

West Michigan
Airport Authority



WEST MICHIGAN™
REGIONAL AIRPORT

Year Ended
June 30, 2023

Financial
Statements

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WEST MICHIGAN AIRPORT AUTHORITY

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Fund Balances of the Governmental	
Funds to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	16
Reconciliation of Net Changes in Fund Balances	
of the Governmental Funds to Change in Net Position	
of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual – General Fund	18
Notes to Financial Statements	19
Internal Control and Compliance	
Independent Auditors' Report on Internal Control over Financial Reporting	
and on Compliance and Other Matters Based on an Audit of	
Financial Statements Performed in Accordance with <i>Government</i>	
<i>Auditing Standards</i>	31

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INDEPENDENT AUDITORS' REPORT

November 16, 2023

Airport Authority Board Members
West Michigan Airport Authority
Holland, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the **West Michigan Airport Authority** (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2023, and the respective changes in financial position thereof, and the 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 (GAAS) 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 the Authority'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.

Independent Auditors' 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 auditors' 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 GAAS 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 GAAS 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 the Authority'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 the Authority'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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of the Authority'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 the Authority'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 the Authority's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST MICHIGAN AIRPORT AUTHORITY

Management's Discussion and Analysis

As management of the West Michigan Airport Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is furnished the financial statements and notes to the financial statements.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$12,559,473 (*net position*). Of this amount, \$2,108,679 was unrestricted net position and may be used to meet the Authority's ongoing obligations to citizens and creditors. The Authority's total net position increased by \$431,100.

As of the close of the current fiscal year, the Authority's general fund reported an ending fund balance of \$1,549,036, an increase of \$310,089 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the residual reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority's is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation expense).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by property tax and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Authority are all classified as transportation. The Authority has no business-type activities.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

WEST MICHIGAN AIRPORT AUTHORITY

Management's Discussion and Analysis

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority reports two major governmental funds, the general fund and a capital projects fund. Information for these funds are presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances.

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided herein to demonstrate compliance with those budgets.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$12,559,473 at the close of the most recent fiscal year.

	Net Position	
	2023	2022
Assets		
Current and other assets	\$ 2,199,914	\$ 1,298,230
Capital assets, net	10,450,794	10,895,511
Total assets	<u>12,650,708</u>	<u>12,193,741</u>
Liabilities		
Other liabilities	<u>91,235</u>	<u>65,368</u>
Net position		
Investment in capital assets	10,450,794	10,895,511
Unrestricted	2,108,679	1,232,862
Total net position	<u>\$ 12,559,473</u>	<u>\$ 12,128,373</u>

A portion of the Authority's net position (83.2%) reflects its investment in capital assets (e.g., land, buildings, and equipment). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

WEST MICHIGAN AIRPORT AUTHORITY

Management's Discussion and Analysis

The remaining (16.8%) balance (\$2,108,679) may be used to meet the Authority's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Authority is able to report positive balance in both categories of net position.

	Change in Net Position	
	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 388,556	\$ 281,377
Capital grants and contributions	1,023,643	392,914
General revenues:		
Property taxes	297,722	284,457
Unrestricted investment earnings (loss)	25,345	(5,671)
Total revenues	<u>1,735,266</u>	<u>953,077</u>
Expenses		
Transportation	<u>1,304,166</u>	<u>1,221,055</u>
Change in net position	431,100	(267,978)
Net position, beginning of year	<u>12,128,373</u>	<u>12,396,351</u>
Net position, end of year	<u>\$ 12,559,473</u>	<u>\$ 12,128,373</u>

The Authority's net position increased by \$431,100 during the current fiscal year. Capital grants revenue increased by \$630,729 in the current year to \$1,023,643. Capital grants and contributions fluctuate on an annual basis given the nature of projects in which state and federal funding is available. In addition, during 2023, the Authority received a contribution from the City of Holland from the gain on the sale of land that was purchased in 1988 with grant funds when the Authority was a department of the City of Holland, Michigan. Transportation expenses increased \$83,111 from the prior year due to increased payroll, maintenance and legal costs.

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the Authority financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The overall results of general fund operations were an increase in fund balance of \$310,089 from the prior year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,549,036. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 257.2% of general fund expenditures.

During fiscal year 2023, the Authority established a capital projects fund. The fund had ending fund balance of \$567,119 committed for future construction projects.

