WEST MICHIGAN AVIATION ACADEMY

Kent County, Michigan

Annual Financial Report

For the year ended June 30, 2026

HUNGERFORD

CPAs • ADVISORS • TECHNOLOGY • WEALTH

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

October 30, 2026

The Board of Directors
West Michigan Aviation Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Michigan Aviation Academy as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise West Michigan Aviation Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of West Michigan Aviation Academy, as of June 30, 2026, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Michigan Aviation Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Michigan Aviation Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Michigan Aviation Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Michigan Aviation Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Michigan Aviation Academy's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2026, on our consideration of West Michigan Aviation Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Michigan Aviation Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Michigan Aviation Academy's internal control over financial reporting and compliance.

Hungerford

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

West Michigan Aviation Academy is a 9th through 12th grade Public School Academy located in Grand Rapids, Michigan ("the Academy"). We offer readers of the financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2026. We encourage readers to consider the information presented here in conjunction with the Academy's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the Academy:

- The first two statements, the Statement of Net Position and the Statement of Activities, are academy-wide financial statements that provide both short-term and long-term information about the Academy's overall financial status.

- The remaining statements are *governmental funds statements* that tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes a budgetary comparison schedule for the general fund and pension and OPEB information schedules; Supplementary Information follows and includes combining and individual fund statements and schedules.

Academy-Wide Statements

The academy-wide financial statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Academy's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two academy-wide statements report the Academy's net position, and how it has changed. Net position - the difference between the Academy's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the Academy's overall health, one should consider additional non-financial factors such as the condition of school buildings and other facilities.

In the academy-wide financial statements, the Academy's activities are presented as follows:

Governmental activities: The Academy's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, and athletics. State aid and property taxes finance most of these activities.

New Accounting Pronouncement Implemented

The Governmental Accounting Standards Board (GASB) issued Statement No. 103, Financial Reporting Model Improvements. The requirements of this statement enhance certain aspects of the existing financial reporting model, including management's discussion and analysis, unusual or infrequent items, and budgetary comparison information. The Academy implemented this statement for the fiscal year ended June 30, 2026.

Financial Summary

The Statement of Net Position provides financial information on the Academy as a whole.

	2026	2025	Dollar Change	Percent Change
Assets				
Current assets	$ 4,719,866	$ 4,808,623	$ (88,757)	-1.8%
Noncurrent assets:				
Derivative instrument - interest rate swap	248,184	246,037	2,147	0.9%
Net capital assets	9,720,236	10,076,354	(356,118)	-3.5%
Total Assets	**14,688,286**	**15,131,014**	**(442,728)**	-2.9%
Deferred Outflows of Resources	**216**	**688**	**(472)**	-68.6%
Liabilities				
Current liabilities	1,115,969	1,228,966	(112,997)	-9.2%
Long-term liabilities	4,680,742	4,833,219	(152,477)	-3.2%
Total Liabilities	**5,796,711**	**6,062,185**	**(265,474)**	-4.4%
Deferred Inflows of Resources	**290,153**	**458,470**	**(168,317)**	-36.7%
Net Position				
Net investment in capital assets	4,525,513	4,754,351	(228,838)	-4.8%
Restricted	1,887,971	1,821,639	66,332	3.6%
Unrestricted	2,188,154	2,035,057	153,097	7.5%
Total Net Position	**$ 8,601,638**	**$ 8,611,047**	**$ (9,409)**	-0.1%

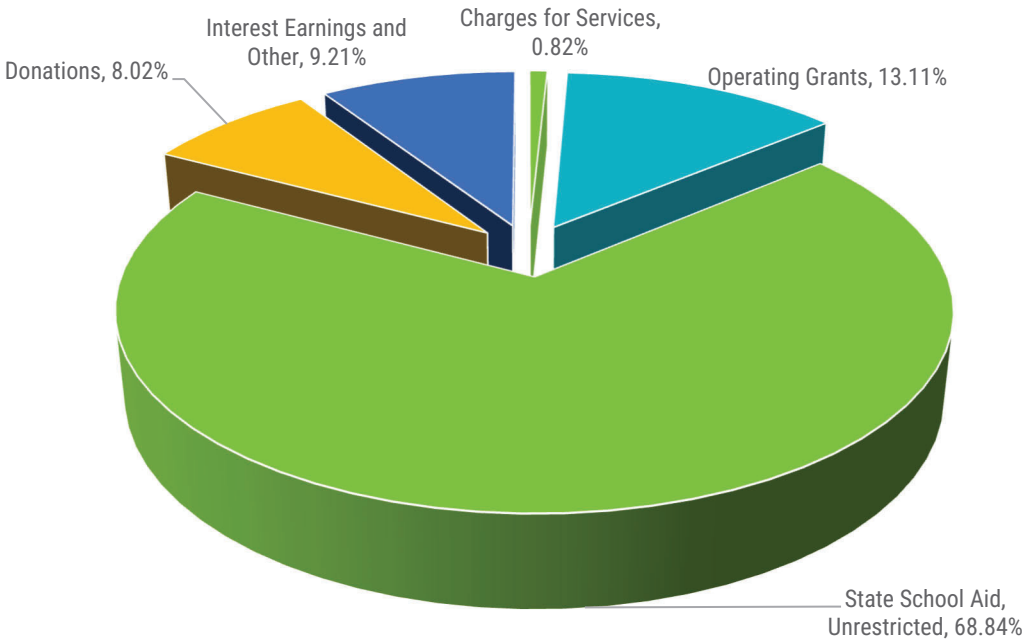
The Statement of Activities presents changes in net position for operating results:

	2026	2025	Dollar Change	Percent Change
Program Revenues				
Charges for services	$ 71,328	$ 65,073	$ 6,255	9.6%
Operating grants	1,136,605	1,083,438	53,167	4.9%
General Revenues				
State school aid, unrestricted	5,969,251	5,976,650	(7,399)	-0.1%
Interest and investment earnings	79,472	25,635	53,837	210.0%
Donations	695,500	657,500	38,000	5.8%
Other	719,096	843,269	(124,173)	-14.7%
Total Revenues	8,671,252	8,651,565	19,687	0.2%
Expenses				
Instruction	3,567,861	3,843,562	(275,701)	-7.2%
Supporting services	3,611,601	3,130,733	480,868	15.4%
Food service	477,123	-	477,123	0.0%
Interest on long-term debt	190,881	204,464	(13,583)	-6.6%
Depreciation - unallocated	833,195	920,819	(87,624)	-9.5%
Total Expenses	8,680,661	8,099,578	581,083	7.2%
Increase (decrease) in net position	(9,409)	551,987	(561,396)	-101.7%
Net Position, Beginning of Year	8,611,047	8,059,060	551,987	6.8%
Net Position, End of Year	$ 8,601,638	$ 8,611,047	$ (9,409)	-0.1%

Detailed Analysis - Academy-Wide

Total expenses exceeded revenues by $9,409 on the Statement of Activities, increasing total net position from $8,611,047 to $8,601,638 at June 30, 2026. Unrestricted net position increased by $153,094 to a balance of $2,188,154 at June 30, 2026. The Academy's financial position is the product of various financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and the depreciation and amortization of capital assets. A large portion of the Academy's net position reflects investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, computers, and right to use assets); less any related outstanding debt used to acquire those assets. The Academy uses these capital assets to provide services to its students; consequently, they are not available for future spending. Although the Academy's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

