Board of Commissioners
**Land Clearance for Redevelopment Authority**
Kansas City, Missouri

We have audited the financial statements of the governmental activities and each major fund of the Land Clearance for Redevelopment Authority (Authority), a component unit of the City of Kansas City, Missouri, for the year ended April 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 25, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Additionally, this letter includes other comments and suggestions with respect to matters that came to our attention in connection with our audit of the Authority's financial statements. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Authority's practices and procedures.

**Significant Audit Matters**
Qualitative Aspects of Accounting Practices - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2026.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

We did not identify any significant unusual transactions.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit - We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements - Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Authority are summarized below:

- An adjustment to decrease interest expense in governmental activities and increase interest expense in the capital projects fund for $29,534.

We identified the following uncorrected misstatement that management has concluded is not, individually or in the aggregate, material to the Authority's financial statements. We agree with management's conclusion in that regard. Uncorrected misstatements or matters underlying them could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

- An adjustment to decrease accounts receivable and revenue in the general fund for $5,822.

Circumstances that Affect the Form and Content of the Auditor's Report - For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances were noted.

Disagreements with Management - For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations - We have requested certain representations from management that are included in the management representation letter dated October 30, 2026.

Management Consultations with Other Independent Accountants - In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues - We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Future Accounting Topics

- GASB Statement No. 103, *Financial Reporting Model Improvements*, improves five key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability:

    1. Management Discussion and Analysis (MD&A) - This statement requires that information presented in MD&A be limited to related topics discussed in five sections: 1) Overview of Financial Statements, 2) Financial Summary, 3) Detailed Analyses, 4) Significant Capital Asset and Long-Term Financing Activity, and 5) Currently Known Facts, Decisions, or

Conditions. MD&A should also explain why balances and results of operations changed and avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections. MD&A should continue to distinguish between the primary government and its discretely presented component units.

2. Unusual or Infrequent Items are described as transactions and other events that are either unusual in nature or infrequent in occurrence. These items are required to be displayed separately as the last presented flow of resources prior to the net change in resource flows in government-wide, governmental fund, and proprietary fund statements of resource flows.

3. Presentation of Proprietary Fund Statement of Revenues, Expenses and Changes in Fund - Net Position should continue to distinguish between operating and nonoperating revenues and expenses and provides additional guidance on determining nonoperating revenues and expenses. Additional subtotals are required to be presented to show a subtotal for "operating income (loss) and noncapital subsidies" prior to reporting other nonoperating revenues and expenses. Subsidies are defined within the statement.

4. Major Component Unit Information is required to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If readability is impacted, combining statements of major component units should be presented after the fund financial statements.

5. Budgetary Comparison Information is required to be presented as required supplementary information (RSI) and variances between original and final budget amounts and variances between final and actual amounts are required to be presented. Explanations of significant differences must be presented in notes to the RSI.

The provisions of this statement are effective for financial statements for the Authority's fiscal year ending April 30, 2027.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, improves financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This statement requires certain capital assets to be disclosed separately in the capital assets note disclosures including lease assets, intangible right-to-use assets recognized in accordance with Public-Private and Public-Public Partnerships and Availability Payment Arrangements and subscription assets. In addition, intangible assets other than those three types must be disclosed separately by major class. This statement also requires additional disclosures on capital assets held for sale. The provisions of this statement are effective for financial statements for the Authority's fiscal year ending April 30, 2027.

- GASB Statement No. 105, *Subsequent Events*, improves financial reporting related to subsequent events by clarifying the time frame for subsequent events and what subsequent events that constitute recognized and nonrecognized events, as well as specifying the items that are required to be disclosed about subsequent events. The provisions of this statement are effective for financial statements for the Authority's fiscal year ending April 30, 2028.

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

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

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

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

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

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

This comprehensive evaluation could include:

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

Restriction on Use - This information is intended solely for the information and use of the Board of Commissioners and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

**Closing**

We will be pleased to respond to any questions you have about this report or set up an introductory meeting to discuss the other recommendations at no charge. We appreciate the opportunity to continue to be of service to the Land Clearance for Redevelopment Authority.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 30, 2026