WEST MICHIGAN AIRPORT AUTHORITY

Management's Discussion and Analysis

General Fund Budgetary Highlights

The original and final revenue budget was \$796,800 and \$864,800, respectively. Adjustments from the original to the final revenue budget, as well as final budget to actual differences, are primarily the result of changes in personal property tax reimbursement and collections, an increase in lease receipts due to market rate and CPI adjustments, and an American Rescue Plan Act Grant (ARPA) received. The original and final expenditure budget was \$860,250 and \$683,520, respectively. Adjustments from the original to the final expenditure budget, as well as final budget to actual differences are primarily related to the transfer of budgeted amounts for capital related expenditures moving to the newly created capital project fund.

Capital Asset and Debt Administration

Capital Assets. During the fiscal year, the Authority continued runway improvements of approximately \$250,205. The City of Holland, Michigan retained ownership of capital assets consisting of land, land improvements, building and equipment acquired prior to formation of the Authority.

	Capital Assets (Net of Depreciation)	
	2023	2022
Land	\$ 520,353	\$ 520,353
Construction in progress	199,959	81,350
Land improvements	5,085,543	5,277,023
Buildings and improvements	4,445,713	4,782,836
Equipment	199,226	233,949
Total capital assets, net	\$ 10,450,794	\$ 10,895,511

Additional information on the Authority's capital assets can be found in Note 5 of this report.

Debt. The Authority had no long-term debt at June 30, 2023 and 2022.

Economic Factors and Next Year's Budget and Rates

The Authority has a history of conservatively managing finances. While the Authority is monitoring the ongoing recovery from the pandemic, inflation pressures and a tight labor market, the local economy continues to be strong with very low unemployment rates and increasing property values in all property classifications. A ten-year property tax millage renewal vote was approved by voters in November 2018. The tax millage rate remained consistent with the prior year at .0950 mill. Total property tax revenues increased 4.7% from the prior year given increased property values.

Consistent with prior years, the annual budget reflects a conservative approach for operating costs and revenue. While the local interest in both new industrial/commercial and new residential developments has not slowed, the Authority will continue to monitor the economy for any potential challenges to the financial position or its ability to maintain the current level of operations.

WEST MICHIGAN AIRPORT AUTHORITY

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the Authority for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Julie Ziurinskas, West Michigan Airport Authority, 270 River Ave., Holland, Michigan 49423.

BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AIRPORT AUTHORITY

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and pooled investments	\$ 2,164,709
Receivables, net	35,205
Capital assets not being depreciated	720,312
Capital assets being depreciated, net	<u>9,730,482</u>
Total assets	<u>12,650,708</u>
Liabilities	
Payables	72,307
Compensated absences, due within one year	7,476
Unearned revenue	<u>11,452</u>
Total liabilities	<u>91,235</u>
Net position	
Investment in capital assets	10,450,794
Unrestricted	<u>2,108,679</u>
Total net position	<u><u>\$ 12,559,473</u></u>

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN AIRPORT AUTHORITY

Statement of Activities

For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expenses) Revenues
		Charges for Services	Capital Grants and Contributions	
Governmental activities				
Transportation	\$ 1,304,166	\$ 388,556	\$ 1,023,643	\$ 108,033
General revenues				
Property taxes				297,722
Unrestricted investment earnings				25,345
Total general revenues				323,067
Change in net position				431,100
Net position, beginning of year				12,128,373
Net position, end of year				\$ 12,559,473

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN AIRPORT AUTHORITY

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and pooled investments	\$ 1,597,689	\$ 567,020	\$ 2,164,709
Receivables:			
Accounts	32,614	-	32,614
Taxes, net	27	-	27
Due from other governmental units	2,465	99	2,564
Total assets	<u>\$ 1,632,795</u>	<u>\$ 567,119</u>	<u>\$ 2,199,914</u>
Liabilities			
Accounts payable	\$ 72,173	\$ -	\$ 72,173
Contracts payable	134	-	134
Unearned revenue	11,452	-	11,452
Total liabilities	<u>83,759</u>	<u>-</u>	<u>83,759</u>
Fund balances			
Committed for capital projects	-	567,119	567,119
Unassigned	1,549,036	-	1,549,036
Total fund balances	<u>1,549,036</u>	<u>567,119</u>	<u>2,116,155</u>
Total liabilities and fund balances	<u>\$ 1,632,795</u>	<u>\$ 567,119</u>	<u>\$ 2,199,914</u>

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN AIRPORT AUTHORITY

Reconciliation

Fund Balances of the Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Fund balances - governmental funds	\$ 2,116,155
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Capital assets not being depreciated	720,312
Capital assets being depreciated, net	9,730,482

Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds.