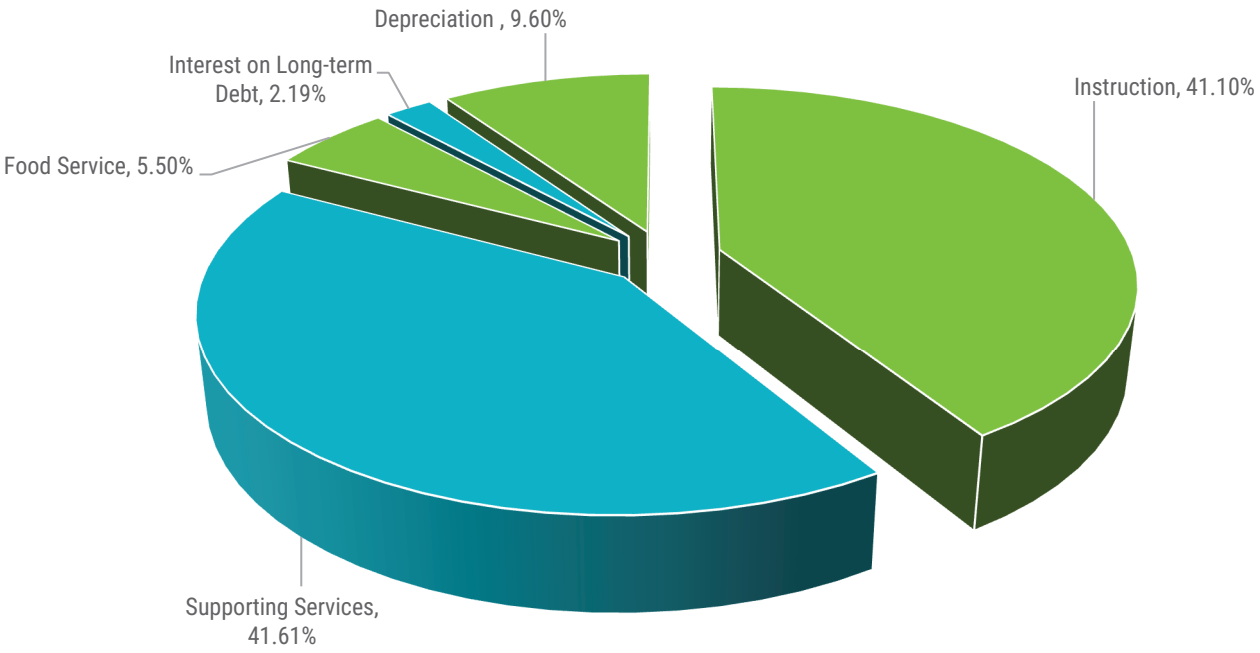
Academy-Wide Revenue by Type



The Academy's total revenues increased by 0.2% to $8.67 million for the year ended June 30, 2026. General revenues are primarily derived from unrestricted state school aid (68.8% of total) and are heavily influenced by legislative actions, economic conditions, and student enrollment trends. State school aid, which represents the Academy's largest source of unrestricted revenue, is dependent upon annual appropriations by the state and funding formulas that consider pupil membership and other factors established by state law. Changes in enrollment or state funding levels may have significant impact on the Academy's annual operating revenues. Unrestricted state school aid decreased by 0.12% during the year ended June 30, 2026. While the Academy received an increase of $442 per student in the state foundation allowance, total unrestricted aid reflected minor changes in blended student membership counts and remained consistent with the prior year.

The Academy also receives operating grants consisting of federal and state grant funding to support specific educational programs and other initiatives. Grant revenues are generally restricted for designated purposes and may vary from year-to-year based on the availability of funding, eligibility requirements, and the timing of program expenditures. As a result, changes in grant activity can contribute to fluctuations in total revenues reported by the Academy. Operating grant revenues increased by 4.91% during the year ended June 30, 2026, which resulted primarily from the recognition of previously deferred grant funding from the prior fiscal year, including over $52,000 in carryover funding under Section 31aa. The Academy did not participate in the FY26 Section 31aa allocation.

Academy-Wide Expenses by Function



The total cost of all programs increased by 7.2% to $8.68 million for the year ended June 30, 2026. The Academy's expenses are predominantly related to instruction (41.1%), and supporting services (41.6%), which include various functions such as caring for (pupil services) and transporting students, administrative services, and operation and maintenance services. Other expenses include food service, interest on long-term debt, and depreciation expense for assets of the Academy.

Functional expenses (instruction, supporting services, food service) reported in the academy-wide financial statements include adjustments related to GASB Statement No. 34 that are not reflected in the governmental fund statements. These adjustments for the Academy are largely attributable to capital asset activity and long-term debt transactions, including principal repayments and related liabilities, which are allocated to the Academy's various functions. Accordingly, year-over-year changes in functional expenses may reflect both operational changes and fluctuations in these allocated accounting adjustments.

The significant change in instruction and supporting services expenses reported between 2025 and 2026 is attributed to the adjustments for GASB Statement No. 34. However, changes in expenditure levels reported in the governmental fund financial statements, and more specifically the major funds of the Academy, contribute directly to changes reflected in the academy-wide statements. For consideration of the impact of year-over-year changes reported in the Academy's general fund, including those related to costs of instruction and supporting services, see commentary in the *Detailed Analysis – Major Funds* that follows.

Other significant changes in academy-wide expenses during the year ended June 30, 2026 include:

- The Food Service Special Revenue Fund, which was established at the start of the fiscal year, incurred $477,123 in expenses as the Academy offered a school nutrition program for the first time.

Remaining expenses reported in the academy-wide financial statements remained relatively stable compared to the prior year. No significant changes in service levels or operating activities occurred during the year that materially impacted these functions.

Fund Analysis

The fund financial statements provide more detailed information about the Academy's funds, focusing on its most significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs.

The Academy utilizes one kind of fund:

- *Governmental funds*: Most of the Academy's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the academy-wide statements, additional information following the governmental funds' statements explains the relationship (or differences) between them.

Detailed Analysis – Major Funds

The Academy reports major funds individually in the governmental fund financial statements. Major funds of the Academy consist of the General Fund, the Flight Sustainment Fund, and the Capital Improvement Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the Academy's current financial health are more apparent in the fund financial statements than in the academy-wide financial statements. The significant changes are shown in the table and discussed in more detail below.

	General Fund		Flight Sustainment		Capital Improvement	
	2026	2025	2026	2025	2026	2025
Revenues						
Local sources	$ 1,439,292	$ 1,258,296	$ 32,864	$ 41,128	$ 50	$ -
State sources	6,453,924	6,664,347	-	-	-	-
Federal sources	130,610	128,468	-	-	-	-
Interdistrict sources	(7,141)	267,273	-	-	-	-
Total Revenues	8,016,685	8,318,384	32,864	41,128	50	-
Expenditures						
Instruction	3,938,883	3,776,979	113,690	163,813	-	-
Supporting services	3,127,563	3,049,568	-	-	-	-
Capital outlay	405,625	-	-	-	-	6,215
Debt service	82,918	72,437	-	-	-	-
Total Expenditures	$ 7,554,989	$ 6,898,984	$ 113,690	$ 163,813	$ -	$ 6,215

General Fund

The General Fund is the Academy's primary operating fund and accounts for much of the financial activity reported as governmental activities in the academy-wide financial statements. Consequently, trends in the academy-wide financial statements generally mirror the results of operations reported in the General Fund, with state school aid and operating grants serving as the Academy's most significant revenue sources. Differences between changes in General Fund balance and changes in net position are primarily attributable to accrual-based adjustments for capital assets, long-term debt, pension and OPEB liabilities, and other long-term obligations reported in the academy-wide financial statements.

Significant changes noted in the General Fund for the year ended June 30, 2026 include:

- Revenues from local sources increased by $180,996 (14.4%) due to a combination of factors, including a highly successful development Gala that raised nearly $1 million, securing 10 new sponsors.

- Revenues from interdistrict sources decreased by $274,414 (102.7%) due to adjustments in the Kent ISD Enhancement Millage allocations.

- Expenditures for instruction increased by $161,904 (4.3%); attributed primarily to staffing investments, including hiring four new team members (veteran and new teachers) and two alumni CFIs to ensure the Academy was fully staffed.

- Capital outlay expenditures increased by $405,625, after incurring no related expenditures during the prior year. The Academy entered leases for building space during the year, which require lease proceeds and corresponding capital outlay to be recorded consistent with GASB No. 87, and in an amount equal to the present value of all discounted future payments. This capital outlay is offset by the recognition of lease proceeds as an other financing source.

