

West Michigan
Airport Authority



WEST MICHIGAN™
REGIONAL AIRPORT

Year Ended
June 30, 2025

Financial
Statements

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WEST MICHIGAN AIRPORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

November 19, 2025

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, 2025, 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, 2025, 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 19, 2025, 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.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The script is cursive and fluid, with the letters connected. The "L" at the beginning is large and loops around. The "LLC" at the end is written in a slightly more upright, but still cursive, style.

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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, 2025. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in 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 \$11,580,186 (*net position*). Of this amount, \$2,569,793 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 decreased by \$524,015.

As of the close of the current fiscal year, the Authority's general fund reported an ending fund balance of \$1,085,195, a decrease of \$52,337 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 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 is 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 its general fund budget.

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 \$11,580,186 at the close of the most recent fiscal year.

	Net Position	
	2025	2024
Assets		
Current and other assets	\$ 2,704,436	\$ 2,592,965
Capital assets, net	9,020,516	9,671,873
Total assets	<u>11,724,952</u>	<u>12,264,838</u>
Liabilities		
Long-term liabilities	12,527	17,709
Other liabilities	132,239	142,928
Total liabilities	<u>144,766</u>	<u>160,637</u>
Net position		
Net investment in capital assets	9,010,393	9,659,298
Unrestricted	2,569,793	2,444,903
Total net position	<u>\$ 11,580,186</u>	<u>\$ 12,104,201</u>

A portion of the Authority's net position (77.8%) reflects its net investment in capital assets (e.g., land, buildings, and equipment), net of related long-term liabilities. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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Management's Discussion and Analysis

The remaining (22.2%) balance (\$2,569,793) 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 a positive balance in both categories of net position.

	Change in Net Position	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 364,601	\$ 367,040
Operating grants and contributions	69,565	51,857
Capital grants and contributions	33,701	267,111
General revenues:		
Property taxes	343,592	320,205
Unrestricted investment earnings	107,960	75,110
Total revenues	<u>919,419</u>	<u>1,081,323</u>
Expenses		
Transportation	<u>1,443,434</u>	<u>1,536,595</u>
Change in net position	(524,015)	(455,272)
Net position, beginning of year	<u>12,104,201</u>	<u>12,559,473</u>
Net position, end of year	<u>\$ 11,580,186</u>	<u>\$ 12,104,201</u>

The Authority's net position decreased by \$524,015 during the current fiscal year. Capital grants revenue decreased by \$233,410 in the current year to \$33,701. Capital grants and contributions fluctuate on an annual basis given the nature of projects in which state and federal funding is available. Transportation expenses decreased by \$93,161 from the prior year primarily related to vacant positions that remained unfilled for more than six months.

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 was a decrease in fund balance of \$52,337 from the prior year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,085,195. 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 144.3% of general fund expenditures.

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Management's Discussion and Analysis

The capital projects fund had an ending fund balance of \$1,487,002, which is committed for future construction projects. The fund balance increased \$174,497 during the current year, as a result of transfers in from the general fund and interest income being greater than capital outlay during the year.

General Fund Budgetary Highlights

The original and final revenue budget was \$775,360 and \$781,200, respectively. Adjustments from the original to the final revenue budget, as well as final budget to actual differences, are primarily related to revised estimates based on additional information available throughout the year. The original and final expenditure budget was \$645,534 and \$813,100, respectively. Adjustments from the original to the final expenditure budget and other financing uses, as well as final budget to actual differences, are primarily related to additional expenditures for snow removal, management consulting, and a transfer to the capital projects fund.

Capital Asset and Debt Administration

Capital Assets. During the fiscal year, the Authority continued runway improvements of \$34,659. 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/Amortization)	
	2025	2024
Land	\$ 520,353	\$ 520,353
Construction in progress	339,309	304,650
Land improvements	4,249,632	4,561,198
Buildings and improvements	3,771,469	4,108,592
Equipment	129,780	164,503
Lease equipment	9,973	12,577
Total capital assets, net	\$ 9,020,516	\$ 9,671,873

Additional information on the Authority's capital assets can be found in Note 6 of this report.

Debt. The Authority had no long-term debt at June 30, 2025 and 2024.

Economic Factors and Next Year's Budget and Rates

The Authority has a history of conservatively managing finances. 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 Headlee reduced rate was .0927 mill for fiscal year 2025. Total property tax revenues increased 7.2% 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 Lynn McCammon, West Michigan Airport Authority, 270 River Ave., Holland, Michigan 49423.