Compensated absences	<u>(7,476)</u>
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Net position of governmental activities	<u><u>\$ 12,559,473</u></u>
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The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN AIRPORT AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 297,722	\$ -	\$ 297,722
Intergovernmental:			
Federal	148,000	114,582	262,582
State	52,654	5,051	57,705
Local	-	703,356	703,356
User fees and charges for services	143,784	-	143,784
Rentals	244,772	-	244,772
Interest income	25,345	-	25,345
Total revenues	<u>912,277</u>	<u>822,989</u>	<u>1,735,266</u>
Expenditures			
Current:			
Transportation	602,188	-	602,188
Capital outlay	-	255,870	255,870
Total expenditures	<u>602,188</u>	<u>255,870</u>	<u>858,058</u>
Net changes in fund balances	310,089	567,119	877,208
Fund balances, beginning of year	<u>1,238,947</u>	<u>-</u>	<u>1,238,947</u>
Fund balances, end of year	<u>\$ 1,549,036</u>	<u>\$ 567,119</u>	<u>\$ 2,116,155</u>

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN AIRPORT AUTHORITY

Reconciliation

Net Changes in Fund Balances of the Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2023

Net changes in fund balances - governmental funds	\$ 877,208
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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 those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	250,205
Depreciation expense	(688,047)
Loss on disposal of capital assets	(6,875)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrual for compensated absences	<u>(1,391)</u>
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Change in net position of governmental activities	<u>\$ 431,100</u>
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The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN AIRPORT AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 308,000	\$ 326,600	\$ 297,722	\$ (28,878)
Intergovernmental:				
Federal	138,000	148,000	148,000	-
State	21,900	20,700	52,654	31,954
User fees and charges for services	125,500	137,700	143,784	6,084
Rentals	195,400	208,800	244,772	35,972
Interest income	8,000	23,000	25,345	2,345
Total revenues	<u>796,800</u>	<u>864,800</u>	<u>912,277</u>	<u>47,477</u>
Expenditures				
Current:				
Transportation	646,900	683,520	602,188	(81,332)
Capital outlay	213,350	-	-	-
Total expenditures	<u>860,250</u>	<u>683,520</u>	<u>602,188</u>	<u>(81,332)</u>
Revenues over (under) expenditures	(63,450)	181,280	310,089	128,809
Other financing sources				
Insurance recoveries	-	2,700	-	(2,700)
Net changes in fund balance	(63,450)	183,980	310,089	126,109
Fund balance, beginning of year	<u>1,238,947</u>	<u>1,238,947</u>	<u>1,238,947</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,175,497</u></u>	<u><u>\$ 1,422,927</u></u>	<u><u>\$ 1,549,036</u></u>	<u><u>\$ 126,109</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the West Michigan Airport Authority (the "Authority") conform to generally accepted accounting principles ("GAAP") as applicable to governmental units. The following is a summary of the significant accounting policies:

The Reporting Entity

The Authority is a municipal corporation governed by an elected, eleven-member Authority Board. As required by generally accepted accounting principles, these financial statements present the financial position and related activity for the West Michigan Airport Authority. The Authority was formed on July 1, 2008 from the former Municipal Airport enterprise fund of the City of Holland, Michigan (the "City"). The Authority has no component units and is not reported as a component unit of any other governmental unit.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. The effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when 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. After March 1, any delinquent taxes on real property are paid by the county which is responsible for collecting any outstanding taxes on real property as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue, charges for services and interest are all considered to be susceptible to accrual if collected within 180 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if received within the period of availability described above. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those accounted for and reported in another fund.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Cash and Cash Equivalents

The Authority considers all assets held in the City's pooled cash and investments to be cash equivalents because the investments in the pool are not identifiable to specific funds and the assets can be withdrawn at anytime, similar to a demand deposit account.

State statute authorizes the Authority to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The Authority's investment policy allows for all of these types of investments.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances at year-end are considered by management to be immaterial.

Due To/From Other Governmental Units

Amounts due to/from other governments include amounts due to/from grantors for specific programs and capital projects. Program and capital grants are recorded as receivables and revenue at the time reimbursable costs are incurred.

Capital Assets

Capital assets, which include construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received. The City retained capital assets consisting of land, land improvements, building and equipment acquired prior to formation of the Authority, see agreement in Note 8.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

Depreciation on the capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings and improvements	40
Equipment	3 - 5

Compensated Absences

An amount has been recognized for the vested right to receive payments for unused vacation benefits under formulas and conditions specified in the employee contract.

Unearned Revenue

The Authority reports unearned revenue for prepayments of lease rent.

