



# WEST MICHIGAN AVIATION ACADEMY

Kent County, Michigan

## Annual Financial Report

For the year ended June 30, 2025

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## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

October 31, 2025

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, the major fund, and the aggregate remaining fund information of West Michigan Aviation Academy as of and for the year ended June 30, 2025, 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, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund, 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 31, 2025, 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.



Certified Public Accountants  
Grand Rapids, Michigan

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# MANAGEMENT’S DISCUSSION AND ANALYSIS

West Michigan Aviation Academy is a 9<sup>th</sup> through 12<sup>th</sup> 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, 2025. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which immediately follow this section.

### Financial Highlights of the Academy

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	\$ 9,608	\$ 9,608
Enrollment	599	607
General Fund Balance Increase/(Decrease)	\$ 421,611	\$ (48,071)
General Fund Balance as percent of Unrestricted State Aid Revenue	35%	28%

### 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 *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the Academy-wide statements.
- *Governmental funds statements* 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 pension and OPEB information schedules; Other 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

- 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 changes in the Academy's property tax-base and 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.

### Condensed Academy-wide Financial Information

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

	2025	2024
<b>Assets</b>		
Current assets	\$ 4,808,623	\$ 4,146,341
Noncurrent assets:		
Derivative instrument - interest rate swap	246,037	450,135
Net capital assets	10,076,354	11,015,552
<b>Total Assets</b>	<b>15,131,014</b>	<b>15,612,028</b>
<b>Deferred Outflows of Resources</b>	<b>688</b>	<b>9,429</b>
<b>Liabilities</b>		
Current liabilities	1,228,966	1,402,153
Long-term liabilities	4,833,219	5,322,003
Net pension liability	-	19,303
<b>Total Liabilities</b>	<b>6,062,185</b>	<b>6,743,459</b>
<b>Deferred Inflows of Resources</b>	<b>458,470</b>	<b>818,938</b>
<b>Net Position</b>		
Net investment in capital assets	4,754,351	5,189,096
Restricted	1,821,639	1,263,792
Unrestricted	2,035,057	1,606,172
<b>Total Net Position</b>	<b>\$ 8,611,047</b>	<b>\$ 8,059,060</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**WEST MICHIGAN AVIATION ACADEMY**  
June 30, 2025

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

	<b>2025</b>	<b>2024</b>
<b>Program Revenues</b>		
Charges for services	\$ 65,073	\$ 69,299
Operating grants	1,083,438	1,016,491
<b>General Revenues</b>		
State school aid, unrestricted	5,976,650	5,828,117
Interest and investment earnings	25,635	5,751
Donations	657,500	608,073
Other	843,269	797,457
<b>Total Revenues</b>	<b>8,651,565</b>	<b>8,325,188</b>
<b>Expenses</b>		
Instruction	3,843,562	4,031,556
Supporting services	3,130,733	2,944,578
Food service	-	542
Interest on long-term debt	204,464	207,073
Depreciation - unallocated	920,819	1,029,127
<b>Total Expenses</b>	<b>8,099,578</b>	<b>8,212,876</b>
Increase (decrease) in net position	551,987	112,312
<b>Net Position, Beginning of Year</b>	<b>8,059,060</b>	<b>7,946,748</b>
<b>Net Position, End of Year</b>	<b>\$ 8,611,047</b>	<b>\$ 8,059,060</b>

### Financial Analysis of the Academy as a Whole

	<b>Current Fiscal Year</b>	<b>Prior Fiscal Year</b>
Ending General Fund Balance	\$ 2,067,580	\$ 1,645,969
Total General Fund Revenue	\$ 8,318,384	\$ 8,101,972
State Aid as percent of Academy Revenues	69%	76%
Total Cost of Instructional Programs	\$ 3,776,979	\$ 3,908,376
Instructional Expenditures as percent of Total Expenditures	49%	50%
Total Cost of Support/Operational Services	\$ 3,049,568	\$ 2,859,671
Support/Operational Services as percent of Total Expenditures	39%	35%
Total Expenditures transferred to Debt Service	\$ 637,789	\$ 635,885
Transfer to Debt Service as percent of Total Expenditures	8%	9%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

Total revenues exceeded expenses by \$551,987, increasing total net position from \$8,059,060 to \$8,611,047. Unrestricted net position increased by \$428,885 to \$2,035,057 at June 30, 2025. The Academy's net pension liability, including deferred outflows and inflows of resources, decreased by \$8,319. The net OPEB liability, including deferred outflows and inflows of resources, decreased by \$2,475.

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.

The Academy's total revenues increased 3.92% to \$8.65 million. State aid accounted for most of the Academy's revenue, contributing 69% of the total. Another 12.5% came from state and federal aid for specific programs, and the remainder from donations, fees charged for services and miscellaneous sources.

The total cost of all programs and services decreased 1.38% to \$8.1 million. The Academy's expenses are predominantly related to instruction (47%) and supporting services (39%), which includes various functions such as caring for (pupil services) and transporting students, administrative services, and operation and maintenance services.

### Fund Financial Statements

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

## Financial Analysis of the Academy's Funds

The Academy uses funds to record and analyze financial information. West Michigan Aviation Academy's funds are described as follows:

### Major Funds

#### General Fund

The General Fund is the Academy's primary operating fund. The General Fund had total revenues of \$8,318,384, total expenditures of \$6,898,984, and total other financing uses of \$997,789. The ending fund balance was \$2,067,580 at June 30, 2025, up from \$1,645,969 at June 30, 2024.