Because GASB Statement No. 103 requires explanations of significant budgetary variances as supplementary information, some factors affecting changes in General Fund revenues and expenditures may also be discussed outside the MD&A, reducing duplication while still providing users with relevant analysis. Users of this report should also consider the Budgetary Comparison Schedule (page 54) and the related Notes to the Budgetary Comparison Schedule (page 55), which provide additional discussion of significant budget-to-actual variances that may help explain changes in General Fund operating results and fund balance from the prior year.

Flight Sustainment Fund

The Flight Sustainment Fund accounts for revenues and expenditures related to the Academy's aviation operations. The fund was established to separately track and manage aircraft-related activities and costs. Revenues are primarily generated through aircraft usage for flight training, alumni flights, and other aviation services and are used to support the maintenance, operation, and future sustainability of the Academy's aircraft fleet.

Significant changes noted in the Flight Sustainment Fund for the year ended June 30, 2026 include:

- Expenditures for instruction decreased by $50,123 (30.6%); attributed primarily to the Foundation board's strategic restructuring of sustainment fund planning, and efficient execution of summer flight programs.

Capital Improvement Fund

The Capital Improvement Fund is used to account for financial resources transferred from the General Fund and designated for the acquisition, construction, or improvement of capital assets and other future capital needs. The needs, which are evaluated and monitored by management and vary on a year-to-year basis, drive changes in financial activity reported in the fund. The Capital Improvement Fund is utilized by West Michigan Aviation Academy to proactively save for long-term facility sustainability. The Board strategically transfers funds based on conservative budget estimates, explicitly adding funds for longevity to capital projects during budget hearings.

No significant changes in revenues or expenditures were noted for the year ended June 30, 2026. Other financing sources, which include transfers from other funds of the Academy, decreased by $285,000 compared to the prior year in order to align with the Board's current focus on maintaining strong general operations while actively evaluating future expansion and replication proposals, which required holding more funds in general operations while future facility needs are finalized.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

At the end of fiscal year 2025-26, the Academy had a $19.2 million investment in a broad range of capital assets including school buildings, administrative offices, furniture and equipment and right to use assets.

At June 30, 2026, the Academy's net investment in capital assets (after accumulated depreciation and amortization) was $9,720,236. Net capital asset additions totaled $477,077 and depreciation expense on assets in service was $833,195, resulting in a decrease in net capital assets of $356,118 from the prior year-end.

More detailed information about capital assets can be found in Note F in the Notes to Basic Financial Statements.

Long-term Obligations

At year end, the Academy had $5.19 million in loans and other long-term liabilities outstanding – a net decrease of $127,280 from last year.

- The Academy continued to pay down its debt, retiring $458,991 of the Capital Improvement Loan and $73,914 of outstanding lease liabilities.
- The Academy renewed two leases for building space during the year, adding $405,625 in lease liabilities.

We present more detailed information about our long-term liabilities in Note F in the Notes to Basic Financial Statements.

Currently Known Facts, Decisions, or Conditions

The preliminary budget for the 2025-26 fiscal year was adopted by the Board of Directors in June 2025. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2025-26 budget preparation process include:

- State Aid Foundation was estimated to be $10,000 per pupil. This is an $18 increase that includes the Section 22e categorical one-time payment of $375 per pupil. The actual 25-26 Foundation Allowance is $10,050 per pupil, which is a $68 increase.
- Conservative enrollment projections of 605 students in grades 9-12.
- Continued investment in staff retention with budgeted pay increases.
- Continued improvement of academic achievement through changes in academic programs.
- The Academy upgraded our classroom technology for about 9 rooms through MOSS which was a significant investment.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year.

Contacting the Academy's Financial Management

This financial report is designed to provide our students, parents, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 5463 44th Street SE, Grand Rapids, Michigan 49504.

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BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

	Governmental Activities
Assets	
Cash equivalents (Note B)	$ 2,915,480
Accounts receivable	392,917
Lease receivable (Note E)	26,795
Due from other governmental units (Note C)	1,269,947
Prepaid expenses	114,727
Derivative instrument - interest rate swap (Note H)	248,184
Capital assets being depreciated and amortized, net (Note F)	9,720,236
Total Assets	14,688,286
Deferred Outflows of Resources	
Deferred pension amounts (Note I)	210
Deferred OPEB amounts (Note J)	6
Total Deferred Outflows of Resources	216
Liabilities	
Accounts payable	127,146
Accrued interest payable	14,540
Accrued expenses	456,302
Unearned revenue	4,000
Long-term liabilities (Note G):	
Due within one year	513,981
Due in more than one year	4,680,742
Total Liabilities	5,796,711
Deferred Inflows of Resources	
Interest rate swap (Note H)	248,184
Deferred lease amounts	19,619
Deferred pension amounts (Note I)	17,735
Deferred OPEB amounts (Note J)	4,615
Total Deferred Inflows of Resources	290,153
Net Position	
Net investment in capital assets	4,525,513
Restricted for:	
Capital projects	1,257,623
Food service	60,583
School foundation	14,503
Flight sustainment	531,070
Student/school activities	24,192
Unrestricted	2,188,154
Total Net Position	$ 8,601,638

STATEMENT OF ACTIVITIES

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instruction	$ 3,567,861	$ -	$ 457,566	$ (3,110,295)
Supporting services	3,611,601	71,328	150,576	(3,389,697)
Food service	477,123	-	528,463	51,340
Interest on long-term debt	190,881	-	-	(190,881)
Depreciation - unallocated*	833,195	-	-	(833,195)
Total Governmental Activities	$ 8,680,661	$ 71,328	$ 1,136,605	(7,472,728)
	General Revenues			
	State school aid, unrestricted			5,969,251
	Donations			695,500
	Interest and investment earnings			79,472
	Other			719,096
	Total General Revenues			7,463,319
	Change in Net Position			(9,409)
	Net Position - Beginning of Year			8,611,047
	Net Position - End of Year			$ 8,601,638

*This amount excludes direct depreciation expenses of the various programs.

BALANCE SHEET
GOVERNMENTAL FUNDS

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

	General Fund	Flight Sustainment	Capital Improvement	Nonmajor	Total
Assets					
Cash equivalents (Note B)	$ 2,106,816	$ 743,980	$ 21,993	$ 42,691	$ 2,915,480
Accounts receivable	392,299	618	-	-	392,917
Due from other funds	217,524	-	1,235,630	60,583	1,513,737
Due from other governmental units	1,269,947	-	-	-	1,269,947
Prepaid expenditures	114,727	-	-	-	114,727
Total Assets	$ 4,101,313	$ 744,598	$ 1,257,623	$ 103,274	$ 6,206,808
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 127,146	$ -	$ -	$ -	$ 127,146
Due to other funds	1,296,213	213,528	-	3,996	1,513,737
Accrued expenditures	456,302	-	-	-	456,302
Unearned revenue	4,000	-	-	-	4,000
Total Liabilities	1,883,661	213,528	-	3,996	2,101,185
Fund Balances					
Nonspendable	114,727	-	-	-	114,727
Restricted	-	531,070	1,257,623	99,278	1,887,971
Unassigned	2,102,925	-	-	-	2,102,925
Total Fund Balances	2,217,652	531,070	1,257,623	99,278	4,105,623
Total Liabilities and Fund Balances	$ 4,101,313	$ 744,598	$ 1,257,623	$ 103,274	$ 6,206,808

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

Total governmental fund balances		$ 4,105,623
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Lease receivable included in governmental activities are not financial resources available to benefit the current period and, therefore, are not reported in the funds. Additionally, deferred inflows from leases are recorded at commencement and recognized over the life of the lease:		
Lease receivable	$ 26,795	
Deferred inflows - lease	(19,619)	7,176
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $19,191,776 and accumulated depreciation is $9,471,540.		9,720,236
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Capital improvement loan	(4,833,219)	
Lease liabilities	(361,504)	(5,194,723)
Accrued interest is not included as a liability in governmental funds.		(14,540)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Deferred outflows of resources	210	
Deferred inflows of resources	(17,735)	(17,525)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Deferred outflows of resources	6	
Deferred inflows of resources	(4,615)	(4,609)
Total Net Position - Governmental Activities		$ 8,601,638

