORICAL AIRLINE COST PER ENPLANED PASSENGER
- SCHEDULE OF HISTORICAL GARB DEBT SERVICE COVERAGE
- SCHEDULE OF PFC REVENUES
- SCHEDULE OF PFC BOND SUFFICIENCY COVENANT

This page intentionally left blank.

Table IV-1
 SCHEDULE OF ANNUAL PASSENGER ENPLANEMENTS
 CALENDAR YEAR 1991-2005

Year	Domestic		International ¹		Total Enplanements	
	Actual	% of Total	Actual	% of Total	Actual	% Change
1991	3,473,333	100.0%	0	0.0%	3,473,333	-
1992	3,668,288	98.9	42,557	1.1	3,710,845	6.8%
1993	3,936,402	99.1	33,952	0.9	3,970,354	7.0
1994	4,419,734	99.0	46,241	1.0	4,465,975	12.5
1995	4,702,667	99.1	41,226	0.9	4,743,893	6.2
1996	5,002,074	99.2	42,240	0.8	5,044,314	6.3
1997	5,478,912	98.9	62,658	1.1	5,541,570	9.9
1998	5,531,409	99.0	55,228	1.0	5,586,637	0.8
1999	5,861,565	99.0	58,014	1.0	5,919,579	6.0
2000	6,013,923	98.9	66,372	1.1	6,080,295	2.7
2001	5,802,901	99.0	56,255	1.0	5,859,156	(3.6)
2002	5,148,924	99.2	42,892	0.8	5,191,816	(11.4)
2003	4,828,048	99.5	22,223	0.5	4,850,271	(6.6)
2004	4,997,932	99.4	29,678	0.6	5,027,610	3.7
2005	4,958,313	99.4	27,892	0.6	4,986,205	(0.8)

¹ International enplanements by Air Canada, Air Canada Jazz, Frontier, and charter airlines.

Table IV-3

SCHEDULE OF MONTHLY ENPLANEMENTS

CALENDAR YEAR 2000-2005

Kansas City International Airport Enplanements ¹

	2000	2001	2002	2003	2004	2005	2006
January	413,748	429,001	380,992	338,163	337,474	347,572	373,440
February	431,252	430,547	362,465	331,667	326,816	335,021	367,127
March	529,936	553,679	477,432	412,804	441,391	437,344	471,396
April	474,108	501,130	427,839	361,699	395,116	390,139	424,238
May	536,468	560,096	495,070	434,235	453,755	457,508	
June	574,389	577,152	510,659	457,406	488,199	468,876	
July	576,169	581,617	523,136	488,213	501,417	484,473	
August	552,246	562,629	447,074	434,728	438,691	428,940	
September	472,411	337,565	361,990	376,967	399,339	393,746	
October	527,776	459,472	416,715	426,811	430,486	427,892	
November	510,846	433,503	368,549	376,603	408,206	407,708	
December	<u>480,946</u>	<u>432,765</u>	<u>419,895</u>	<u>410,975</u>	<u>406,720</u>	<u>406,986</u>	
Total	<u>6,080,295</u>	<u>5,859,156</u>	<u>5,191,816</u>	<u>4,850,271</u>	<u>5,027,610</u>	<u>4,986,205</u>	

¹ International enplanements by Air Canada, Air Canada Jazz, Frontier, and charter airlines.

Source: Kansas City Aviation Department records.

Source: Air Transport Association (ATA). ATA data includes only scheduled service by ATA-member passenger airlines. As of July 2006, ATA members included Alaska, Aloha, American, American Trans Air, Continental, Delta, Hawaiian, JetBlue, Midwest, Northwest, Southwest, United, and US Airways.

Table IV-3B

SCHEDULE OF CHANGES IN MONTHLY ENPLANEMENTS VS. U.S. DOMESTIC MONTHLY ENPLANEMENTS

CALENDAR YEAR 2000-2005

	00/01		01/02		02/03		03/04		04/05		05/06	
	MCI	U.S.	MCI	U.S.	MCI	U.S.	MCI	U.S.	MCI	U.S.	MCI	U.S.
January	3.7%	4.1%	(11.2)	(13.9)%	(11.2)	2.7%	(0.2)	(2.0)%	3.0%	6.7	10.7	0.1
February	(0.2)	(3.3)	(15.8)	(11.7)	(8.5)	(1.8)	(1.5)	5.5	2.5	1.0	12.3	(1.1)
March	4.5	(1.7)	(13.8)	(10.0)	(13.5)	(5.5)	6.5	4.5	(0.9)	5.7	6.8	(3.0)
April	5.7	(0.5)	(14.6)	(12.8)	(15.5)	(5.8)	9.2	10.2	(1.3)	(0.3)	7.4	0.1
May	4.4	(2.3)	(11.6)	(10.4)	(12.3)	5.3	4.5	4.9	0.8	4.7		
June	0.5	(2.2)	(11.5)	(10.5)	(10.4)	(3.9)	6.7	6.3	(4.0)	1.5		
July	0.9	0.1	(10.1)	(10.6)	(6.7)	(0.9)	2.7	3.7	(3.4)	2.4		
August	1.9	3.2	(20.5)	(10.7)	(2.8)	(5.2)	0.1	3.3	(2.2)	0.7		
September	(28.5)	(34.5)	7.2	28.9	4.1	(1.7)	5.9	5.1	(1.4)	3.6		
October	(12.9)	(21.5)	(9.3)	10.1	2.4	(1.0)	0.1	5.7	(0.6)	(3.4)		
November	(15.1)	(18.5)	(15.0)	0.7	2.2	0.8	8.4	7.5	(0.1)	(0.3)		
December	(10.0)	(13.6)	(3.0)	11.0	(2.1)	(4.0)	(0.1)	3.5	0.1	(2.2)		