### Nonmajor Funds

#### Special Revenue Funds

The Academy operates three Special Revenue Funds; the School Foundation Fund, the Flight Sustainment Fund, and the Student/School Activity Fund. The funds had total revenues of \$116,103, total other financing sources of \$331,278, and total expenditures of \$243,319. The ending fund balances in the Special Revenue Funds totaled \$639,066 at June 30, 2025, up from \$435,004 at June 30, 2024. Of the ending funding balances, \$14,553 is attributed to the School Foundation Fund, \$611,896 is attributed to the Flight Sustainment Fund, and \$12,617 is attributed to the Student/School Activity Fund.

#### Debt Service Funds

The Academy operates one Debt Service Fund. The fund had total other financing sources of \$637,789 and total expenditures of \$637,789. There was no ending fund balance in the Debt Service Fund at June 30, 2025.

#### Capital Projects Fund

There is one nonmajor Capital Projects Fund incorporated into the financial statements of the Academy, the Capital Improvements Fund. During the fiscal year, the fund had total other financing sources of \$360,000 and total expenditures of \$6,215. The ending fund balance was \$1,182,573 at June 30, 2025, up from \$828,788 at June 30, 2024.

## General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget two times. These budget amendments fall into several categories.

Changes were made in the second and fourth quarters to account change in student enrollment, federal funding, and changes in assumptions (e.g., staffing changes, instructional, transportation, food services, and community services) since the original budget was adopted.

The Academy's revenues from General Fund operations exceeded expenditures by \$421,611 for the fiscal year ended June 30, 2025.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

## Capital Asset and Debt Administration

### Capital Assets

By the end of 2025, the Academy had invested \$19 million in a broad range of capital assets, including land, school buildings, athletic facilities, furniture and equipment, computers, and right to use assets (More detailed information about capital assets can be found in Note F in the notes to basic financial statements.) Total depreciation expense for the year was \$920,819.

At June 30, 2025, the Academy's investment in capital assets (net of accumulated depreciation) was \$10.08 million. This represents a net decrease of \$939,198 from the previous year-end.

Buildings and additions	\$ 9,544,665
Furniture and equipment	471,715
Computers	3,027
Right to use assets	<u>56,947</u>
<b>Total Capital Assets</b>	<b><u><u>\$ 10,076,354</u></u></b>

### Long-term Obligations

At year end, the Academy had \$5.32 million in loans and other long-term liabilities outstanding – a net decrease of \$504,453 from the previous year-end.

- The Academy continued to pay down the principal on the Capital Improvement Loan in the amount of \$435,060.
- The Academy made principal payments towards the building and copier leases totaling \$69,393.

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

## Factors Bearing on the Academy's Future

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

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.

# **BASIC FINANCIAL STATEMENTS**

# STATEMENT OF NET POSITION

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

	Governmental Activities
<b>Assets</b>	
Cash equivalents (Note B)	\$ 2,754,044
Accounts receivable	361,198
Lease receivable (Note E)	195,143
Due from other governmental units (Note C)	1,259,435
Prepaid expenses	238,803
Derivative instrument - interest rate swap (Note H)	246,037
Capital assets being depreciated and amortized, net (Note F)	10,076,354
<b>Total Assets</b>	<b>15,131,014</b>
<b>Deferred Outflows of Resources</b>	
Deferred pension amounts (Note I)	360
Deferred OPEB amounts (Note J)	328
<b>Total Deferred Outflows of Resources</b>	<b>688</b>
<b>Liabilities</b>	
Accounts payable	112,563
Accrued interest payable	15,921
Accrued expenses	559,127
Unearned revenue	52,571
Long-term liabilities (Note G):	
Due within one year	488,784
Due in more than one year	4,833,219
<b>Total Liabilities</b>	<b>6,062,185</b>
<b>Deferred Inflows of Resources</b>	
Interest rate swap (Note H)	246,037
Deferred lease amounts	175,757
Deferred pension amounts (Note I)	30,016
Deferred OPEB amounts (Note J)	6,660
<b>Total Deferred Inflows of Resources</b>	<b>458,470</b>
<b>Net Position</b>	
Net investment in capital assets	4,754,351
Restricted for:	
Capital projects	1,182,573
School foundation	14,553
Flight sustainment	611,896
Student/school activities	12,617
Unrestricted	2,035,057
<b>Total Net Position</b>	<b>\$ 8,611,047</b>

# STATEMENT OF ACTIVITIES

**WEST MICHIGAN AVIATION ACADEMY**  
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 3,843,562	\$ -	\$ 777,799	\$ (3,065,763)
Supporting services	3,130,733	65,073	305,639	(2,760,021)
Interest on long-term debt	204,464	-	-	(204,464)
Depreciation - unallocated*	920,819	-	-	(920,819)
<b>Total Governmental Activities</b>	<b>\$ 8,099,578</b>	<b>\$ 65,073</b>	<b>\$ 1,083,438</b>	<b>(6,951,067)</b>
<b>General Revenues</b>				
State school aid, unrestricted				5,976,650
Donations				657,500
Interest and investment earnings				25,635
Other				843,269
<b>Total General Revenues</b>				<b>7,503,054</b>
<b>Change in Net Position</b>				<b>551,987</b>
<b>Net Position - Beginning of Year</b>				<b>8,059,060</b>
<b>Net Position - End of Year</b>				<b>\$ 8,611,047</b>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025**