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

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	General Fund	Flight Sustainment	Capital Improvement	Nonmajor	Total
Revenues					
Local sources	$ 1,439,292	$ 32,864	$ 50	$ 105,400	$ 1,577,606
State sources	6,453,924	-	-	325,763	6,779,687
Federal sources	130,610	-	-	172,901	303,511
Interdistrict sources	(7,141)	-	-	29,799	22,658
Total Revenues	8,016,685	32,864	50	633,863	8,683,462
Expenditures					
Current:					
Instruction	3,938,883	113,690	-	-	4,052,573
Supporting services	3,127,563	-	-	84,632	3,212,195
Food service	-	-	-	477,123	477,123
Capital outlay	405,625	-	-	-	405,625
Debt service:					
Principal repayment	73,914	-	-	458,991	532,905
Interest and fiscal charges	9,004	-	-	183,258	192,262
Total Expenditures	7,554,989	113,690	-	1,204,004	8,872,683
Excess (Deficiency) of Revenues Over Expenditures	461,696	(80,826)	50	(570,141)	(189,221)
Other Financing Sources (Uses)					
Proceeds from lease inception	405,625	-	-	-	405,625
Transfers in	-	-	75,000	642,249	717,249
Transfers out	(717,249)	-	-	-	(717,249)
Total Other Financing Sources (Uses)	(311,624)	-	75,000	642,249	405,625
Net Change in Fund Balances	150,072	(80,826)	75,050	72,108	216,404
Fund Balances, Beginning of Year	2,067,580	611,896	1,182,573	27,170	3,889,219
Fund Balances, End of Year	$ 2,217,652	$ 531,070	$ 1,257,623	$ 99,278	$ 4,105,623

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

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

Net change in fund balances - total governmental funds		$ 216,404
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital outlay	$ 477,077	
Depreciation expense	(833,195)	(356,118)
Proceeds from the sale of bonds or other issuances of debt are other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position:		
Inception of lease		(405,625)
The Statement of Activities recognizes the lease revenue on a straight-line basis over the life of the lease. The governmental funds recognize lease revenue according to the principal and interest paid over the life of the lease. The net effect of these differences in the treatment of lease revenue receivable is as follows.		(12,210)
Repayment of loans and leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:		
Capital improvement loan	458,991	
Lease liabilities	73,914	532,905
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.		1,381
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		12,131
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		1,723
Total change in net position - governmental activities		$ (9,409)

NOTES TO BASIC FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

West Michigan Aviation Academy ("the Academy") was formed as a Public School Academy pursuant to the Michigan School Code of 1976, amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on August 13, 2009 and began operation in July 2010. The Academy services a population of approximately 581 students.

In July 2018, the Academy entered into an eight-year agreement, through June 2026, with CS Partners, Inc., CSP Management Inc., doing business as Partner Solutions. As a wholly owned subsidiary of Partner Solutions, Partner Solutions for Schools is the employer of record for all staff assigned to work at the Academy. Partner Solutions offers to public school academies back office human resource services, financial services and *food service* (the "Services"). Together, Partner Solutions and Partner Solutions for Schools are jointly responsible for providing the Services under this Agreement. The Academy was obligated to pay Partner Solutions three and a half percent of its state aid during the 2025-26 school year. The total paid for these services was $269,216 for the year ended June 30, 2026.

In September 2022, the Academy entered into a seven-year contract with Grand Valley State University's Board of Trustees to charter a public-school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Grand Valley State University's Board of Trustees three percent of state aid as administrative fees. The total administrative fees paid were $179,078 for the year ended June 30, 2026.

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school Academies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Academy's significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The Academy is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the Academy for financial statement presentation purposes, and the Academy is not included in any other governmental reporting entity. Consequently, the Academy's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. Academy-wide and Fund Financial Statements

Academy-wide Financial Statements - The Academy-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the Academy as a whole. The reported information includes all of the nonfiduciary activities of the Academy. The Academy does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Academy. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Academy does not have any *business-type activities.*

The Statement of Net Position is reported on the full accrual, economic resources basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Academy's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings, and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund, the Flight Sustainment Fund, and the Capital Improvement Funds are the Academy's major funds. Nonmajor funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the Academy-wide level. Reconciliations between the two sets of statements are provided separately.

Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are state aid, federal and inter Academy revenues, and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Academy before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Academy-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school Academy functions typically are financed. The acquisition, use, and balances of a school Academy's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund—The General Fund is the general operating fund of a school Academy. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school Academy maintains full control of these funds. The School Service Funds maintained by the Academy are the School Foundation, Flight Sustainment, Food Service, and Student/School Activity Special Revenue Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases, and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds of the Academy are used to account for resources transferred from other governmental funds and set aside for future capital improvements. The accumulated resources are intended to provide funding for significant capital expenditures, including facility construction and improvements, major repairs, equipment, and other capital asset needs.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school Academy be under budgetary control and that both budgeted and actual financial results do not incur a deficit. West Michigan Aviation Academy has also adopted budgets for its Special Revenue Funds. A school Academy's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from an Academy's budget may occur without a corresponding amendment to the budget.

A school Academy has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school Academy may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

West Michigan Aviation Academy utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, Academy administrative personnel and department heads work with the Superintendent and Chief Financial Officer to establish proposed operating budgets for the fiscal year commencing the following July 1.

- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.

- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.

- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.

- The original General and Special Revenue Fund budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).

- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories and Prepaid Items

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Academy-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and additions, vehicles, and furniture and equipment, are reported in the Academy-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed $5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, furniture and equipment, and computers are depreciated using the straight-line method over the following estimated useful lives:

Buildings and additions	3 - 30 years
Furniture and equipment	3 - 15 years
Computers	3 – 10 years

The right-of-use assets are amortized over the term of the lease.

9. Long-term Obligations

In the Academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the Academy during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

11. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the Academy during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring other postemployment benefits (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Academy has two such items that qualify for reporting in this category: the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of the net OPEB liability on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as in inflow of resources (revenue) until that time. The Academy has four types of items that qualifies for reporting in this category: the deferred inflows related to the interest rate swap, the deferred inflows related to the lessor activities of the Academy, the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

13. Net Position

Net position represents the difference between assets including deferred outflows of resources and liabilities including deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

14. Fund Balance

The Academy has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).

- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.

- Assigned – resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.

- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2026, West Michigan Aviation Academy had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

15. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

16. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally charted bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

- Commercial paper rated at the time of purchase within the two highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.

- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

- United States government or Federal agency obligation repurchase agreements.

- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school Academy in Michigan.

- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school Academy in Michigan.

Cash Equivalents

Balances at June 30, 2026 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	$ 2,868,969

Depositories actively used by the Academy during the year are detailed as follows:

1. Comerica Bank
2. Huntington Bank
3. Fifth Third Bank

Cash equivalents consist of bank public funds checking accounts.

Custodial Credit Risk Related to Bank Deposits
Custodial credit risk is the risk that in the event of bank failure, the Academy's deposits may not be returned to the Academy. Protection of Academy deposit is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Academy's cash equivalents was $2,868,969 and the bank balance was $2,887,941. Of the bank balance, $564,684 was covered by federal depository insurance and $2,323,257 was uninsured and uncollateralized.

Note C – State School Aid

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school Academys.

These additional State revenues pass through to Michigan Public School Academies in the form of a per pupil "Foundation Allowance" paid on a “blended count” of Academy pupil membership in February 2025 and October 2025. The 2025-26 "Foundation Allowance" for West Michigan Aviation Academy was $10,050 for 608 "Full Time Equivalent" students. Total State School Aid received by the District, including categorical appropriations for specific purposes, amounted to $6,730,506 in State aid payments to the Academy, of which $1,213,970 was paid to the Academy in July and August 2026 and included in “Due From Other Governmental Units” of the General Fund.