BASIC FINANCIAL STATEMENTS

WEST MICHIGAN AIRPORT AUTHORITY

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and pooled investments	\$ 2,693,943
Receivables, net	10,493
Capital assets not being depreciated/amortized	859,662
Capital assets being depreciated/amortized, net	<u>8,160,854</u>
Total assets	<u>11,724,952</u>
Liabilities	
Payables	69,964
Unearned revenue	62,275
Long-term liabilities, due within one year	4,936
Long-term liabilities, due in greater than one year	<u>7,591</u>
Total liabilities	<u>144,766</u>
Net position	
Net investment in capital assets	9,010,393
Unrestricted	<u>2,569,793</u>
Total net position	<u><u>\$ 11,580,186</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, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Transportation	<u>\$ 1,443,434</u>	<u>\$ 364,601</u>	<u>\$ 69,565</u>	<u>\$ 33,701</u>	<u>\$ (975,567)</u>
General revenues					
Property taxes					343,592
Unrestricted investment earnings					<u>107,960</u>
Total general revenues					<u>451,552</u>
Change in net position					(524,015)
Net position, beginning of year					<u>12,104,201</u>
Net position, end of year					<u><u>\$ 11,580,186</u></u>

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

WEST MICHIGAN AIRPORT AUTHORITY

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and pooled investments	\$ 1,203,133	\$ 1,490,810	\$ 2,693,943
Receivables:			
Accounts	10,477	-	10,477
Due from other governmental units	16	-	16
Total assets	<u>\$ 1,213,626</u>	<u>\$ 1,490,810</u>	<u>\$ 2,704,436</u>
Liabilities			
Accounts payable	\$ 66,156	\$ 3,808	\$ 69,964
Unearned revenue	62,275	-	62,275
Total liabilities	<u>128,431</u>	<u>3,808</u>	<u>132,239</u>
Fund balances			
Committed for capital projects	-	1,487,002	1,487,002
Unassigned	1,085,195	-	1,085,195
Total fund balances	<u>1,085,195</u>	<u>1,487,002</u>	<u>2,572,197</u>
Total liabilities and fund balances	<u>\$ 1,213,626</u>	<u>\$ 1,490,810</u>	<u>\$ 2,704,436</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, 2025

Fund balances - governmental funds	\$ 2,572,197
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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/amortized	859,662
Capital assets being depreciated/amortized, net	8,160,854

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

Lease liability	(10,123)
Compensated absences	<u>(2,404)</u>

Net position of governmental activities	<u><u>\$ 11,580,186</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, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 343,592	\$ -	\$ 343,592
Intergovernmental:			
Federal	-	27,045	27,045
State	69,565	6,656	76,221
User fees and charges for services	145,283	-	145,283
Rentals	219,318	-	219,318
Interest income	55,904	52,056	107,960
Total revenues	<u>833,662</u>	<u>85,757</u>	<u>919,419</u>
Expenditures			
Current:			
Transportation	749,547	-	749,547
Debt service:			
Principal	2,452	-	2,452
Capital outlay	-	45,260	45,260
Total expenditures	<u>751,999</u>	<u>45,260</u>	<u>797,259</u>
Revenues over expenditures	<u>81,663</u>	<u>40,497</u>	<u>122,160</u>
Other financing sources (uses)			
Transfers in	-	134,000	134,000
Transfers out	(134,000)	-	(134,000)
Total other financing sources (uses)	<u>(134,000)</u>	<u>134,000</u>	<u>-</u>
Net changes in fund balances	<u>(52,337)</u>	<u>174,497</u>	<u>122,160</u>
Fund balances, beginning of year	<u>1,137,532</u>	<u>1,312,505</u>	<u>2,450,037</u>
Fund balances, end of year	<u>\$ 1,085,195</u>	<u>\$ 1,487,002</u>	<u>\$ 2,572,197</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, 2025

Net changes in fund balances - governmental funds	\$ 122,160
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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/amortization expense.

Capital assets purchased/constructed	34,659
Depreciation/amortization expense	(686,016)

Lease proceeds provide current financial resources to governmental funds in the period issued, but issuing leases increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but a reduction in long-term liabilities on the statement of net position.

Principal payments on long-term liabilities	2,452
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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>2,730</u>
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Change in net position of governmental activities	<u><u>\$ (524,015)</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 Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 345,000	\$ 369,000	\$ 343,592	\$ (25,408)
Intergovernmental - state	18,000	47,300	69,565	22,265
User fees and charges for services	143,460	122,100	145,283	23,183
Rentals	253,900	207,800	219,318	11,518
Interest income	15,000	35,000	55,904	20,904
Total revenues	<u>775,360</u>	<u>781,200</u>	<u>833,662</u>	<u>52,462</u>
Expenditures				
Current:				
Transportation	645,534	813,100	749,547	(63,553)
Debt service:				
Principal	-	-	2,452	2,452
Total expenditures	<u>645,534</u>	<u>813,100</u>	<u>751,999</u>	<u>(61,101)</u>
Revenues over (under) expenditures	129,826	(31,900)	81,663	113,563
Other financing uses				
Transfers out	-	(134,000)	(134,000)	-
Net changes in fund balance	129,826	(165,900)	(52,337)	113,563
Fund balance, beginning of year	<u>1,137,532</u>	<u>1,137,532</u>	<u>1,137,532</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,267,358</u>	<u>\$ 971,632</u>	<u>\$ 1,085,195</u>	<u>\$ 113,563</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 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 10.