Table IV-5

SCHEDULE OF AIRLINES MARKET SHARE

CALENDAR YEAR 2000-2005

Domestic Air Carrier:	2000	2001	2002	2003	2004	2005	Jan-Apr06
AirTran	-	-	11,657	79,641	88,923	89,982	27,917
America West ¹	142,203	147,114	132,673	124,553	146,694	140,895	30,638
American	555,249	510,931	745,935	743,973	658,969	684,307	207,298
Continental ²	281,594	235,322	221,043	223,499	233,137	247,764	79,559
Delta ³	664,755	570,432	554,496	662,308	656,419	598,650	160,110
Frontier	43,606	79,115	87,769	121,151	183,425	180,069	60,591
Midwest Express ⁴	164,139	234,287	260,693	213,787	229,586	390,746	168,431
Northwest	465,205	430,065	394,437	414,465	404,162	401,755	136,871
Southwest	1,786,987	1,767,242	1,575,617	1,566,408	1,686,016	1,624,134	564,967
TWA ⁵	369,391	271,950	-	-	-	-	-
United ⁶	463,053	443,882	380,854	370,314	414,336	308,689	121,464
US Airways ⁷	494,837	431,515	327,658	302,313	299,664	292,579	69,395
Vanguard ⁸	582,904	681,046	456,092	-	-	-	-
Subtotal domestic air carrier	6,013,923	5,802,901	5,148,924	4,822,412	5,001,331	4,959,570	1,627,241
Foreign Air Carrier⁹	24,299	20,660	15,353	10,105	8,885	12,092	2,778
Charter¹⁰	42,073	35,595	27,539	17,754	17,394	14,543	6,182
Total all airlines	6,080,295	5,859,156	5,191,816	4,850,271	5,027,610	4,986,205	1,636,201

¹ Includes enplanements by Mesa/America West.² Includes enplanements by Continental Express and Redwing.³ Includes enplanements by Atlantic Southeast Airlines, Chautauqua, Comair, Shuttle America, and Skywest.⁴ Includes enplanements by Skyway, the designated commuter airline for Midwest Express at the airport.⁵ Effective December 2001, TWA's enplanements are reported together with American's enplanements.⁶ Includes enplanements by Mesa/United.⁷ Includes enplanements by Air Midwest, Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines.⁸ On July 30, 2002, Vanguard filed for Chapter 11 bankruptcy protection and ceased all operations.⁹ Foreign Air Carrier includes Air Canada and Air Canada Jazz.¹⁰ Charter includes Sunworld in 2002.

Source: Kansas City Aviation Department records.

Table IV-7

SCHEDULE OF MCI AIRCRAFT OPERATIONS

CALENDAR YEAR 1991-2005

Year	Domestic Air Carrier ¹	Commuter/ Air Taxi	All-Cargo ²	General Aviation ³	Military	Total
1991	111,295	40,068	6,730	17,088	1,647	176,828
1992	103,060	50,313	6,738	15,600	1,805	177,516
1993	110,119	49,327	10,086	17,319	1,964	188,815
1994	114,629	54,989	14,642	17,490	1,320	203,070
1995	118,433	58,602	10,854	15,420	1,044	204,353
1996	113,992	55,612	12,386	14,234	960	197,184
1997	123,889	61,518	12,092	13,386	679	211,564
1998	125,385	61,009	13,548	12,029	534	212,505
1999	145,912	48,210	12,232	12,499	963	219,816
2000	151,298	43,487	11,560	11,253	714	218,312
2001	148,178	36,818	14,834	8,793	1,074	209,697
2002	137,500	35,837	9,146	8,008	834	191,325
2003	116,367	35,826	9,526	8,302	737	170,758
2004	117,575	31,988	10,584	8,473	715	169,335
2005	101,007	32,439	9,580	12,025	934	155,985

¹ Includes aircraft operations by domestic air carriers, Air Canada, and charter operations.

² Cargo operations for 2004 based on Table IV-8b, Commercial Aircraft Landings - Cargo.

³ General aviation includes civil itinerant and local aircraft operations.

Source: Kansas City Aviation Department based on FAA Airport Operations Monthly Summary.

Table IV-9
 SCHEDULE OF ENPLANED CARGO
 CALENDAR YEAR 1991-2005

Year	Mail Weight	% of Total	Air Freight Weight	% of Total	Total Cargo (000 lbs)
1991	36,079	38.1%	58,557	61.9%	94,636
1992	43,848	39.9	65,952	60.1	109,800
1993	49,446	37.5	82,313	62.5	131,759
1994	54,921	35.3	100,577	64.7	155,498
1995	57,934	38.3	93,182	61.7	151,116
1996	58,627	36.1	103,635	63.9	162,262
1997	54,244	33.3	108,818	66.7	163,062
1998	51,036	28.2	129,840	71.8	180,876
1999	49,380	27.3	131,349	72.7	180,729
2000	54,598	31.1	120,696	68.9	175,294
2001	44,566	26.4	124,057	73.6	168,623
2002	35,227	23.9	112,454	76.1	147,681
2003	35,293	24.4	109,117	75.6	144,410
2004	34,836	22.4	120,761	77.6	155,597
2005	33,371	22.0	118,124	78.0	151,495
Jan - Apr 2003	11,014	22.8	37,355	77.2	48,369
Jan - Apr 2004	11,795	23.1	39,226	76.9	51,021
Jan - Apr 2005	11,341	23.4	37,154	76.6	48,495
Jan - Apr 2006	11,135	23.6	36,093	76.4	47,228

Source: Kansas City Aviation Department records.