Note D – Interfund Receivables/Payables and Transfers

Due from (to) other funds outstanding at June 30, 2026 were as follows:

	Due From	Due To
Major Fund		
General Fund:		
Special Revenue Funds:		
Food Service	$ -	$ 60,583
Flight Sustainment	213,528	-
Student/School Activity	3,996	-
Capital Projects Fund:		
Capital Improvements	-	1,235,630
Special Revenue Funds:		
Flight Sustainment:		
General Fund	-	213,528
Capital Projects Fund:		
Capital Improvements:		
General Fund	1,235,630	-
Total Major Funds	1,453,154	1,509,741
Nonmajor Fund		
Special Revenue Funds:		
Food Service:		
General Fund	60,583	-
Student/School Activity:		
General Fund	-	3,996
Total Nonmajor Funds	60,583	3,996
Total All Funds	$ 1,513,737	$ 1,513,737

Transfers between funds during the year ended June 30, 2026 were as follows:

	Transfers In	Transfers Out
Major Fund		
General Fund:		
Debt Service Fund	$ -	$ 642,249
Capital Projects Fund:		
Capital Improvements	-	75,000
Capital Projects Fund:		
Capital Improvements:		
General Fund	75,000	-
Total Major Fund	75,000	717,249
Nonmajor Fund		
Debt Service Fund:		
General Fund	642,249	-
Total All Funds	$ 717,249	$ 717,249

Transfers from the General Fund during the year ended June 30, 2026 were for the purpose of meeting long-term debt obligations and for the support of future capital improvement projects.

Note E – Lease Receivable

The Academy acts as a lessor in an agreement that qualifies as a long-term lease arrangement. The agreement qualifies as a long-term lease as the Academy will not surrender control of the asset at the end of the term, and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2026 was $26,996 (consisting of $26,795 in principal and $201 in interest).

The Academy's lease receivable at June 30, 2026, is as follows:

	Final Maturity Date	Interest Rate	Outstanding Balance	Amount Due Within One Year
Lease Revenue				
Facility Lease - Hangar Space, $657,182 September 1, 2021: Monthly maturities of $14,500	August 1, 2026	4.50%	$ 26,795	$ 26,795

The amount of lease receivable coming due during the next year are as follows:

Years Ending June 30	Principal	Interest
2027	$ 26,795	$ 201

Note F – Capital Assets

Capital asset activity for the year ended June 30, 2026 was as follows:

	Balances July 1, 2025	Additions	Deductions	Balances June 30, 2026
Capital assets being depreciated and amortized:				
Buildings and improvements	$ 17,658,305	$ -	$ -	$ 17,658,305
Furniture and equipment	1,004,673	71,452	-	1,076,125
Computers	51,721	-	-	51,721
Right to use assets - building leases	284,734	405,625	284,734	405,625
Total capital assets being depreciated and amortized	18,999,433	$ 477,077	$ 284,734	19,191,776
Less accumulated depreciation for:				
Buildings and improvements	8,113,640	$ 669,689	$ -	$ 8,783,329
Furniture and equipment	532,958	57,783	-	590,741
Computers	48,694	1,453	-	50,147
Less accumulated amortization for:				
Right to use assets - building leases	227,787	104,270	284,734	47,323
Total accumulated depreciation and amortization	8,923,079	$ 833,195	$ 284,734	9,471,540
Total capital assets being depreciated and amortized, net	$ 10,076,354			$ 9,720,236

Depreciation expense for the Academy was $833,195. The Academy determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Note G – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2026 are summarized as follows:

	Debt Outstanding July 1, 2025	Debt Added	Debt Retired	Debt Outstanding June 30, 2026
Capital improvement loan	$ 5,292,210	$ -	$ 458,991	$ 4,833,219
Lease liabilities	29,793	405,625	73,914	361,504
	$ 5,322,003	$ 405,625	$ 532,905	$ 5,194,723

Long-term obligations at June 30, 2026 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
Long-term Obligations				
$7,359K Capital Improvement Loan, April 1, 2020:				
Annual maturities of $476K to $3,350K	April 1, 2030	3.61%	$ 4,833,219	$ 476,193
Lease Liabilities				
Building Lease:				
Annual maturities of $45,462 to $52,020	November 1, 2031	4.500	217,142	22,698
Premise Lease:				
Annual maturities of $14,875 to $34,584	November 1, 2031	4.500	144,362	15,090
			$ 5,194,723	$ 513,981

The annual requirements to pay principal and interest on the long-term obligations and lease liabilities outstanding are as follows:

Years Ending June 30	Capital Improvement Loan		Lease Liabilities		
	Principal	Interest	Principal	Interest	Total
2027	$ 476,193	$ 166,658	$ 75,687	$ 14,719	$ 733,257
2028	493,767	149,183	79,164	11,242	733,356
2029	512,913	131,043	82,800	7,605	734,361
2030	3,350,346	94,839	86,605	3,802	3,535,592
2031	-	-	37,248	420	37,668
	$ 4,833,219	$ 541,723	$ 361,504	$ 37,788	$ 5,774,234

Note H – Interest Rate Swap

In February 2015, the Academy entered into an interest rate swap agreement (swap) with PNC Bank, National Association. The intention of the swap is to effectively change the Academy's variable rate of the bonds to a synthetic rate of 3.61%.

The swap was amended and restated in 2020. The notional value of the swap and the principal amount of the bonds decline at a similar, but not exact, amount each year through the maturity of the swap set to expire in April 2030. The notional value was $4,833,219 at June 30, 2026. Under the swap, the Academy pays the counterparty a fixed payment of 3.61% and receives a variable-rate payment computed based on the Secured Overnight Financing Rate (SOFR). Conversely, the bond's variable-rate coupons adjust on a monthly basis.

The Academy categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value and gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Academy can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

The fair value of the Academy's interest rate swap is classified as Level 2 within the fair value hierarchy. The classification is based on the nature of the inputs used to determine fair value as of the measurement date.

At June 30, 2026, the fair value of the swap was $248,184. The fair value is based on a replacement trade that would match the maturities and notional amounts of the existing swap which is primarily based on the estimated present value of future cash flows. As of June 30, 2026, the swap is considered an effective cash flow hedge, using the synthetic instrument method, under the provisions of GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments.* As a result, the Statement of Net Position an offsetting amount is reported as a "deferred inflow – interest rate swap." No amounts are recognized in the Statement of Activities for changes in fair value.

As of June 30, 2026, the Academy was exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated A2 by Moody's Investor Service (Moody's), A by Standard and Poor's (S&P, and A+ by Fitch Ratings (Fitch) as of the date of the financial statements. There is no collateralization of the swap from the counterparty to mitigate the credit risk of the Academy.

The Academy may terminate the swap under provisions of the swap agreement. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the Academy would be liable to the counterparty for a payment that would approximate the swap's negative fair value.

Note I – Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (the "System") is a cost- sharing, multiple-employer, state-wide, defined benefit public employee retirement plan and fiduciary component unit of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor, and the State Superintendent of Instruction, who serves as the ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The age and service requirements range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by .50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age. The System also provides disability and survivor benefits to DB plan members.

Certain employees have the option to participate in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2022 is amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year ended September 30, 2025.

Plan Name	Pension Contribution Rates: Plan Status	Member	Academy
Basic	Closed	0.0 – 4.0%	30.11%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	30.11%
Pension Plus (Hybrid)	Closed	3.0 – 6.4%	26.27%
Pension Plus 2 (Hybrid)	Open	6.2%	27.16%
Defined Contribution	Open	0.0%	20.96%

No contributions were made to the MPSERS pension plans by the Academy for the year ended June 30, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2026, the did not report a liability for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. The Academy's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. As of September 30, 2024 and 2025 respectively, the Academy's proportion was 0.00000000%,

For the year ended June 30, 2026, the Academy did not recognize a pension expense. As of June 30, 2026, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ –	$ –
Changes of assumptions	–	–
Net difference between projected and actual earnings on pension plan investments	–	–
Changes in proportion and differences between Academy contributions and proportionate share of contributions	210	17,735
Academy contributions subsequent to the measurement date*	–	–
Total	$ 210	$ 17,735

* This amount, reported as deferred outflows of resources related to pensions resulting from Academy contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2027	$ (9,697)
2028	(5,965)
2029	(1,863)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2024
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans:	6.00% net of investment expenses
Pension Plus Plan:	6.00% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled by 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2025 is based on the results of an actuarial valuation date of September 30, 2024 and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4524 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at (www.michigan.gov/orsschools).