	General Fund	Nonmajor	Total
<b>Assets</b>			
Cash equivalents (Note B)	\$ 1,981,165	\$ 772,879	\$ 2,754,044
Accounts receivable	359,500	1,698	361,198
Due from other funds	-	1,160,830	1,160,830
Due from other governmental units	1,259,435	-	1,259,435
Prepaid expenditures	238,803	-	238,803
<b>Total Assets</b>	<b>\$ 3,838,903</b>	<b>\$ 1,935,407</b>	<b>\$ 5,774,310</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 112,563	\$ -	\$ 112,563
Due to other funds	1,047,062	113,768	1,160,830
Accrued expenditures	559,127	-	559,127
Unearned revenue	52,571	-	52,571
<b>Total Liabilities</b>	<b>1,771,323</b>	<b>113,768</b>	<b>1,885,091</b>
<b>Fund Balances</b>			
Nonspendable	238,803	-	238,803
Restricted	-	1,821,639	1,821,639
Unassigned	1,828,777	-	1,828,777
<b>Total Fund Balances</b>	<b>2,067,580</b>	<b>1,821,639</b>	<b>3,889,219</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,838,903</b>	<b>\$ 1,935,407</b>	<b>\$ 5,774,310</b>

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

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

**Total governmental fund balances** \$ 3,889,219

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	\$ 195,143	
Deferred inflows - lease	(175,757)	19,386
	<u>                    </u>	

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 \$18,999,433 and accumulated depreciation is \$8,923,079.

10,076,354

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	(5,292,210)	
Lease liabilities	(29,793)	(5,322,003)
	<u>                    </u>	

Accrued interest is not included as a liability in governmental funds. (15,921)

Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:

Deferred outflows of resources	360	
Deferred inflows of resources	(30,016)	(29,656)
	<u>                    </u>	

Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:

Deferred outflows of resources	\$ 328	
Deferred inflows of resources	(6,660)	(6,332)
	<u>                    </u>	

**Total Net Position - Governmental Activities** \$ 8,611,047

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

**WEST MICHIGAN AVIATION ACADEMY  
For the year ended June 30, 2025**

	General Fund	Nonmajor	Total
<b>Revenues</b>			
Local sources	\$ 1,258,296	\$ 116,103	\$ 1,374,399
State sources	6,664,347	-	6,664,347
Federal sources	128,468	-	128,468
Interdistrict sources	267,273	-	267,273
<b>Total Revenues</b>	<b>8,318,384</b>	<b>116,103</b>	<b>8,434,487</b>
<b>Expenditures</b>			
Current:			
Instruction	3,776,979	163,813	3,940,792
Supporting services	3,049,568	79,506	3,129,074
Capital outlay	-	6,215	6,215
Debt service:			
Principal repayment	69,393	435,060	504,453
Interest and fiscal charges	3,044	202,729	205,773
<b>Total Expenditures</b>	<b>6,898,984</b>	<b>887,323</b>	<b>7,786,307</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,419,400</b>	<b>(771,220)</b>	<b>648,180</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	-	331,278	331,278
Transfers in	-	997,789	997,789
Transfers out	(997,789)	-	(997,789)
<b>Total Other Financing Sources (Uses)</b>	<b>(997,789)</b>	<b>1,329,067</b>	<b>331,278</b>
<b>Net Change in Fund Balances</b>	<b>421,611</b>	<b>557,847</b>	<b>979,458</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,645,969</b>	<b>1,263,792</b>	<b>2,909,761</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,067,580</b>	<b>\$ 1,821,639</b>	<b>\$ 3,889,219</b>

# 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, 2025

**Net change in fund balances - total governmental funds** \$ 979,458

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays 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:

	\$	90,992	
Capital outlay			
Depreciation expense		(920,819)	(829,827)

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase the financial resources. Thus, the change in the net position differs from the change in fund balance by the net book value of the assets sold/retired. (109,371)

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. (4,829)

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		435,060	
Lease liabilities		69,393	504,453