Intergovernmental Revenues/Property Taxes

The Authority's primary source of funding is intergovernmental revenue. This funding includes contributions by the Cities of Holland and Zeeland and Park Township based on collection of a unified millage on property values. Additionally, the Authority benefited from state and federal grant projects administered by the Michigan Department of Transportation on its behalf.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts 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, the Airport Authority Board. A formal resolution of the Airport Authority Board is required to establish, modify, or rescind a fund balance commitment. The Authority reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Authority has delegated the ability to assign fund balance to the Airport Authority Manager. The Authority currently has no assigned fund balance. Unassigned fund balance is the residual classification for the general fund. When the Authority incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Authority's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

The Authority has established a minimum fund balance policy. The unassigned fund balance will be reviewed annually during the budget process. This unassigned fund balance will be maintained at a target level of 75% to 120% of annual budgeted expenditures.

2. BUDGETARY INFORMATION AND COMPLIANCE

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Authority's Manager oversees the Authority's operations and is responsible for submitting the proposed operating budget for the following fiscal year to the Authority Board. The Authority Board, during its review, holds a public hearing to obtain taxpayer comments. The budget is legally enacted by resolution of the Board.
2. Any revisions that alter total appropriations of any fund must be approved by the Authority Board. Budgeted appropriations lapse each year; however, appropriations for continuing projects and programs which the Authority intends to complete are included in the budget of the ensuing year.
3. Budgeted amounts are as originally adopted or as amended by the Authority Board during the year. The budgets have been prepared in accordance with generally accepted accounting principles.
4. The budget has been adopted on a department level basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.
5. Annual budgets are legally adopted for the general fund as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

The Authority reported cash and pooled investments of \$2,164,709 on the statement of net position as of June 30, 2023. This amount was held by the City's pooled cash and investments on behalf of the Authority.

For note disclosure purposes, the above amount is considered to be cash and investments held in the City's pooled cash and investments. Investments underlying the City of Holland, Michigan pooled cash and investments consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury notes, which are carried at fair value. Information regarding interest rate risk and credit risk can be found in the City's Annual Comprehensive Financial Report.

4. RECEIVABLES

Receivables, net for the year ended June 30, 2023 were as follows:

Accounts	\$ 32,614
Taxes	184
Allowance for uncollectible taxes	(157)
Due from other governments	<u>2,564</u>
	<u>\$ 35,205</u>

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 520,353	\$ -	\$ -	\$ -	\$ 520,353
Construction in progress	81,350	125,484	(6,875)	-	199,959
	<u>601,703</u>	<u>125,484</u>	<u>(6,875)</u>	<u>-</u>	<u>720,312</u>
Capital assets, being depreciated:					
Land improvements	6,153,206	124,721	-	-	6,277,927
Buildings & improvements	6,673,402	-	-	-	6,673,402
Equipment	575,392	-	-	-	575,392
	<u>13,402,000</u>	<u>124,721</u>	<u>-</u>	<u>-</u>	<u>13,526,721</u>
Less accumulated depreciation for:					
Land improvements	(876,183)	(316,201)	-	-	(1,192,384)
Buildings & improvements	(1,890,566)	(337,123)	-	-	(2,227,689)
Equipment	(341,443)	(34,723)	-	-	(376,166)
	<u>(3,108,192)</u>	<u>(688,047)</u>	<u>-</u>	<u>-</u>	<u>(3,796,239)</u>
Total capital assets being depreciated, net	<u>10,293,808</u>	<u>(563,326)</u>	<u>-</u>	<u>-</u>	<u>9,730,482</u>
Governmental activities capital assets, net	<u>\$ 10,895,511</u>	<u>\$ (437,842)</u>	<u>\$ (6,875)</u>	<u>\$ -</u>	<u>\$ 10,450,794</u>

Depreciation expense of \$688,047 has been charged to the transportation function.

At June 30, 2023, the Authority had approximately \$1.0 million in outstanding construction commitments.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

6. LITIGATION/CONTINGENT LIABILITY

In the normal course of its activities, the Authority has become a party in various legal actions, including property tax assessment appeals. Management of the Authority is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Authority and, therefore, has not reflected loss reserves in the financial statements.

7. RISK MANAGEMENT

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

8. COMMITMENT

The Authority has an agreement with the City for use of the airport for \$1,000 per year for a period of 50 continuous years at commencement, to expire in 2058. The City has title to the premises and upon termination, will obtain title to all improvements, fixtures or other types of fixed property appurtenant to the buildings and property located thereon. The Authority is responsible for insurance on premises, liability coverage and all other insurance policies.

9. REGULATED LEASE AGREEMENTS

In accordance with GASB 87, *Leases*, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between the Authority and aeronautical users. The leasing operations of the Authority consist principally of the leasing hangars and office space. The Authority has nine lease agreements that consist of noncancelable agreements.