Long-Term Expected Rate of Return on Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	5.8%
International Equity Pools	14.0	5.6
Private Equity Pools	16.0	9.3
Real Estate and Infrastructure Pools	8.0	7.0
Fixed Income Pools	15.0	2.5
Absolute Return Pools	13.0	4.4
Real Return/Opportunistic Pools	9.0	7.0
Short-term Investment Pools	4.0	1.3
Total	**100.0%**	

*Long-term rates of return are net of administrative expenses and 2.4% inflation.

Rate of Return

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus Plan , 6.00% for the Pension Plus 2 Plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus Plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
Academy's proportionate share of the net pension liability	$ –	$ –	$ –

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2025 Annual Comprehensive Financial Report, available on the ORS website: (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no payables to the pension plan at June 30, 2026.

Note J – Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS or "System") is a cost-sharing, multiple- employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees' Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Beginning October 1, 2025, active members who have the premium subsidy healthcare benefit are no longer required to pay the 3% contribution toward future healthcare benefits.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2022 is amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2025:

OPEB Contribution Rates:

Benefit Structure	Member	Academy
Premium Subsidy	3.0%	1.25%
Personal Healthcare Fund (PHF)	0.0%	0.00%

No contributions were made to the OPEB plan by the Academy for the year ended June 30, 2026.

OPEB Assets, OPEB Credit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2026, the Academy did not report an asset for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The Academy's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. The Academy did not have a proportionate share for the years ended June 30, 2026 and 2025.

For the year ended June 30, 2026, the Academy did not recognize an OPEB credit. At June 30, 2026, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ —	$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on OPEB plan investments	—	—
Changes in proportion and differences between Academy contributions and proportionate share of contributions	6	4,615
Academy contributions subsequent to the measurement date*	—	—
Total	$ 6	$ 4,615

* This amount, reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date, will be recognized as an addition of the net OPEB asset in the year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2027	$ (2,030)
2028	(1,312)
2029	(875)
2030	(392)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2024
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15 Post-65 – 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2025 is based on the results of an actuarial valuation date of September 30, 2024 and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.4654 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Plan Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	16.0%	5.8%
International Equity Pools	11.0	5.6
Private Equity Pools	16.0	9.3
Real Estate and Infrastructure Pools	5.0	7.0
Fixed Income Pools	26.0	2.5
Absolute Return Pools	15.0	4.4
Real Return/Opportunistic Pools	7.0	7.0
Short-term Investment Pools	4.0	1.3
Total	**100.0%**	

* Long-term rates of return are net of administrative expenses and 2.4% inflation.

Rate of Return

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 9.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Academy's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.00 percent, as well as what the Academy's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Academy's proportionate share of the net OPEB liability (asset)	$ –	$ –	$ –

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability (Asset) to Healthcare Cost Trend Rate

The following presents the Academy's proportionate share of the net OPEB liability (asset) calculated using assumed trend rates, as well as what the Academy's proportionate share of the net OPEB liability (asset) would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability (asset)	$ –	$ –	$ –

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2025 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no payables to the OPEB plan at June 30, 2026.

Note K – Risk Management and Employee Benefits

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2025-26, and as of year ended June 30, 2026, there were no material pending claims against the Academy.

Note L – New Accounting Pronouncement

The Academy adopted GASB Statement No. 103, Financial Reporting Model Improvements, during the fiscal year ended June 30, 2026. This statement modifies certain requirements related to management's discussion and analysis, unusual or infrequent items, proprietary fund reporting, budgetary comparison information, and other financial reporting presentations. The implementation of this statement resulted in changes to financial statement presentation and disclosures but had no effect on the Academy's net position.

Note M – Change within the Financial Reporting Entity

During the year ended June 30, 2026, the Academy reassessed the classification of governmental funds. As a result of this reassessment, the Flight Sustainment Fund and the Capital Improvement Fund, previously reported as a nonmajor funds, are now reported as major funds. In addition, the Academy established a Food Service Special Revenue Fund during the year.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	Budgeted Amounts		Variance -- Original to Final Budgeted	Actual Amounts	Variance -- Final Budgeted to Actual Amounts
	Original	Final			
Revenues					
Local sources	$ 1,314,500	$ 1,390,659	$ 76,159	$ 1,439,292	$ 48,633
State sources	6,553,539	6,455,587	(97,952)	6,453,924	(1,663)
Federal sources	110,000	144,904	34,904	130,610	(14,294)
Interdistrict sources	171,210	42,220	(128,990)	(7,141)	(49,361)
Total Revenues	8,149,249	8,033,370	(115,879)	8,016,685	(16,685)
Expenditures					
Current:					
Instruction:					
Basic programs	3,095,757	2,933,892	(161,865)	2,839,485	94,407
Added needs	1,079,736	1,049,266	(30,470)	1,099,398	(50,132)
Supporting services:					
Pupil services	329,818	337,406	7,588	355,354	(17,948)
Instructional staff services	36,518	44,219	7,701	19,296	24,923
General administrative services	553,185	568,548	15,363	540,064	28,484
School administrative services	856,475	931,000	74,525	961,906	(30,906)
Business services	27,000	27,000	-	21,799	5,201
Operation and maintenance services	865,821	883,099	17,278	866,835	16,264
Pupil transportation services	16,652	16,675	23	11,221	5,454
Central services	373,776	318,982	(54,794)	220,375	98,607
Other supporting services	118,119	128,119	10,000	130,713	(2,594)
Community services	500	500	-	-	500
Capital outlay	-	405,625	405,625	405,625	-
Debt service:					
Principal repayment	100,000	128,684	28,684	73,914	54,770
Interest and fiscal charges	-	-	-	9,004	(9,004)
Total Expenditures	7,453,357	7,773,015	319,658	7,554,989	218,026
Excess (Deficiency) of Revenues Over Expenditures	695,892	260,355	(435,537)	461,696	201,341
Other Financing Sources (Uses)					
Proceeds from lease inception	-	405,625	405,625	405,625	-
Transfers in	145,000	-	(145,000)	-	-
Transfers out	(835,000)	(710,000)	125,000	(717,249)	(7,249)
Total Other Financing Sources (Uses)	(690,000)	(304,375)	385,625	(311,624)	(7,249)
Net Change in Fund Balances	5,892	(44,020)	(49,912)	150,072	194,092
Fund Balances, Beginning of Year	2,067,580	2,067,580	-	2,067,580	-
Fund Balances, End of Year	$ 2,073,472	$ 2,023,560	$ (49,912)	$ 2,217,652	$ 194,092

Note A – Amendments to the Original Budget

The Academy's General Fund budget is adopted prior to the start of the fiscal year and is subsequently amended as additional information becomes available and operating conditions change. Budget amendments are made throughout the year to reflect changes in enrollment, State and federal funding, grant activity, staffing levels, and other programmatic needs. The final amended budget as of June 30, 2026 reflects these revisions and provides a more current representation of the Academy's anticipated financial activity.

The following discussion summarized the most significant changes between the original and final budget of the General Fund, and the factors that contributed to those revisions:

- Interdistrict source revenues were reduced by $128,990; the result of adjustments to the Kent ISD Enhancement Millage expectations.
- Expenditures for basic programs (instruction) decreased by $161,865; attributed to a combination of factors including staffing adjustments and the timing of new hires being finalized prior to reaching full staffing for the upcoming school year.
- School administrative service expenditures increased by $74,525 to account for the integration of the new food service contract costs with Elior, as well as other administrative investments.
- The Academy entered a lease during the year, and the final budget reflects accounting adjustments consistent with requirements of GASB No. 87, which require lease proceeds and corresponding capital outlay to be recorded. This explains the entirety of the $405,625 increase to capital outlay and proceeds from lease inception (other financing source).