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. 1,309

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. \$ 8,319

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 2,475

**Total change in net position - governmental activities** \$ 551,987

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND**

**WEST MICHIGAN AVIATION ACADEMY  
For the year ended June 30, 2025**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 1,273,500	\$ 1,330,210	\$ 1,258,296	\$ (71,914)
State sources	6,395,884	6,663,039	6,664,347	1,308
Federal sources	108,338	161,734	128,468	(33,266)
Interdistrict sources	30,633	262,492	267,273	4,781
<b>Total Revenues</b>	<b>7,808,355</b>	<b>8,417,475</b>	<b>8,318,384</b>	<b>(99,091)</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	3,055,219	2,955,908	2,943,519	12,389
Added needs	1,073,025	1,098,273	833,460	264,813
Supporting services:				
Pupil services	306,907	359,764	324,666	35,098
Instructional staff services	38,638	41,938	40,282	1,656
General administrative services	495,975	485,249	455,592	29,657
School administrative services	854,068	823,500	840,171	(16,671)
Business services	27,000	27,000	19,804	7,196
Operation and maintenance services	787,433	845,783	817,489	28,294
Pupil transportation services	16,652	16,652	11,927	4,725
Central services	268,050	449,240	418,139	31,101
Other supporting services	118,119	118,119	121,498	(3,379)
Community services	-	500	-	500
Debt Service:				
Principal repayment	-	91,000	69,393	21,607
Interest expense	-	-	3,044	(3,044)
<b>Total Expenditures</b>	<b>7,041,086</b>	<b>7,312,926</b>	<b>6,898,984</b>	<b>413,942</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>767,269</b>	<b>1,104,549</b>	<b>1,419,400</b>	<b>314,851</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	145,000	145,000	-	(145,000)
Transfers out	(882,432)	(1,135,000)	(997,789)	137,211
<b>Total Other Financing Sources (Uses)</b>	<b>(737,432)</b>	<b>(990,000)</b>	<b>(997,789)</b>	<b>(7,789)</b>
<b>Net Change in Fund Balances</b>	<b>29,837</b>	<b>114,549</b>	<b>421,611</b>	<b>307,062</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,645,969</b>	<b>1,645,969</b>	<b>1,645,969</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,675,806</b>	<b>\$ 1,760,518</b>	<b>\$ 2,067,580</b>	<b>\$ 307,062</b>

# **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 599 students.

In July 2018, the Academy entered into an eight-year agreement, through June 2026, with CSP Management, Inc. doing business as Partner Solutions. Partner Solutions provides financial and human resource services to the Academy. The Academy was obligated to pay Partner Solutions three and a half percent of its state aid during the 2024-25 school year. The total paid for these services were \$209,537 for the year ended June 30, 2025.

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 \$179,630 for the year ended June 30, 2025.

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 districts. 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 is the Academy's only major fund. 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 interdistrict 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, 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 are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

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.

# NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

## 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 uses 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 an 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, 2025, 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.

## NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

### 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 chartered 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.

Balances at June 30, 2025 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Statement of Net Position:  
Governmental activities

\$ 2,754,044

## NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

### Cash Equivalents

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.

June 30, 2025 balances are detailed as follows:

Cash equivalents	<u>\$ 2,754,044</u>
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#### *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 \$2,754,044 and the bank balance was \$2,760,589. Of the bank balance, \$551,404 was covered by federal depository insurance and \$2,209,185 was uninsured and uncollateralized.

### Investments

As of June 30, 2025, the Academy had no surplus funds that were classified as investments. The Academy's policies to minimize investment risk are as follows:

#### *Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Academy may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Academy minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Academy will do business. At June 30, 2025, the Academy had no investments that were subject to custodial credit risk.

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Academy's investment policy (and State law) requires that commercial paper be rated within the two highest classifications established by not less than two standard rating services at the time of purchase. The Academy was not subject to credit risk related to investments, however, was subject to credit risk related to its hedging activities. See Note H for detailed information.

## NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

### *Interest Rate Risk*

The Academy minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements and by investing operating funds primarily in shorter term investments under 365 days. Unless matched to a specific cash flow, the Academy will not directly invest in securities maturing more than 18 months from the date of purchase. Reserve funds may be invested in securities exceeding 18 months if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

### *Concentration of Credit Risk*

The Academy minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The Academy's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

### *Foreign Currency Risk*

The Academy is not authorized to invest in investments which have this type of risk.

## **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 districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of Academy pupil membership in February 2024 and October 2024. The 2024-25 "Foundation Allowance" for West Michigan Aviation Academy was \$9,608 for 599 "Full Time Equivalent" students, generating \$6,535,859 in State aid payments to the Academy of which \$1,181,469 was paid to the Academy in July and August 2025 and included in "Due From Other Governmental Units" of the General Fund. Subsequent to June 30, 2025, an adjustment was made to the Fall 2024 pupil count resulting in a drawback deduction that will reduce the Academy's 2025-26 State aid payments by an estimated \$156,803.

# NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

## Note D – Interfund Receivables/Payables and Transfers

Due from (to) other funds outstanding at June 30, 2025 were as follows:

	<u>Due From</u>	<u>Due To</u>
<b>Major Fund</b>		
General Fund:		
Special Revenue Funds:		
Student/School Activity	\$ -	\$ 300
Capital Projects Fund:		
Capital Improvements	-	1,046,762
<b>Total Major Funds</b>	-	1,047,062
<b>Nonmajor Fund</b>		
Special Revenue Funds:		
Flight Sustainment:		
Capital Improvements	-	113,768
Student/School Activity:		
General Fund	300	-
Capital Projects Fund:		
Capital Improvements:		
General Fund	1,046,762	-
Flight Sustainment	113,768	-
<b>Total Nonmajor Funds</b>	1,160,830	113,768
<b>Total All Funds</b>	\$ 1,160,830	\$ 1,160,830

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

Transfers between funds during the year ended June 30, 2025 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Fund</b>		
General Fund:		
Debt Service Fund	\$ -	\$ 637,789
Capital Projects Fund:		
Capital Improvements	-	360,000
<b>Total Major Fund</b>	-	997,789
<b>Nonmajor Fund</b>		
Debt Service Fund:		
General Fund	637,789	-
Capital Projects Fund:		
Capital Improvements:		
General Fund	360,000	-
<b>Total Nonmajor Funds</b>	997,789	-
<b>Total All Funds</b>	<u>\$ 997,789</u>	<u>\$ 997,789</u>

Transfers from the General Fund during the year ended June 30, 2025 were for the purpose of meeting long-term debt obligations and for the support of future capital improvement projects.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

### 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, 2025 was \$174,000 (consisting of \$160,967 in principal and \$13,033 in interest).