Table IV-8a

SCHEDULE OF COMMERCIAL AIRCRAFT LANDED WEIGHT BY AIRLINE

CALENDAR YEAR 2000 - 2005 AND JAN - APR 2006

Domestic Air Carrier:	2000	2001	% Change	2002	% Change
AirTran	-	-	n.a.	25,782	n.a.
America West ¹	189,172	185,116	(2.1%)	175,548	(5.2)
American	793,214	782,619	(1.3)	1,209,367	54.5
Continental ²	367,837	343,209	(7.2)	311,412	(9.3)
Delta ³	899,720	839,850	(6.4)	792,817	(5.6)
Frontier ⁴	60,384	108,774	80.1	144,565	32.9
Midwest Express ⁵	412,881	606,992	47.0	695,167	14.5
Northwest	633,420	604,563	(4.6)	587,897	(2.8)
Southwest	3,052,597	3,118,127	2.1	3,025,830	(3.0)
TWA	486,077	425,760	(12.4)	-	(100.0)
United ⁶	737,023	639,073	(13.3)	538,592	(15.7)
US Airways ⁷	568,878	567,580	(0.2)	454,183	(20.0)
Vanguard	824,834	968,336	17.4	754,930	(22.0)
Subtotal domestic air carrier	9,026,037	9,189,999	1.8	8,716,090	(5.2)
Commuter:					
Air Midwest	269,899	217,228	(19.5)	151,049	(30.5)
Air Wisconsin	-	-	n.a.	-	n.a.
Subtotal commuter	269,899	217,228	(19.5)	151,049	(30.5)
Foreign Air Carrier:					
Air Canada	44,744	39,459	(11.8)	30,562	(22.5)
Air Canada Jazz	-	-	n.a.	-	n.a.
Subtotal foreign carrier	44,744	39,459	(11.8)	30,562	(22.5)
Charter Passenger⁸:	32,471	67,493	107.9	65,694	(2.7)
All Cargo Carrier:					
Air Cargo Carriers, Inc.	5,605	5,175	(7.7)	7,548	45.9
Airborne Express	83,824	81,363	(2.9)	87,242	7.2
BAX Global	101,759	73,466	(27.8)	74,342	1.2
DHL Airways	74,727	68,170	(8.8)	76,092	11.6
Emery Worldwide	176,176	141,039	(19.9)	84,846	(39.8)
Federal Express	241,516	259,861	7.6	310,350	19.4
Kitty Hawk International Inc.	83,796	60,422	(27.9)	75,773	25.4
UPS	109,422	114,429	4.6	129,519	13.2
Other ⁹	-	12,768	n.a.	-	(100.0)
Subtotal cargo	876,825	816,693	(6.9)	845,712	3.6
Total all airlines	10,249,976	10,330,872	0.8	9,809,107	(5.1)

Source: Kansas City Aviation Department records. "n.a." stands for not applicable due to the recent entry into or exit from the MCI market by the respective airlines.

¹ Includes operations by Mesa Airlines.² Includes operations by Continental Express and Redwing.³ Includes Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, and Skywest Airlines..⁴ Frontier began service at MCI in June 2000.⁵ Includes operations by Skyway, the designated commuter airline for Midwest Express at MCI.⁶ Includes GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and Trans States Airlines.⁷ Includes, Mesa Airlines, Inc. PSA Airlines and Republic Airlines..⁸ 2005 Charter Passenger category includes Allegiant Air, American Trans Air, Miami Air International, Planet Airways, Platinum Air Charters, Ryan International Airlines..⁹ 2005 Cargo Others include ASTAR Air Cargo, Cargo Jet, Kalitta Air, Skyway Enterprise, UPS Supply Chain, and Zantop International

2003	% Change	2004	% Change	2005	% Change	Jan-Apr05	Jan-Apr06	% Change
113,132	338.8%	132,080	16.7	111,800	(15.4)	36,504	37,336	2.3
129,851	(26.0)	134,495	3.6	133,264	(0.9)	38,850	34,614	(10.9)
1,198,838	(0.9)	929,788	(22.4)	930,726	0.1	306,148	262,482	(14.3)
289,793	(6.9)	288,378	(0.5)	273,113	(5.3)	81,342	86,990	6.9
825,915	4.2	820,749	(0.6)	744,378	(9.3)	249,021	187,454	(6.1)
156,705	8.4	260,631	66.3	290,139	11.3	97,094	95,651	(1.5)
542,387	(22.0)	526,860	(2.9)	679,256	28.9	184,852	288,344	56.0
590,625	0.5	600,622	1.7	604,984	0.7	190,858	186,544	(2.3)
2,924,833	(3.3)	2,785,553	(4.8)	2,504,612	(10.1)	823,360	883,482	7.3
-	n.a.	-	n.a.	-	n.a.	-	-	n.a.
478,661	(11.1)	533,996	11.6	454,497	(14.9)	160,638	170,937	6.4
392,981	(13.5)	341,635	(13.1)	291,047	(14.8)	101,255	79,351	(12.1)
-	n.a.	-	n.a.	-	n.a.	-	-	n.a.
<u>7,643,721</u>	<u>(12.3)</u>	<u>7,354,787</u>	<u>(3.8)</u>	<u>7,017,816</u>	<u>(4.6)</u>	<u>2,269,922</u>	<u>2,313,185</u>	<u>4.7</u>
66,604	(55.9)	48,147	(27.7)	50,647	(5.2)	15,853	17,629	11.2
<u>32,801</u>	<u>n.a.</u>	<u>58,828</u>	<u>79.3</u>	<u>59,126</u>	<u>0.5</u>	<u>22,654</u>	<u>20,727</u>	<u>(8.5)</u>
<u>99,405</u>	<u>55.9</u>	<u>106,975</u>	<u>7.6</u>	<u>109,773</u>	<u>2.6</u>	<u>38,507</u>	<u>38,356</u>	<u>(0.4)</u>
6,940	(77.3)	2,861	(58.8)	16,887	490.2	4,176	1,280	(69.3)
<u>16,544</u>	<u>n.a.</u>	<u>15,309</u>	<u>(7.5)</u>	<u>1,692</u>	<u>(88.9)</u>	<u>1,410</u>	<u>7,097</u>	<u>403.3</u>
<u>23,484</u>	<u>(77.3)</u>	<u>18,170</u>	<u>(22.6)</u>	<u>18,579</u>	<u>2.3</u>	<u>5,586</u>	<u>8,377</u>	<u>50.0</u>
28,717	(56.4)	18,579	(35.3)	48,892	163.2	10,413	8,217	(21.1)
11,491	52.2	11,551	0.5	7,910	(31.5)	3,774	0	n.a.
92,295	5.8	96,806	4.9	98,453	1.7	31,617	44,122	39.6
79,121	6.4	81,293	2.7	73,976	(0.9)	24,324	24,355	0.1
82,015	7.8	81,760	(0.3)	73,440	(10.2)	28,685	4,275	(85.1)
98,800	16.4	112,388	13.8	34,558	(69.3)	28,128	0	n.a.
291,237	(6.2)	323,636	11.1	306,157	(5.4)	95,823	99,905	4.3
66,788	(11.9)	66,759	(0.0)	66,062	(1.0)	25,245	20,753	(17.8)
127,804	(1.3)	134,479	5.2	132,613	(1.4)	44,180	40,087	(9.3)
294	n.a.	1,068	(63.7)	64,178	5,909.2	350	29,946	845
<u>849,845</u>	<u>0.5</u>	<u>909,740</u>	<u>6.7</u>	<u>857,347</u>	<u>(5.8)</u>	<u>282,126</u>	<u>263,443</u>	<u>(6.6)</u>
<u>8,645,172</u>	<u>(13.5)</u>	<u>8,408,251</u>	<u>(2.8)</u>	<u>8,052,407</u>	<u>(4.2)</u>	<u>2,606,554</u>	<u>2,631,578</u>	<u>0.9</u>