Note B – Budget to Actual Variances

The Academy compares actual financial results to the final amended budget as of June 30 to evaluate how closely operations aligned with budgetary expectations. Variances between final budgeted and actual amounts may result from differences in the timing of revenues and expenditures, unanticipated operating conditions, changes in program activity, or the receipt and use of grant funding.

The following discussion highlights the most significant differences between the final amended budget and actual results for the fiscal year.

- Revenues from interdistrict sources were under budget by $49,361 (116.9%) as a result of fluctuations in the actual receipts from the Kent ISD Enhancement Millage.
- Added needs (instruction) expenditures were over budget by $50,132 (4.8%) due to a combination of factors, including the addition of a dedicated Parent Advocate for Students in Special Education (PASE) representative, and enhanced special education support.
- Expenditures for instructional staff services were below budgeted expectation by $24,923 (56.4%); primarily due to efficiencies realized during staff curriculum camp and professional development.
- Central services expenditures concluded the year under budget by $79,749 (25.0%); attributed to cost savings and efficiencies within the Educational Service Provider (ESP) management services.

Other budget-to-actual variances for the General Fund were generally consistent with normal operational fluctuations and did not have a significant impact on the Academy's financial results.

BUDGETARY COMPARISON SCHEDULE – FLIGHT SUSTAINMENT FUND

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	Budgeted Amounts		Variance -- Original to Final Budgeted		Variance -- Final Budgeted to Actual Amounts
	Original	Final		Actual	
Revenues					
Local sources:					
Flight operation revenue	$ 45,000	$ 47,000	$ 2,000	$ 32,864	$ (14,136)
Expenditures					
Instruction:					
Career and technical education	171,000	121,195	(49,805)	113,690	7,505
Net Change in Fund Balance	(126,000)	(74,195)	51,805	(80,826)	45,174
Fund Balance, Beginning of Year	611,896	611,896	-	611,896	-
Fund Balance, End of Year	$ 485,896	$ 537,701	$ 51,805	$ 531,070	$ 45,174

NOTES TO BUDGETARY COMPARISON SCHEDULE – FLIGHT SUSTAINMENT FUND

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

Note A – Amendments to the Original Budget

The Academy's Flight Sustainment budget is adopted prior to the start of the fiscal year and is subsequently amended as additional information becomes available and operating conditions change. Budget amendments are made throughout the year to reflect changes in enrollment, State and federal funding, grant activity, staffing levels, and other programmatic needs. The final amended budget as of June 30, 2026 reflects these revisions and provides a more current representation of the Academy's anticipated financial activity.

The following discussion summarized the most significant changes between the original and final budget of the Flight Sustainment Fund, and the factors that contributed to those revisions:

- Career and technical education expenditures were decreased by $49,805; attributed to cost efficiencies, revised flight training schedules, and strategic realignment of flight operations and summer programming by the Foundation board.

Note B – Budget to Actual Variances

The Academy compares actual financial results of the Flight Sustainment Fund to the final amended budget as of June 30 to evaluate how closely operations aligned with budgetary expectations. Variances between final budgeted and actual amounts may result from differences in the timing of revenues and expenditures, unanticipated operating conditions, changes in program activity, or the receipt and use of grant funding.

The following discussion highlights the most significant differences between the final amended budget and actual results for the fiscal year.

- Flight operation revenue was under budget by $14,136 (30.1%) as a result of lower-than-anticipated billable student flight hours and aircraft rental/usage fees.

Other budget-to-actual variances for the Flight Sustainment Fund were generally consistent with normal operational fluctuations and did not have a significant impact on the Academy's financial results.

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

	Year Ended June 30, 2026	Year Ended June 30, 2025	Year Ended June 30, 2024
Academy's proportion of the net pension liability	0.00000000%	0.00000000%	0.00005964%
Academy's proportionate share of the net pension liability	$ -	$ -	$ 19,303
Academy's covered-employee payroll	$ -	$ -	$ -
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2019. This schedule is being built prospectively. Ultimately, 10 years of data will be presented. There were no changes to benefit terms or assumptions in 2025-26.

Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
0.00012480%	0.00017371%	0.00018799%	0.00020900%	0.00020200%
$ 46,936	$ 41,127	$ 64,577	$ 69,283	$ 60,851
$ 12,315	$ 15,733	$ 21,184	$ 22,128	$ 19,634
381.13%	261.41%	304.84%	313.10%	309.93%
60.77%	72.60%	59.72%	60.31%	62.36%

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

	Year Ended June 30, 2026	Year Ended June 30, 2025	Year Ended June 30, 2024
Academy's proportion of the net OPEB liability	0.00000000%	0.00000000%	0.00000000%
Academy's proportionate share of the net OPEB liability	$ -	$ -	$ -
Academy's covered-employee payroll	$ -	$ -	$ -
Academy's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	164.94%	143.08%	105.04%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2019. This schedule is being built prospectively. Ultimately, 10 years of data will be presented. There were no changes to benefit terms or assumptions in 2025-26.

Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
0.00011518%	0.00016043%	0.00022697%	0.00020383%	0.00027152%
$ 2,440	$ 2,449	$ 12,159	$ 14,630	$ 21,853
$ 12,315	$ 15,733	$ 21,184	$ 22,128	$ 19,634
19.81%	15.57%	57.40%	66.12%	111.30%
83.09%	87.33%	48.46%	42.95%	36.39%

SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

	Year Ended June 30, 2026	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Contractually required contribution	$ -	$ -	$ 5,837	$ 3,184
Contributions in relation to the contractually required contribution	-	-	5,837	6,734
Contribution deficiency (excess)	$ -	$ -	$ -	$ (3,550)
Academy's covered-employee payroll	$ -	$ -	$ 20,806	$ 2,975
Contributions as a percentage of covered employee payroll	0.00%	0.00%	28.05%	107.03%

Note: GASB Statement No 68 was implemented in fiscal year 2019. This schedule is being built prospectively.

Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
$ 2,200	$ 6,300	$ 5,558	$ 5,512
4,781	6,300	5,558	5,512
$ (2,581)	$ -	$ -	$ -
$ 10,957	$ 16,176	$ 22,128	$ 17,440
20.08%	38.95%	25.12%	31.61%

SCHEDULE OF ACADEMY OPEB CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

	Year Ended June 30, 2026	Year Ended June 30, 2025	Year Ended June 30, 2024
Contractually required contribution	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Academy's covered-employee payroll	$ -	$ -	$ -
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%

Note: GASB Statement No 75 was implemented in fiscal year 2019. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
$ 1,275	$ 893	$ 1,224	$ 1,400	$ 1,762
1,275	893	1,224	1,400	1,762
$ -	$ -	$ -	$ -	$ -
$ 2,975	$ 10,957	$ 16,176	$ 22,128	$ 17,440
42.86%	8.15%	7.57%	6.33%	10.10%

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operations of the Academy and not required to be accounted for in another fund.

SCHEDULE OF REVENUES
GENERAL FUND

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	2026
Local sources:	
Revenue from student activities	$ 71,328
Lease revenue	174,000
Flight operation revenue	136,512
Other local revenues	1,057,452
Total local sources	1,439,292
State sources:	
State aid	6,358,054
Special education	(6,880)
Vocational education	102,750
Total state sources	6,453,924
Federal sources:	
Title I, Part A	78,716
Title II, Part A	2,510
Title III, Part A	3,903
Title IV, Part A	15,707
I.D.E.A. program	29,774
Total federal sources	130,610
Interdistrict sources	(7,141)
Total Revenues	$ 8,016,685

SCHEDULE OF EXPENDITURES
GENERAL FUND

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	2026
Current:	
Instruction:	
Basic programs:	
High school:	
Special allowances	$ 3,796
Purchased services - salaries and benefits	2,445,625
Other purchased services	129,667
Supplies	249,819
Miscellaneous	10,578
Total basic programs	2,839,485
Added needs:	
Special education:	
Purchased services - salaries and benefits	99,734
Supplies	3,557
Capital outlay	14,483
	117,774
Compensatory education:	
Purchased services - salaries and benefits	79,869
Supplies	740
	80,609
Vocational education:	
Purchased services - salaries and benefits	691,970
Supplies	193,555
Capital outlay	15,490
	901,015
Total added needs	1,099,398
Total instruction	3,938,883
Supporting services:	
Pupil services:	
Guidance services:	
Purchased services - salaries and benefits	213,359
Psychological services:	
Purchased services - salaries and benefits	20,550

Continued on next page.