The Academy's lease receivable at June 30, 2025, is as follows:

	<b>Final Maturity Date</b>	<b>Interest Rate</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>Lease Revenue</b>				
Facility Lease - Hangar Space, \$657,182 September 1, 2021: Monthly maturities of \$14,500	August 1, 2026	4.50%	\$ 195,143	\$ 168,348

The amount of lease receivables coming due during the next two years are as follows:

<b>Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 168,348	\$ 5,652
2027	26,795	201
	<u>\$ 195,143</u>	<u>\$ 5,853</u>

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

### Note F – Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<b>Balances</b>				<b>Balances</b>
	<b>July 1, 2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>Adjustment</b>	<b>June 30, 2025</b>
Capital assets being depreciated and amortized:					
Buildings and improvements	\$ 17,961,859	\$ 7,475	\$ -	\$ (311,029)	\$ 17,658,305
Furniture and equipment	756,247	83,517	146,120	311,029	1,004,673
Computers	51,721	-	-	-	51,721
Right to use assets - building leases	340,939	-	56,205	-	284,734
Total capital assets being depreciated and amortized	<u>19,110,766</u>	<u>\$ 90,992</u>	<u>\$ 202,325</u>	<u>\$ -</u>	<u>18,999,433</u>
Less accumulated depreciation for:					
Buildings and improvements	7,360,325	\$ 815,521	\$ -	\$ (62,206)	8,113,640
Furniture and equipment	460,603	46,898	36,749	62,206	532,958
Computers	47,240	1,454	-	-	48,694
Less accumulated amortization for:					
Right to use assets - building leases	227,046	56,946	56,205	-	227,787
Total accumulated depreciation and amortization	<u>8,095,214</u>	<u>\$ 920,819</u>	<u>\$ 92,954</u>	<u>\$ -</u>	<u>8,923,079</u>
Total capital assets being depreciated and amortized, net	<u>\$ 11,015,552</u>				<u>\$ 10,076,354</u>

Depreciation expense for the Academy was \$920,819. The Academy determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

### Note G – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2025 are summarized as follows:

	<b>Debt Outstanding July 1, 2024</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2025</b>
Capital Improvement Loan	\$ 5,727,270	\$ -	\$ 435,060	\$ 5,292,210
Lease liabilities	99,186	-	69,393	29,793
	<u>\$ 5,826,456</u>	<u>\$ -</u>	<u>\$ 504,453</u>	<u>\$ 5,322,003</u>

Long-term obligations at June 30, 2025 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>Long-term Obligations</b>				
\$7,359K Capital Improvement Loan, April 1, 2020:				
Annual maturities of \$459K to \$2,955K	April 1, 2030	3.61%	\$ 5,292,210	\$ 458,991
<b>Lease Liabilities</b>				
Building Leases:				
Annual maturities of \$11,863 to \$41,687	November 1, 2025	4.50	29,793	29,793
			<u>\$ 5,322,003</u>	<u>\$ 488,784</u>

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

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		Total
	Principal	Interest	Principal	Interest	
2026	\$ 458,991	\$ 183,513	\$ 29,793	\$ 389	\$ 672,686
2027	476,193	166,658	-	-	642,851
2028	493,767	149,183	-	-	642,950
2029	512,913	131,043	-	-	643,956
2030	3,350,346	94,839	-	-	3,445,185
	<u>\$ 5,292,210</u>	<u>\$ 725,236</u>	<u>\$ 29,793</u>	<u>\$ 389</u>	<u>\$ 6,047,628</u>

### 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 \$5,292,210 at June 30, 2025. Under the swap, the Academy pays the counterparty a fixed payment of 3.61% and receives a variable-rate payment computed based on the USD-LIBOR-Bloomberg. Conversely, the bond's variable-rate coupons adjust on a monthly basis.

At June 30, 2025, the fair value of the swap was \$246,037. 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, 2025, 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 discloses the negative fair value as a "deferred inflow – interest rate swap" with an offsetting "deferred outflows – interest rate swap." No amounts are recognized in the Statement of Activities for changes in fair value.

As of June 30, 2025, 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.

## NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

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 at [www.michigan.gov/orsschools](http://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.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

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 the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year ended September 30, 2024.

Plan Name	Pension Contribution Rates:		
	Plan Status	Member	District
Basic	Closed	0.0 – 4.0%	23.03%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	23.03%
Pension Plus (Hybrid)	Closed	3.0 – 6.4%	19.17%
Pension Plus 2 (Hybrid)	Open	6.2%	20.10%
Defined Contribution	Open	0.0%	13.90%

The District did not make any contributions to MPSERS under any pension plans, including the MPSERS UAAL Stabilization, for the year ended June 30, 2025.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

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

As of June 30, 2025, the District did not report a liability for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The District'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 the District's proportion was 0.00000000% which was a decrease from 0.00005964% at September 30, 2023.