Table IV-8b

SCHEDULE OF COMMERCIAL AIRCRAFT LANDINGS

CALENDAR YEAR 2000 - 2005 AND JAN - APR 2006

	2000	2001	2002	2003	2004	2005	Jan-Apr05	Jan-Apr06
Domestic Air Carrier:								
AirTran	-	-	248	1,088	1,270	1,075	351	359
America West ¹	1,613	1,617	1,516	1,140	1,171	1,047	326	307
American	5,851	5,759	8,753	8,876	7,283	7,300	2,399	2,079
Continental ²	4,373	3,948	3,905	4,174	4,735	5,329	1,655	1,809
Delta ³	7,065	6,577	6,831	8,553	8,794	7,875	2,586	2,331
Frontier ⁴	542	991	1,287	1,329	2,022	2,220	758	717
Midwest Express ⁵	4,121	6,160	6,754	5,135	5,109	6,540	1,800	2,814
Northwest	5,673	5,498	5,464	5,593	5,739	6,631	1,936	2,022
Southwest	26,042	26,490	25,641	24,706	23,437	21,225	6,961	7,480
TWA	3,500	3,259	-	-	-	-	-	-
United ⁶	4,684	4,496	4,405	3,966	4,506	3,536	1,202	1,446
US Airways ⁷	5,059	4,653	3,623	3,517	3,957	3,515	1,285	965
Vanguard	8,093	8,947	6,233	-	-	-	-	-
Subtotal domestic air carrier	76,616	78,395	74,660	68,077	68,023	66,293	21,259	22,329
Commuter:								
Air Midwest	16,259	12,112	9,027	3,978	2,898	3,051	955	1,062
Air Wisconsin	-	-	-	643	1,251	1,258	482	441
Subtotal commuter	16,259	12,112	9,027	4,621	4,149	4,309	1,437	1,503
Foreign Air Carrier:								
Air Canada	944	834	605	140	61	356	87	4
Air Canada Jazz	0	0	0	352	325	36	30	151
Subtotal foreign carrier	944	834	605	492	386	392	117	155
Charter⁸:	611	762	424	229	117	674	70	134
All Cargo Carrier								
Air Cargo Carriers, Inc.	298	248	334	508	510	350	167	-
Airborne Express	575	593	575	834	946	794	312	211
BAX Global	579	484	395	468	477	432	143	142
DHL Airways	518	505	509	514	511	456	177	26
Emery Worldwide ⁹	428	474	521	607	693	214	174	-
Federal Express	1,022	1,000	1,202	1,106	1,226	1,113	355	346
Kitty Hawk International Inc.	545	430	542	423	439	437	159	140
UPS	505	526	495	470	483	474	154	155
Others ¹⁰	0	264	0	3	7	399	3	185
Subtotal cargo	4,470	4,524	4,573	4,933	5,292	4,669	1,644	1,205
Total all airlines	98,900	96,627	89,289	78,352	77,967	76,337	24,527	25,326

Source: Kansas City Aviation Department records. "n.a." stands for not applicable due to the recent entry into or exit from the MCI market by the respective airlines.

¹ Includes operations by Mesa.² Includes operations by Continental Express and Redwing.³ Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, and Skywest Airlines..⁴ Frontier began service at MCI in June 2000.⁵ Includes operations by Skyway, the designated commuter airline for Midwest Express at MCI.⁶ Includes operations by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and Trans States Airlines.⁷ Includes Mesa Airlines, Inc. PSA Airlines and Republic Airlines.⁸ Charter category includes Allegiant Air, American Trans Air, Miami Air International, Planet Airways, Platinum Air Charters, Ryan International Airlines and Transmeridian.⁹ Emery Worldwide includes passenger and cargo operations; Sunworld operations in 2002.¹⁰ Others include Cargo Jet, Kalitta Air, Mountain Air Cargo, UPS Supply Chain, and Zantop International.

00-01	01-02	02-03	03-04	04-05	Jan-Apr 05-06
n.a.	n.a.	338.7%	16.7	(15.4)	2.3
0.2%	(6.2)%	(24.8)	2.7	(10.6)	(5.8)
(1.6)	52.0	1.4	(17.9)	0.2	(13.3)
(9.7)	(1.1)	6.9	13.4	12.5	9.3
(6.9)	3.9	(25.2)	2.8	(10.5)	51.8
82.8	29.9	3.3	52.1	9.8	(5.4)
49.5	9.6	(24.0)	(0.5)	28.0	56.3
(3.1)	(0.6)	2.4	2.6	15.5	4.4
1.7	(3.2)	(3.6)	(5.1)	(9.4)	7.5
(6.9)	n.a.	n.a.	n.a.	n.a.	n.a.
(4.0)	(2.0)	(10.0)	13.6	(21.5)	20.3
(8.0)	(22.1)	(2.9)	12.5	(11.2)	(8.4)
<u>10.6</u>	<u>(30.3)</u>	<u>(100.0)</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>
2.3	(4.8)	(8.8)	(0.1)	(2.5)	11.8
(25.5)	(25.5)	(55.9)	(27.1)	5.3	11.2
<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>94.6</u>	<u>0.6</u>	<u>(8.5)</u>
(25.5)	(25.5)	(55.9)	(10.2)	3.9	4.6
(11.7)	(27.5)	(76.9)	(56.4)	483.6	(98.9)
<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>(7.7)</u>	<u>(88.9)</u>	<u>319.4</u>
(11.7)	(27.5)	(18.7)	(21.5)	1.6	32.5
(24.7)	(44.4)	(46.5)	(48.9)	476.1	91.4
(16.8)	34.7	52.1	0.4	(31.4)	(100.0)
3.1	(3.0)	45.0	13.4	(16.1)	(32.4)
(16.4)	(18.4)	18.5	1.9	(9.4)	(0.7)
(2.5)	0.8	1.0	(0.6)	(10.8)	(85.3)
10.7	9.9	16.5	14.2	(69.1)	(100.0)
(2.2)	20.2	(18.2)	10.8	(9.2)	(2.5)
(21.1)	260.0	(22.0)	3.8	(0.5)	(11.9)
4.2	(5.9)	(14.5)	2.8	(1.9)	0.6
<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>133.3</u>	<u>n.a.</u>	<u>n.a.</u>
<u>1.2</u>	<u>1.1</u>	<u>4.2</u>	<u>7.3</u>	<u>(11.8)</u>	<u>(26.7)</u>
(2.3)	(7.6)	(13.0)	(0.5)	(2.1)	3.3