	Remaining Term of Agreements
Asset type	
Hangers	5 to 41 years
Office Space	6 years

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

The net present value of future minimum payments as of June 30, 2023 were as follows:

Year Ended June 30,	Amount
2024	\$ 138,724
2025	138,724
2026	138,724
2027	138,724
2028	127,290
2029-2033	557,007
2034-2038	453,721
2039-2043	266,455
2044-2048	266,455
2049-2053	215,075
2054-2058	158,164
2059-2063	137,026
2064	9,115
	<u>\$ 2,745,204</u>

The Airport recognized \$244,772 of rental income for the year ended June 30, 2023.

10. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic resulted in operational challenges for the Authority as it determines the appropriate methods to provide services to its customers. The Authority directly received \$148,000 during fiscal year 2023 to be used to respond to the impacts of the COVID-19 pandemic through the Coronavirus Response and Relief Supplemental Appropriations Act. At this time, management does not believe that any ongoing negative financial impact related to the pandemic would be material to the Authority.

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INTERNAL CONTROL AND COMPLIANCE

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**INDEPENDENT AUDITORS' 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***

November 16, 2023

Airport Authority Board Members
West Michigan Airport Authority
Holland, Michigan

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 and each major fund of the **West Michigan Airport Authority** (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control Over Financial Reporting

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The script is cursive and fluid, with the letters connected. The "LLC" is written in a slightly more upright, blocky style compared to the cursive of the company name.

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 16, 2023

Airport Authority Board Members
West Michigan Airport Authority
Holland, Michigan

We have audited the financial statements of the governmental activities and each major fund of the **West Michigan Airport Authority** (the "Authority") as of and for the year ended June 30, 2023, and have issued our report thereon dated November 16, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 21, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated November 16, 2023.



Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on October 17, 2023.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the risks of management override of internal control, revenue recognition, and the completeness of subscription-based information technology arrangements (SBITAs) as significant risks, and have obtained an understanding of the Authority's related controls, including control activities, relevant to such risks.

Qualitative Aspects of the Authority's Significant Accounting Practices*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment B to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the West Michigan Airport Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

WEST MICHIGAN AIRPORT AUTHORITY

■ Attachment A – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2023 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Authority in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Authority. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 100 ■ Accounting Changes and Error Corrections

Effective 06/15/2024 (your FY 2024)

This standard clarifies the presentation and disclosure requirements for prior period adjustments to beginning net position. We do not expect this standard to have any significant effect on the Authority.

GASB 101 ■ Compensated Absences

Effective 12/15/2024 (your FY 2025)

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.

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WEST MICHIGAN AIRPORT AUTHORITY

Attachment B – Management Representations

For the June 30, 2023 Audit

The following pages contain the written representations that we requested from management.

West Michigan Airport Authority

60 Geurink Boulevard, Holland, MI 49423
P (616) 368-3023

Comprising City of Zeeland, Park Township and City of Holland



November 16, 2023

Rehmann Robson LLC
2330 East Paris Ave
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of the financial statements of the governmental activities and each major fund of the **West Michigan Airport Authority** (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and the budgetary comparison for the general fund of the Authority in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 16, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 21, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to any assistance you provided in drafting the financial statements and related notes we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and

- e. Established and maintained internal controls, including monitoring ongoing activities.
- 5. We acknowledge our responsibility 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.
- 6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
- 9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 11. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 13. All funds and activities are properly classified.
- 14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 15. All components of net position and fund balance classifications have been properly reported.
- 16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 18. All interfund and intra-entity transactions and balances have been properly classified and reported.
- 19. Deposit and investment risks have been properly and fully disclosed.
- 20. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

21. All required supplementary information is measured and presented within the prescribed guidelines.
22. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic resulted in operational challenges for the Authority as it determines the appropriate methods to provide services to its customers. The Authority directly received \$148,000 during fiscal year 2023 to be used to respond to the impacts of the COVID-19 pandemic through the Coronavirus Response and Relief Supplemental Appropriations Act. At this time, management does not believe that any ongoing negative financial impact related to the pandemic would be material to the Authority.

Information Provided

23. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
25. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
26. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
27. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
28. We have no knowledge of *any* instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
29. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
30. We have a process to track the status of audit findings and recommendations.
31. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
32. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

33. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims].
34. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
35. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
36. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
37. We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.
38. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
39. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
40. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
41. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
42. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.


Required Supplementary Information

43. With respect to the required supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.

- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.



Aaron Thelenwood, Airport Director



Lynn McCammon, Finance Director