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

Leases

Lessee. The Authority is a lessee for a noncancellable lease of equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

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.

Fund Balance

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

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.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

5. An annual budget is legally adopted for the general fund as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.

3. ACCOUNTABILITY AND BUDGETARY COMPLIANCE

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2025, expenditures exceeded appropriations at the legal level of budgetary control as follows:

	Total Appropriation	Amount of Expenditures	Budget Variance
General Fund			
Debt service - Principal	\$ -	\$ 2,452	\$ 2,452

4. DEPOSITS AND INVESTMENTS

The Authority reported cash and pooled investments of \$2,693,943 on the statement of net position as of June 30, 2025. 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.

5. RECEIVABLES

Receivables, net for the year ended June 30, 2025 were as follows:

Accounts	\$ 10,477
Taxes	295
Allowance for uncollectible taxes	(295)
Due from other governments	16
	<u>10,493</u>
	<u>\$ 10,493</u>

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 520,353	\$ -	\$ -	\$ -	\$ 520,353
Construction in progress	304,650	34,659	-	-	339,309
	<u>825,003</u>	<u>34,659</u>	<u>-</u>	<u>-</u>	<u>859,662</u>
Capital assets, being depreciated/amortized:					
Land improvements	6,060,514	-	-	-	6,060,514
Buildings & improvements	6,673,402	-	-	-	6,673,402
Equipment	575,392	-	-	-	575,392
Lease equipment (Note 7)	13,011	-	-	-	13,011
	<u>13,322,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,322,319</u>
Less accumulated depreciation/amortization for:					
Land improvements	(1,499,316)	(311,566)	-	-	(1,810,882)
Buildings & improvements	(2,564,810)	(337,123)	-	-	(2,901,933)
Equipment	(410,889)	(34,723)	-	-	(445,612)
Lease equipment (Note 7)	(434)	(2,604)	-	-	(3,038)
	<u>(4,475,449)</u>	<u>(686,016)</u>	<u>-</u>	<u>-</u>	<u>(5,161,465)</u>
Total capital assets being depreciated/amortized, net	<u>8,846,870</u>	<u>(686,016)</u>	<u>-</u>	<u>-</u>	<u>8,160,854</u>
Governmental activities capital assets, net	<u>\$ 9,671,873</u>	<u>\$ (651,357)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,020,516</u>

Depreciation/amortization expense of \$686,016 has been charged to the transportation function.

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

7. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Lease liability	\$ 12,575	\$ -	\$ (2,452)	\$ 10,123	\$ 2,532
Compensated absences*	5,134	-	(2,730)	2,404	2,404
	<u>\$ 17,709</u>	<u>\$ -</u>	<u>\$ (5,182)</u>	<u>\$ 12,527</u>	<u>\$ 4,936</u>

*The change in compensated absences above is a net change for the year.

The Authority is involved in an agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the Authority will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

Asset Type	Remaining Term of Agreement
Equipment	4 years

The lease equipment and the related activity are included in Note 6, Capital Assets. The lease liability and related activity are presented above.

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 2,532	\$ 288
2027	2,615	205
2028	2,699	121
2029	2,277	33
	<u>\$ 10,123</u>	<u>\$ 647</u>

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

8. 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.

9. 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.

10. 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.

11. 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 11 lease agreements that consist of noncancelable agreements.

	Remaining Term of Agreements
Asset Type	
Hangars	3 to 39 years
Buildings	28 to 36 years

WEST MICHIGAN AIRPORT AUTHORITY

Notes to Financial Statements

The net present value of future minimum payments as of June 30, 2025 were as follows:

Year Ended June 30,	Amount
2026	\$ 188,770
2027	188,791
2028	176,298
2029	167,374
2030	167,374
2031-2035	836,870
2036-2040	613,612
2041-2045	532,427
2046-2050	527,672
2051-2055	420,247
2056-2060	241,719
2061-2064	104,653
	<u>\$ 4,165,807</u>

The Authority recognized \$219,318 of rental income for the year ended June 30, 2025.

12. NET INVESTMENT IN CAPITAL ASSETS

The composition of the Authority's net investment in capital assets as of June 30, 2025, was as follows:

Capital assets:

Capital assets not being depreciated/amortized	\$ 859,662
Capital assets being depreciated/amortized, net	<u>8,160,854</u>
	9,020,516

Related debt:

Lease liability	<u>10,123</u>
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Net investment in capital assets

\$ 9,010,393

13. TRANSFERS

For the year ended June 30, 2025, an interfund transfer in the amount of \$134,000 was made from the general fund to the capital projects fund in order to fund constructions costs.



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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 19, 2025

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, 2025, 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 19, 2025.

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 were not 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 "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.