Table V-6

SCHEDULE OF ANNUAL PARKING REVENUE BY FACILITY

CALENDAR YEAR 1991-2003, FISCAL YEARS ENDING APRIL 30, 2003 - 2006

	Terminal Garages		Circle E		Satellite Lot		Economy Lot		Total	
	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total	Revenue	% Change
1991	\$5,984,052	46.5%	\$2,708,800	21.1%	\$4,165,627	32.4%	-	-	\$12,858,479	
1992	8,620,926	57.4	2,197,230	14.6	4,207,537	28.0	-	-	15,025,693	16.9%
1993	10,531,815	61.4	2,317,090	13.5	4,311,017	25.1	-	-	17,159,922	14.2
1994	12,244,426	60.7	3,117,728	15.5	4,797,534	23.8	-	-	20,159,688	17.5
1995	13,111,668	59.8	3,522,873	16.1	5,276,817	24.1	-	-	21,911,358	8.7
1996	13,599,495	55.5	4,157,381	17.0	6,746,168	27.5	-	-	24,503,044	11.8
1997	14,230,445	54.4	4,189,832	16.0	7,741,402	29.6	-	-	26,161,679	6.8
1998	17,562,618	58.5	4,036,496	13.4	8,432,502	28.1	-	-	30,031,616	14.8
1999	18,125,006	58.8	3,573,169	11.6	9,122,890	29.6	-	-	30,821,065	2.6
2000	18,306,789	58.1	3,764,175	11.9	9,441,256	30.0	-	-	31,512,220	2.2
2001	16,432,640	56.4	3,533,783	12.1	9,192,771	31.5	-	-	29,159,194	-7.5
2002	15,986,278	52.9	3,970,522	13.1	10,261,788	34.0	-	-	30,218,588	3.6
2003	16,024,067	51.8	4,042,477	13.1	10,880,497	35.2	-	-	30,947,041	2.4

	Terminal Garages		Circle E		Economy ¹		Other		Total	
FYE03	\$15,746,191	49.4%	\$4,021,795	12.6%	\$10,776,766	33.8%	\$1,324,389	4.2%	\$31,869,141	
FYE04	16,497,560	49.6	4,110,987	12.3	11,072,774	33.3	1,612,029	4.8	33,293,350	4.7%
FYE05	16,906,542	48.9	4,239,169	12.2	11,821,526	34.2	1,639,988	4.7	34,607,225	3.8
FYE06 ²	18,511,844	51.8	4,341,514	12.1	11,698,517	32.7	1,218,066	3.4	35,769,941	3.4

¹ The Economy Lot replaced the Satellite Lot in January 2004.² FYE06, Terminal Garages: A, \$5,394,988; B, \$7,487,865; C, \$5,628,991.

This page intentionally left blank.

Table VI-2
 SCHEDULE OF TOTAL AIRPORT SYSTEM REVENUE & EXPENSES
 FOR FISCAL YEARS ENDING APRIL 30

	FYE97	FYE98	FYE99	FYE00
Net revenues available for GARB debt service				
Total revenues	\$63,653,749	\$71,695,807	\$76,123,316	\$76,530,240
Total expenses	<u>(32,694,419)</u>	<u>(33,243,878)</u>	<u>(34,094,820)</u>	<u>(36,785,722)</u>
Net revenues	<u>\$30,959,330</u>	<u>\$38,451,929</u>	<u>\$42,028,496</u>	<u>\$39,744,518</u>
Revenues and expenses per GAAP				
Operating revenues	\$57,995,531	\$61,831,620	\$66,922,781	\$67,634,777
Operating expenses	<u>(62,355,502)</u>	<u>(58,205,601)</u>	<u>(61,632,724)</u>	<u>(62,133,918)</u>
Operating income(loss)	<u>(\$4,359,971)</u>	<u>\$ 3,626,019</u>	<u>\$ 5,290,057</u>	<u>\$ 5,500,859</u>
Other income (expense) - net	<u>27,058,537</u>	<u>16,175,539</u>	<u>15,382,302</u>	<u>12,846,456</u>
Net income per GAAP	<u>\$22,698,566</u>	<u>\$19,801,558</u>	<u>\$20,672,359</u>	<u>\$18,347,315</u>
Add back ¹ :				
Depreciation expense				
Interest expense on bonds				
Repayment of FAA grants for Richards- Gebaur ²				
Amortization of bond costs				
Nonoperating expense				
Deduct: ³				
PFC revenue				
Operating grant revenue				
Capital grant revenue				
Interest income on PFCs and bond accounts ⁴				
Other adjustments				
Nonoperating revenues ^{5,6}				
Richards-Gebaur operating revenues				
Net revenues available for debt service	<u>\$30,959,330</u>	<u>\$38,451,929</u>	<u>\$42,028,496</u>	<u>\$39,744,518</u>

INFORMATION NOT AVAILABLE

¹ Included in expenses presented pursuant to GAAP, but not included in expenses for operating and maintaining the airports pursuant to the bond ordinances.

² Due to the closing of Richards-Gebaur, the Department repaid the FAA for grant funds (plus interest) received for Richards-Gebaur in prior years.