For the year ended June 30, 2025 the District recognized pension credit of \$13,358. As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	360	30,016
Academy contributions subsequent to the measurement date*	—	—
<b>Total</b>	<b>\$ 360</b>	<b>\$ 30,016</b>

\* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

<b>Years Ending June 30</b>	<b>Amount</b>
2026	\$ (12,131)
2027	(9,697)
2028	(5,965)
2029	(1,863)

## NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

### **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, 2023
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, 2024 is based on the results of an actuarial valuation date of September 30, 2023 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: [4.4612 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY  
June 30, 2025

### *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, 2024 are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.6%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.2%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-term Investment Pools	2.0%	1.4%
<b>Total</b>	<b>100.0%</b>	

\*Long-term rates of return are net of administrative expenses and 2.3% inflation.

### *Rate of Return*

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.47%. 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.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

### ***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District'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 District'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:

	<b>1% Decrease 5.00%</b>	<b>Current Single Discount Rate Assumption 6.00%</b>	<b>1% Increase 7.00%</b>
District'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, 2024 Annual Comprehensive Financial Report, available here: ([www.michigan.gov/orsschools](http://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, 2025.

## **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](http://www.michigan.gov/orsschools).

## NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

### ***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.

### ***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 the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

## NOTES TO BASIC FINANCIAL STATEMENTS

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WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2024:

**OPEB Contribution Rates:**

<b>Benefit Structure</b>	<b>Member</b>	<b>District</b>
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

No contributions were made to the OPEB plan by the District for the year ended June 30, 2025.

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

As of June 30, 2025, the District 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, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District'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 District did not have a proportionate share for the years ended June 30, 2025 and 2024.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

For the year ended June 30, 2025, the District recognized OPEB credit of \$2,475. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	328	6,660
Academy contributions subsequent to the measurement date*	—	—
<b>Total</b>	<b>\$ 328</b>	<b>\$ 6,660</b>

\* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as an addition of the net OPEB asset in the year ended June 30, 2026.

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

<b>Years Ending June 30</b>	<b>Amount</b>
2026	\$ (1,723)
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.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

Additional information as of the latest actuarial valuation follows:

### Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2023
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 - 7.25% 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, 2024 is based on the results of an actuarial valuation date of September 30, 2023 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: [6.2834 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

### *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, 2024, are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.0%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-term Investment Pools	2.0%	1.4%
<b>Total</b>	<b>100.0%</b>	

\* Long-term rates of return are net of administrative expenses and 2.3% inflation.

### *Rate of Return*

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 15.45%. 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.

## NOTES TO BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AVIATION ACADEMY

June 30, 2025

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

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.00 percent, as well as what the District'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:

	<b>1% Decrease 5.00%</b>	<b>Current Discount Rate 6.00%</b>	<b>1% Increase 7.00%</b>
District's proportionate share of the net OPEB liability (asset)	\$ –	\$ –	\$ –

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

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using assumed trend rates, as well as what the District'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:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District'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 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

### ***Payables to the OPEB Plan***

There were no payables to the OPEB plan at June 30, 2025.

## **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 2024-25, and as of year ended June 30, 2025, there were no material pending claims against the Academy.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

---

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Academy's proportion of the net pension liability	0.00000000%	0.00005964%	0.00012480%
Academy's proportionate share of the net pension liability	\$ -	\$ 19,303	\$ 46,936
Academy's covered-employee payroll	\$ -	\$ -	\$ 12,315
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	381.13%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%

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 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
0.00017371%	0.00018799%	0.00020900%	0.00020200%
\$ 41,127	\$ 64,577	\$ 69,283	\$ 60,851
\$ 15,733	\$ 21,184	\$ 22,128	\$ 19,634
261.41%	304.84%	313.10%	309.93%
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**

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	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Academy's proportion of the net OPEB liability	0.00000000%	0.00000000%	0.00011518%
Academy's proportionate share of the net OPEB liability	\$ -	\$ -	\$ 2,440
Academy's covered-employee payroll	\$ -	\$ -	\$ 12,315
Academy's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	19.81%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%

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 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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

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

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	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Contractually required contribution	\$ -	\$ 5,837	\$ 3,184	\$ 2,200
Contributions in relation to the contractually required contribution	-	5,837	6,734	4,781
Contribution deficiency (excess)	\$ -	\$ -	\$ (3,550)	\$ (2,581)
Academy's covered-employee payroll	\$ -	\$ 20,806	\$ 2,975	\$ 10,957
Contributions as a percentage of covered employee payroll	0.00%	28.05%	107.03%	20.08%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively.