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	2026
Speech pathology services:	
Purchased services - salaries and benefits	$ 19,022
Social worker services:	
Purchased services - salaries and benefits	58,512
Other pupil support services:	
Purchased services - salaries and benefits	43,911
Total pupil services	355,354
Instructional staff services:	
Improvement of instruction:	
Other purchased services	9,835
Supervision and direction of instruction:	
Supplies	9,461
Total instructional staff services	19,296
General administrative services:	
Board of education:	
Other purchased services	40,576
Miscellaneous	29,903
	70,479
Executive administration:	
Other purchased services	469,585
Total general administrative services	540,064
School administrative services:	
Office of the principal:	
Purchased services - salaries and benefits	911,082
Other purchased services	5,148
Supplies	36,364
Miscellaneous	9,312
Total school administrative services	961,906

Continued on next page.

	2026
Business services:	
Other business services:	
Other purchased services	$ 17,000
Miscellaneous	4,799
Total business services	21,799
Operation and maintenance services:	
Operation and maintenance:	
Purchased services - salaries and benefits	233,396
Other purchased services	401,822
Supplies	231,617
Total operation and maintenance services	866,835
Pupil transportation services:	
Pupil transportation:	
Other purchased services	11,221
Central Services:	
Personnel services:	
Purchased services	46,753
Technology services:	
Other purchased services	88,375
Supplies	18,479
Capital outlay	66,768
	173,622
Total central services	220,375
Other supporting services:	
Athletics:	
Purchased services - salaries and benefits	24,036
Supplies	38,698
Miscellaneous	67,979
Total other supporting services	130,713
Total supporting services	3,127,563
Building improvement services:	
Capital outlay	405,625

Continued on next page.

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	2026
Debt service:	
Principal repayment	$ 73,914
Interest and fiscal charges	9,004
Total debt service	82,918
Total Expenditures	$ 7,554,989

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

WEST MICHIGAN AVIATION ACADEMY
June 30, 2026

	Special Revenue				
	School Foundation	Food Service	Student/School Activity	Debt Service	Total
Assets					
Cash equivalents	$ 14,503	$ -	$ 28,188	$ -	$ 42,691
Due from other funds	-	60,583	-	-	60,583
Total Assets	$ 14,503	$ 60,583	$ 28,188	$ -	$ 103,274
Liabilities and Fund Balance					
Liabilities					
Due to other funds	$ -	$ -	$ 3,996	$ -	$ 3,996
Fund Balance					
Restricted	14,503	60,583	24,192	-	99,278
Total Fund Balance	14,503	60,583	24,192	-	99,278
Total Liabilities and Fund Balance	$ 14,503	$ 60,583	$ 28,188	$ -	$ 103,274

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

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	Special Revenue				
	School Foundation	Student/School Activity	Food Service	Debt Service	Total
Revenues					
Local sources:					
Other local sources	$ -	$ 96,157	$ 9,243	$ -	$ 105,400
State sources	-	-	325,763	-	325,763
Federal sources	-	-	172,901	-	172,901
Interdistrict sources	-	-	29,799	-	29,799
Total Revenues	-	96,157	537,706	-	633,863
Expenditures					
Current:					
Instruction	-	-	-	-	-
Supporting services	50	84,582	-	-	84,632
Food service	-	-	477,123	-	477,123
Debt service:					
Principal repayment	-	-	-	458,991	458,991
Interest and fiscal charges	-	-	-	183,258	183,258
Total Expenditures	50	84,582	477,123	642,249	1,204,004
Excess (Deficiency) of Revenues Over Expenditures	(50)	11,575	60,583	(642,249)	(570,141)
Other Financing Sources (Uses)					
Transfers in	-	-	-	642,249	642,249
Net Change in Fund Balance	(50)	11,575	60,583	-	72,108
Fund Balance, Beginning of Year	14,553	12,617	-	-	27,170
Fund Balance, End of Year	$ 14,503	$ 24,192	$ 60,583	$ -	$ 99,278

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – FOOD SERVICE SPECIAL REVENUE FUND

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	Budget	Actual	Variance
Revenues			
Local sources	$ 37,799	$ 9,243	$ (28,556)
State sources	290,535	325,763	35,228
Federal sources	184,748	172,901	(11,847)
Interdistrict sources	-	29,799	29,799
Total Revenues	513,082	537,706	24,624
Expenditures			
Current:			
Food service	456,020	477,123	(21,103)
Net Change in Fund Balances	57,062	60,583	3,521
Fund Balances, Beginning of Year	-	-	-
Fund Balances, End of Year	$ 57,062	$ 60,583	$ 3,521

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – STUDENT/SCHOOL ACTIVITY SPECIAL REVENUE FUND

WEST MICHIGAN AVIATION ACADEMY
For the year ended June 30, 2026

	Budget	Actual	Variance
Revenues			
Local sources	$ 100,000	$ 96,157	$ (3,843)
Expenditures			
Supporting services:			
Other student/school activity	80,000	84,582	(4,582)
Net Change in Fund Balance	20,000	11,575	(8,425)
Fund Balance, Beginning of Year	12,617	12,617	-
Fund Balance, End of Year	$ 32,617	$ 24,192	$ (8,425)

INTERNAL CONTROL AND COMPLIANCE

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

October 30, 2026

The Board of Directors
West Michigan Aviation Academy
Kent County, Michigan

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Michigan Aviation Academy (the "Academy"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hungerford

Certified Public Accountants
Grand Rapids, Michigan

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October 30, 2026

The Board of Directors
West Michigan Aviation Academy
Kent County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Michigan Aviation Academy for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and Government Auditing Standards and the Uniform Guidance, if applicable), 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 April 29, 2026. Professional standards also require that we communicate to you the following information related to our audit.

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 West Michigan Aviation Academy are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2026. As described in Note L to the financial statements, West Michigan Aviation Academy adopted GASB No. 103, Financial Reporting Model Improvements, during the year ended June 30, 2026, resulting in changes to the financial statement presentation and disclosures but had no effect on the Academy's net position. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 most sensitive estimates affecting the Government-Wide financial statements were:

> Management's estimate of the liability of the payout for the employee compensated absences upon their retirement is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the lives of capital assets. We evaluated the key factors and assumptions used to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. Certain amounts included in capital assets have been estimated by appraisers based on historical information for assets placed in service prior to implementation of GASB Statement No. 34.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were related to the Academy's share of the net pension and net OPEB liabilities related to GASB Statements No. 68 and 75.

The disclosure of the net pension liability and the net OPEB liability in the Notes to the financial statements were recorded as of June 30, 2026 based on information received from the Michigan Office of Retirement Services. We evaluated the key factors and assumptions used to develop these liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 matter, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit'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 governmental unit'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 the Management's Discussion and Analysis and Schedules related to the Proportionate Share and Contributions of the Academy's Net Pension Liability, which are 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.

We were engaged to report on combining and individual fund statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Comments

The Academy General Fund balance increased by $150,072 to $2,217,652 at June 30, 2026. This balance represents approximately 27.1 percent of the Academy's 2026-27 expenditure budget (up from 24.95 percent at June 30, 2025). Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for West Michigan Aviation Academy, as recommended by the Michigan Department of Education.

Restriction on Use

This communication is intended solely for the information and use of the West Michigan Aviation Academy Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Departments of Education as an enclosure with the audited financial statements as required by the State of Michigan.

Hungerford

Certified Public Accountants