³ Included in revenues presented pursuant to GAAP, but not included in revenues available to pay debt service on GARBs pursuant to the bond ordinances.

⁴ Interest income on unspent PFC funds; unspent Series 2001 PFC Bond proceeds; and the balances in the accounts established pursuant to the bond ordinances.

⁵ The FYE02 adjustments in the bottom of the table have been restated since the continuing disclosure information was prepared in 2003.

⁶ The FYE03 adjustments in the bottom of the table have been restated since the continuing disclosure information was prepared in 2004.

FYE01	FYE02	FYE03	FYE04	FYE05	FYE06
\$85,661,307	\$78,092,196	\$77,079,062	78,036,771	\$78,772,476	\$91,936,829
<u>(41,870,632)</u>	<u>(52,876,746)</u>	<u>(51,131,232)</u>	<u>(49,211,704)</u>	<u>(50,470,970)</u>	<u>(60,055,642)</u>
<u>\$43,790,675</u>	<u>\$25,215,450</u>	<u>\$25,947,830</u>	<u>\$28,825,067</u>	<u>\$28,301,506</u>	<u>\$31,881,187</u>
\$69,611,575	\$67,220,241	\$68,051,446	\$69,373,717	\$70,918,962	\$80,379,819
<u>(65,437,753)</u>	<u>(75,680,915)</u>	<u>(78,424,159)</u>	<u>(77,821,730)</u>	<u>(89,408,880)</u>	<u>(109,676,767)</u>
\$ 4,173,822	(\$8,460,674)	(\$10,372,713)	(\$8,448,013)	(\$18,489,918)	(\$29,296,948)
<u>26,802,088</u>	<u>22,898,785</u>	<u>23,240,441</u>	<u>19,612,586</u>	<u>14,384,747</u>	<u>52,963,041</u>
\$30,975,910	\$14,438,111	\$12,867,728	\$11,164,573	(\$4,105,171)	\$23,666,093
\$21,632,145	\$22,630,206	\$27,159,055	\$28,400,493	\$38,649,530	\$49,267,402
8,428,713	12,280,379	15,698,287	9,324,298	14,675,769	19,186,893
-	5,517,238	-	-	-	-
50,378	105,513	133,872	209,533	288,380	353,723
-	-	348,165	91,017	328,082	2,885,999
(17,207,518)	(16,134,494)	(13,686,560)	(13,879,589)	(13,655,542)	(20,252,999)
(123,049)	(1,223,993)	(3,022,340)	(936,958)	(136,058)	(130,359)
-	(9,118,124)	(7,450,857)	(3,258,011)	(5,816,648)	(40,897,885)
(1,324,020)	(5,029,598)	(5,270,678)	(741,224)	(61,522)	(750,752)
1,358,116	1,750,212	-	-	-	-
-	-	(163,840)	(187,230)	(614,809)	(210,810)
-	-	(665,002)	(1,361,835)	(1,250,505)	(1,236,118)
<u>\$43,790,675</u>	<u>\$25,215,450</u>	<u>\$25,947,830</u>	<u>\$28,825,067</u>	<u>\$28,301,506</u>	<u>\$31,881,187</u>

Table VI-3
 SCHEDULE OF HISTORICAL OPERATING & MAINTENANCE EXPENSES
 FOR FISCAL YEARS ENDING APRIL 30

	FYE98	FYE99	FYE00	FYE01	FYE02	FYE03
By expense category:						
Salaries, wages, & benefits	\$16,362,602	\$16,959,299	\$18,108,645	\$18,292,675	\$20,509,675	\$22,365,738
Contractual services	10,518,905	10,742,513	11,994,359	15,925,308	25,528,489	26,280,324
Utilities	3,380,027	3,128,787	3,146,221	3,871,593	3,340,415	-
Commodities and supplies	2,573,965	2,825,152	2,561,678	3,091,249	2,515,840	2,485,170
Property and liability insurance	408,379	439,069	974,819	689,807	982,327	-
Total O&M expenses	<u>\$33,243,878</u>	<u>\$34,094,820</u>	<u>\$36,785,722</u>	<u>\$41,870,632</u>	<u>\$52,876,746</u>	<u>\$51,131,232</u>
BY cost center:						
Airline cost centers						
Direct:						
Airfield	\$1,536,064	\$1,602,301	\$2,561,608	\$1,804,996	\$1,874,311	\$2,082,982
Terminal buildings ¹	3,031,364	3,128,184	2,724,334	2,890,832	5,651,782	6,433,716
Terminal aprons	545,737	566,939	870,544	705,117	780,214	850,807
Passenger boarding bridges ²	-	-	-	-	583,101	669,095
Indirect:						
General administrative	9,462,711	9,739,955	10,702,588	10,662,670	11,257,435	12,892,215
Airport police	2,595,977	2,684,917	3,153,734	3,436,643	4,256,731	5,243,102
Heating, cooling, & ventilation	2,130,823	2,069,262	2,589,673	3,141,574	-	-
ARFF	1,457,649	1,489,710	1,714,034	2,320,543	2,513,127	2,474,258
Terminal building structural	1,159,124	1,202,302	1,726,945	1,557,511	-	-
Field maintenance administration	889,437	909,367	901,968	819,091	821,583	862,717
Other ³	1,588,724	1,646,316	1,161,999	1,154,257	1,149,925	1,303,520
Total - Airline Cost Centers	24,397,610	25,039,253	28,107,427	28,493,234	28,888,209	32,812,412
Nonairline cost centers ⁴	8,846,268	9,055,567	8,678,295	13,377,398	23,988,537	18,318,911
Total O&M expenses	<u>\$33,243,878</u>	<u>\$34,094,820</u>	<u>\$36,785,722</u>	<u>\$41,870,632</u>	<u>\$52,876,746</u>	<u>\$51,131,323</u>

¹ In order to simplify the cost center listing, the Heating, cooling, & ventilation cost center and the terminal building Structural cost center are combined into the terminal building cost center for FYE02 - FYE04. Both of those cost centers are allocated 100% to the terminal building cost center.

² The passenger boarding bridges cost center was added as a separate cost center effective FYE2002.