**WEST MICHIGAN AVIATION ACADEMY**  
**June 30, 2025**

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016
\$ 6,300	\$ 5,558	\$ 5,512	\$ -	\$ -	\$ -
6,300	5,558	5,512	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,176	\$ 22,128	\$ 17,440	\$ -	\$ -	\$ -
38.95%	25.12%	31.61%	0.00%	0.00%	0.00%

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

---

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Contractually required contribution	\$ -	\$ -	\$ 1,275
Contributions in relation to the contractually required contribution	-	-	1,275
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Academy's covered-employee payroll	\$ -	\$ -	\$ 2,975
Contributions as a percentage of covered employee payroll	0.00%	0.00%	42.86%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**WEST MICHIGAN AVIATION ACADEMY**  
**June 30, 2025**

Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
\$ 893	\$ 1,224	\$ 1,400	\$ 1,762	\$ -
893	1,224	1,400	1,762	-
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,957	\$ 16,176	\$ 22,128	\$ 17,440	\$ -
8.15%	7.57%	6.33%	10.10%	0.00%

**Note A – Net Pension Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2024-25.

**Changes of assumptions:** There were no changes of benefit assumptions in 2024-25.

**Note B – Net OPEB Liability (Asset) and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2024-25.

**Changes of assumptions:** There were no changes of benefit assumptions in 2024-25.

## **SUPPLEMENTARY INFORMATION**

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## **GENERAL FUND**

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

**SCHEDULE OF REVENUES  
GENERAL FUND**

**WEST MICHIGAN AVIATION ACADEMY  
For the years ended June 30, 2025 and 2024**

	<u>2025</u>
Local sources:	
Revenue from student activities	\$ 65,073
Lease revenue	176,970
Flight operation revenue	196,266
Other local revenues	<u>819,987</u>
Total local sources	1,258,296
State sources:	
State aid	6,390,720
Special education	103,416
Vocational education	<u>170,211</u>
Total state sources	6,664,347
Federal sources:	
Title I, Part A	69,630
Title II, Part A	6,642
Title III, Part A	3,250
Title IV, Part A	6,266
I.D.E.A. program	<u>42,680</u>
Total federal sources	128,468
Interdistrict sources	<u>267,273</u>
<b>Total Revenues</b>	<u><u>\$ 8,318,384</u></u>

**SCHEDULE OF EXPENDITURES  
GENERAL FUND**

**WEST MICHIGAN AVIATION ACADEMY  
For the years ended June 30, 2025**

	<u>2025</u>
Current:	
Instruction:	
Basic programs:	
High school:	
Special allowances	\$ 5,168
Purchased services - salaries and benefits	2,477,525
Other purchased services	197,902
Supplies	251,612
Miscellaneous	4,537
	<u>2,936,744</u>
Summer school:	
Other purchased services	6,775
Total basic programs	<u>2,943,519</u>
Added needs:	
Special education:	
Purchased services - salaries and benefits	60,308
Supplies	554
	<u>60,862</u>
Compensatory education:	
Purchased services - salaries and benefits	74,114
Supplies	758
	<u>74,872</u>
Vocational education:	
Purchased services - salaries and benefits	574,966
Supplies	93,216
Capital outlay	29,544
	<u>697,726</u>
Total added needs	<u>833,460</u>
Total instruction	<u>3,776,979</u>
Supporting services:	
Pupil services:	
Guidance services:	
Purchased services - salaries and benefits	167,085
	<u>167,085</u>
Psychological services:	
Purchased services - salaries and benefits	11,616
	<u>11,616</u>

**SCHEDULE OF EXPENDITURES (Continued)**  
**GENERAL FUND**

**WEST MICHIGAN AVIATION ACADEMY**  
**For the years ended June 30, 2025**

	<u>2025</u>
Speech pathology services:	
Purchased services - salaries and benefits	<u>\$ 25,531</u>
Social worker services:	
Purchased services - salaries and benefits	<u>75,648</u>
Other pupil support services:	
Purchased services - salaries and benefits	39,633
Capital outlay	5,153
	<u>44,786</u>
Total pupil services	<u>324,666</u>
Instructional staff services:	
Improvement of instruction:	
Other purchased services	<u>24,196</u>
Supervision and direction of instruction:	
Supplies	16,086
Total instructional staff services	<u>40,282</u>
General administrative services:	
Board of education:	
Other purchased services	20,387
Miscellaneous	27,591
	<u>47,978</u>
Executive administration:	
Other purchased services	406,082
Miscellaneous	1,532
	<u>407,614</u>
Total general administrative services	<u>455,592</u>
School administrative services:	
Office of the principal:	
Special allowances	6,229
Purchased services - salaries and benefits	784,856
Other purchased services	5,807
Supplies	36,128
Miscellaneous	7,151
Total school administrative services	<u>840,171</u>

**SCHEDULE OF EXPENDITURES (Continued)**  
**GENERAL FUND**

**WEST MICHIGAN AVIATION ACADEMY**  
**For the years ended June 30, 2025**

	<u>2025</u>
Business services:	
Other business services:	
Other purchased services	\$ 17,000
Miscellaneous	2,804
Total business services	<u>19,804</u>
Operation and maintenance services:	
Operation and maintenance:	
Purchased services - salaries and benefits	256,515
Other purchased services	334,458
Supplies	216,202
	<u>807,175</u>
Security services:	
Other purchased services	2,990
Supplies	7,324
	<u>10,314</u>
Total operation and maintenance services	<u>817,489</u>
Pupil transportation services:	
Pupil transportation:	
Other purchased services	<u>11,927</u>
Central Services:	
Personnel services:	
Purchased services	<u>117,000</u>
Technology services:	
Other purchased services	98,800
Supplies	26,821
Capital outlay	175,518
	<u>301,139</u>
Total central services	<u>418,139</u>
Other supporting services:	
Athletics:	
Purchased services - salaries and benefits	37,835
Supplies	33,982
Miscellaneous	49,681
	<u>121,498</u>
Total supporting services	<u>3,049,568</u>

**SCHEDULE OF EXPENDITURES (Continued)**  
**GENERAL FUND**

---

**WEST MICHIGAN AVIATION ACADEMY**  
**For the years ended June 30, 2025**

	<u>2025</u>
Debt service:	
Principal repayment	\$ 69,393
Interest and fiscal charges	<u>3,044</u>
Total debt service	<u>72,437</u>
<b>Total Expenditures</b>	<u><u>\$ 6,898,984</u></u>

## **NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

---

	Special Revenue			
	School Foundation	Flight Sustainment	Student/School Activity	Debt Service
<b>Assets</b>				
Cash equivalents	\$ 14,553	\$ 723,966	\$ 12,317	\$ -
Accounts receivable	-	1,698	-	-
Due from other funds	-	-	300	-
<b>Total Assets</b>	<b>\$ 14,553</b>	<b>\$ 725,664</b>	<b>\$ 12,617</b>	<b>\$ -</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 113,768	\$ -	\$ -
<b>Fund Balance</b>				
Restricted	14,553	611,896	12,617	-
<b>Total Fund Balance</b>	<b>14,553</b>	<b>611,896</b>	<b>12,617</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 14,553</b>	<b>\$ 725,664</b>	<b>\$ 12,617</b>	<b>\$ -</b>

<u>Capital</u> <u>Improvements</u>	<u>Total</u>
\$ 22,043	\$ 772,879
-	1,698
<u>1,160,530</u>	<u>1,160,830</u>
<u>\$ 1,182,573</u>	<u>\$ 1,935,407</u>

\$ -      \$ 113,768

<u>1,182,573</u>	<u>1,821,639</u>
<u>1,182,573</u>	<u>1,821,639</u>
<u>\$ 1,182,573</u>	<u>\$ 1,935,407</u>

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

---

	Special Revenue			
	School Foundation	Flight Sustainment	Student/School Activity	Debt Service
<b>Revenues</b>				
Local sources:				
Other local sources	\$ -	\$ 41,128	\$ 74,975	\$ -
<b>Expenditures</b>				
Current:				
Instruction	-	163,813	-	-
Supporting services	-	-	79,506	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	435,060
Interest and fiscal charges	-	-	-	202,729
<b>Total Expenditures</b>	-	163,813	79,506	637,789
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(122,685)	(4,531)	(637,789)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	331,278	-	-
Transfers in	-	-	-	637,789
<b>Total Other Financing Sources (Uses)</b>	-	331,278	-	637,789
<b>Net Change in Fund Balance</b>	-	208,593	(4,531)	-
<b>Fund Balance, Beginning of Year</b>	14,553	403,303	17,148	-
<b>Fund Balance, End of Year</b>	\$ 14,553	\$ 611,896	\$ 12,617	\$ -

**WEST MICHIGAN AVIATION ACADEMY**  
**For the year ended June 30, 2025**

Capital Improvements	Total
\$ -	\$ 116,103
-	163,813
-	79,506
6,215	6,215
-	435,060
-	202,729
6,215	887,323
(6,215)	(771,220)
-	331,278
360,000	997,789
360,000	1,329,067
353,785	557,847
828,788	1,263,792
\$ 1,182,573	\$ 1,821,639

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – FLIGHT SUSTAINMENT SPECIAL REVENUE FUND**

**WEST MICHIGAN AVIATION ACADEMY  
For the year ended June 30, 2025**

	Budget	Actual	Variance
<b>Revenues</b>			
Local sources:			
Flight operation revenue	\$ 44,000	\$ 41,128	\$ (2,872)
<b>Expenditures</b>			
Instruction:			
Career and technical education	263,727	163,813	99,914
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(219,727)</b>	<b>(122,685)</b>	<b>97,042</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	331,277	331,278	1
Transfers in	50,000	-	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>381,277</b>	<b>331,278</b>	<b>(49,999)</b>
<b>Net Change in Fund Balance</b>	<b>161,550</b>	<b>208,593</b>	<b>47,043</b>
<b>Fund Balance, Beginning of Year</b>	<b>403,303</b>	<b>403,303</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 564,853</b>	<b>\$ 611,896</b>	<b>\$ 47,043</b>

**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, 2025**

	Budget	Actual	Variance
<b>Revenues</b>			
Local sources	\$ 80,000	\$ 74,975	\$ (5,025)
<b>Expenditures</b>			
Supporting services:			
Other student/school activity	55,000	79,506	(24,506)
<b>Net Change in Fund Balance</b>	25,000	(4,531)	(29,531)
<b>Fund Balance, Beginning of Year</b>	17,148	17,148	-
<b>Fund Balance, End of Year</b>	\$ 42,148	\$ 12,617	\$ (29,531)

# **INTERNAL CONTROL AND COMPLIANCE**

**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 31, 2025

The Board of Directors  
West Michigan Aviation Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate fund information of West Michigan Aviation Academy, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise West Michigan Aviation Academy's basic financial statements, and have issued our report thereon dated October 31, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Michigan Aviation 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 West Michigan Aviation Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of West Michigan Aviation 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 West Michigan Aviation Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Certified Public Accountants  
Grand Rapids, Michigan