³ "Other" represents the following indirect cost centers: ambulance service, apron security posts, support area roads, inter-terminal bus, mobile response, law enforcement officers (LEOs) and baggage handling maintenance.

⁴ O&M Expenses for the following facilities are not charged to the airlines: public parking lots, public parking garage, employee parking facilities, general aviation area, taxicab shelters, and other miscellaneous non-airline facilities.

⁵ A new Use & Lease Agreement became effective on May 1, 2005 maintaining four direct cost centers and eliminating 7 indirect cost centers.

FYE04	FYE05	FYE06 ^s
\$21,120,771	\$22,168,647	\$24,007,384
25,474,042	25,680,324	33,071,060
-	-	-
2,616,891	2,621,999	2,977,198
-	-	-
<u>\$49,211,704</u>	<u>\$50,470,970</u>	<u>\$60,055,642</u>

\$2,228,110	\$3,770,627	\$9,652,301
4,845,484	5,275,536	18,938,426
862,742	947,392	1,132,334
735,256	823,947	1,486,639
11,671,654	12,993,082	-
4,733,097	4,614,541	-
-	-	-
2,544,812	2,585,979	-
-	-	-
929,613	1,034,322	-
<u>2,730,044</u>	<u>2,021,550</u>	-
31,280,812	34,066,976	31,209,700
<u>17,930,892</u>	<u>16,403,994</u>	<u>28,845,942</u>
<u>\$49,211,704</u>	<u>\$50,470,970</u>	<u>\$60,055,642</u>

Table VI-5
SCHEDULE OF HISTORICAL REVENUES
 FOR FISCAL YEARS ENDING APRIL 30

	FYE98	FYE99	FYE00	FYE01	FYE02	FYE03
Airfield:						
Landing fees	\$ 9,308,980	\$10,215,812	\$ 8,295,142	\$ 9,043,841	\$ 9,018,013	\$ 9,635,966
Fuel flowage fees	558,373	696,332	762,666	571,403	515,391	568,694
Total airfield	9,867,353	10,912,144	9,057,808	9,615,244	9,533,404	10,204,660
Terminal:						
Terminal building:						
Airline terminal	5,413,234	7,074,324	6,974,131	7,115,268	8,099,347	6,699,753
Other terminal	841,269	436,987	238,213	205,986	649,305	791,127
Concessions:						
Food & beverage	853,615	955,015	1,069,010	1,142,622	593,852	630,950
News and gifts	1,065,418	1,143,546	1,212,563	1,296,798	1,297,957	765,728
Other concessions	816,823	803,688	829,216	750,401	614,791	498,285
Terminal apron area	1,945,541	2,036,086	1,813,613	2,591,819	2,559,897	1,851,504
Total terminal	10,935,900	12,449,646	12,136,746	13,102,894	13,815,149	11,237,347
Parking revenue	28,812,740	30,997,010	32,094,178	31,993,244	29,557,225	31,654,833
Rental car revenue	6,258,517	6,645,197	7,594,848	7,773,928	7,238,643	7,290,691
Transportation Facility Charge	-	-	-	-	-	-
Aviation service area	2,703,671	3,400,697	3,966,792	3,506,368	4,036,332	3,782,221
Other prop/revenue	3,240,492	2,584,109	3,200,324	3,620,506	3,119,611	3,216,692
Customer facility charges ¹	-	-	-	1,776,234	6,186,432	5,792,046
Interest revenue	9,877,134	9,134,513	8,479,544	14,272,889	4,605,400	3,900,572
Total revenue	\$71,695,807	\$76,123,316	\$76,530,240	\$85,661,307	\$78,092,196	\$77,079,062

¹ The Department began collecting rental car customer facility charge ("CFC") Revenues on January 1, 2001.

FYE04	FYE05	FYE06	% Change
\$ 9,545,944	\$ 9,358,585	\$11,003,143	17.6%
<u>682,166</u>	<u>680,383</u>	<u>658,951</u>	<u>(3.2)</u>
10,228,110	10,038,968	11,662,094	16.2
6,637,060	6,726,506	8,085,546	20.2
750,258	733,539	1,029,182	40.3
587,303	1,094,493	1,573,199	43.7
862,171	1,398,479	1,639,272	17.2
439,099	423,383	542,042	28.0
<u>1,694,001</u>	<u>1,896,698</u>	<u>1,838,118</u>	<u>(3.1)</u>
10,969,892	12,273,098	14,707,359	19.8
33,089,817	34,450,836	35,606,188	3.4
7,864,913	7,829,509	8,372,860	6.9
-	-	1,760,366	
3,559,507	2,679,955	4,594,393	71.4
2,299,644	2,396,089	2,440,441	1.9
5,886,939	5,976,731	6,147,691	2.9
<u>4,137,949</u>	<u>3,127,290</u>	<u>6,645,437</u>	<u>112.5</u>
<u>\$78,036,771</u>	<u>\$78,772,476</u>	<u>\$91,936,829</u>	16.7

Table VI-10
 SCHEDULE OF HISTORICAL AIRLINE COST PER ENPLANED PASSENGER
 FOR FISCAL YEARS ENDING APRIL 30

	Airfield Fees ¹	Terminal Building	Terminal Apron	Passenger Boarding Bridges	Total	Enplaned Passengers ²	Cost per Enplaned Passenger
FYE01	\$8,155,158	\$7,115,268	\$2,591,819	\$ -	\$17,862,245	6,145,608	\$2.91
FYE02	8,027,629	8,099,347	2,559,897	-	18,686,873	5,593,527	3.34
FYE03	8,628,009	6,699,753	2,638,202	-	17,965,964	4,987,421	3.60
FYE04	8,534,887	6,637,060	1,694,001	750,258	17,616,206	4,905,086	3.59
FYE05	8,518,469	6,767,040	1,609,869	727,236	17,622,614	5,036,889	3.50
FYE06 ³	9,787,460	8,265,270	1,159,624	1,122,862	20,335,216	5,112,330	3.98

¹ Excludes airfield fees paid by cargo carriers.

² Enplanements on a fiscal year basis, annual enplanements shown on Table IV-1, which are presented on a calendar year basis.

³ Reflects are Use and Lease Agreement. Amounts provided are preliminary settlement amounts and are subject to change.

Table VI-11
SCHEDULE OF HISTORICAL GARB DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING APRIL 30
ACTUAL

	FYE02	FYE03	FYE04	FYE05	FYE06	Avg. Annual Increase
Revenues:						
Airfield	\$ 9,533,404	\$10,204,660	\$10,228,110	\$10,038,968	11,662,094	16.2%
Terminal	13,815,149	12,040,212	10,969,892	12,273,098	14,707,359	19.8
Parking	29,557,225	31,654,833	33,089,817	34,450,836	35,606,188	3.4
Rental cars	7,238,643	7,290,691	7,864,913	7,829,509	8,372,860	6.9
Aviation services area	4,036,332	3,786,651	3,559,507	2,679,955	4,594,393	71.4
Other property rentals	3,119,611	3,287,914	2,299,644	2,396,089	2,440,441	1.9
Customer facility charges	6,186,432	5,792,046	5,886,939	5,976,731	6,147,691	2.9
Transportation Facility Charges	-	-	-	-	1,760,366	
Interest revenue	4,605,400	3,022,055	4,137,949	3,127,290	6,645,437	112.5
Total revenues	78,092,196	77,079,062	78,036,771	78,772,476	91,936,829	16.7
Cash provided by capitalized interest:	-	-	3,455,944	-	-	
Total cash available for debt service	78,092,196	77,079,062	81,492,715	78,772,476	91,936,829	16.7
O&M expenses:						
Salaries, wages & benefits	20,509,675	22,365,738	21,120,771	22,168,647	24,007,384	8.3
Contractual services	25,528,489	26,280,324	25,474,042	25,680,324	33,071,060	28.8
Utilities	3,340,415	-	-	-	-	
Commodities & supplies	2,515,840	2,485,170	2,616,891	2,621,999	2,977,198	13.5
Property & liability insurance	982,327	-	-	-	-	
Total O&M expenses	52,876,746	51,131,232	49,211,704	50,470,970	60,055,642	19.0
Net revenues available for debt service	25,215,450	25,947,830	32,281,011	28,301,506	31,881,187	12.6
Senior GARB debt service:						
Series 1994A Bonds	3,089,703	3,085,095	3,093,020	-	-	
Series 1995 Bonds	4,184,970	4,172,590	4,163,245	4,151,388	3,501,763	
Series 1997A Bonds	1,619,395	1,619,395	1,619,395	1,619,395	1,619,395	
Series 1999A Bonds	5,225,738	5,242,113	5,248,006	5,267,244	5,283,619	
Series 2003A Bonds	-	-	3,660,381	3,504,620	3,504,620	
Series 2003B Bonds	-	-	2,832,546	2,712,013	2,712,013	
Series 2004E Bonds	-	-	-	976,453	1,861,963	
Series 2005H Bonds	-	-	-	-	506,034	
Current senior GARB debt service	14,119,806	14,119,193	20,616,593	18,231,113	18,989,405	
Senior GARB coverage	1.79	1.84	1.57	1.55	1.68	
Total GARB debt service						
Series 2000 subordinate GARBS ¹	740,000	740,000	740,000	740,000	-	
Series 2005C subordinate GARBS	-	-	-	-	2,647,595	
Subtotal	740,000	740,000	740,000	740,000	2,647,595	
Total GARB debt service	\$14,859,806	\$14,859,193	\$21,356,593	\$18,971,113	\$21,637,000	
Total GARB coverage	1.70	1.75	1.51	1.49	1.47	

¹ Series 2000 subordinate GARBS were issued in December 2000 and refunded in April 2005.

Table VI-13
SCHEDULE OF PFC REVENUES
 FOR FISCAL YEARS ENDING APRIL 30

	2002	2003	2004	2005	2006
Total enplanements [A] ¹	6,593,527,	4,987,421	4,906,735	5,036,889	5,112,330
% of PFC enplaned passengers [B]	<div style="border: 2px solid black; padding: 10px;"> <p>This information was presented in the Report of the Airport Consultant on a projected basis to calculate projected PFC revenues. However, this calculation is not relevant for the presentation of historical PFC Revenues.</p> </div>				
PFC enplaned passengers [C = A x B]					
PFC exempt air carriers [D]					
PFC eligible enplanements [E= C-D]					
PFC rate [F]					
PFC revenues [G = E x F]	\$16,134,494	\$13,686,560	\$13,879,589	\$13,655,542	\$20,252,999

¹ Fiscal year enplanements from Table VI-10.

² PFC revenues from the Department's audited financial statements.

Table VI-14
SCHEDULE OF PFC BOND SUFFICIENCY COVENANT
 FOR FISCAL YEARS ENDING APRIL 30
 (IN \$ MILLIONS, EXCEPT SUFFICIENCY TEST COVENANT)

	FYE02	FYE03	FYE04	FYE05	FYE06
Sufficiency covenant:					
PFC Authority ¹	\$338.9	\$338.9	\$338.9	\$377.1	\$377.1
Less: PFC Pay-As-You-Go Costs paid to date ²	82.4	79.9	79.6	95.1	90.6
PFC Pay-As-You-Go Contractual Commitments ³	0.0	0.0	0.0	0.0	0.0
Debt service paid to date on the Series 2001 Bonds	4.5	13.6	25.4	35.8	46.1
Projected debt service on any junior lien bonds	0.0	0.0	0.0	0.0	0.0
Plus: Funds on deposit on any junior lien bonds	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Subtotal (A)	252.0	245.4	233.9	246.2	240.5
Debt service requirements (B)	\$234.0	\$224.9	\$220.1	\$209.8	\$199.5
Sufficiency test covenant (must be at least 1.05) (A/B)	1.08	1.09	1.06	1.17	1.21

¹ PFC Authority as approved April 30, 2005, Application #4.

² Includes PFC Pay-As-You-Go costs related to approved PFC applications.

³ PFC Pay-As-You-Go contractual commitments that have not yet been paid. For purposes of this analysis, it is assumed that all contractual commitments are paid as incurred.



Comprehensive Annual Financial Report

Kansas City Aviation Department
601 Brasilia Avenue
Kansas City, Missouri 64153

(816) 243-3130
www.flykci.com