

Parking and Transportation Services
Financial Statements
June 30, 2005

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Parking and Transportation Services
Management Discussion and Analysis
For the Year Ended June 30, 2005

This section of Parking and Transportation Services financial statements presents management's discussion and analysis of financial performance during the fiscal year ended June 30, 2005. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of management.

Using the Financial Statements

The financial statements are presented in accordance with governmental accounting principles generally accepted in the United States. These statements are special purpose reports reflecting the net assets, results of operations and cash flows of Parking and Transportation Services. They are prepared under the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Financial Highlights

The following are comparisons from June 30, 2004 to June 30, 2005:

Statements of Net Assets (Balance Sheet)

Total Current Assets (cash, receivables, and prepaids) decreased \$499,905, primarily from costs associated with alternative transportation.

Total Non-Current Assets (capital assets and deposits) increased \$226,636, primarily from investing in improvements related to the Lincoln Creek Transportation Center.

Total Liabilities decreased \$23,910, primarily from paying down the pay-box lease.

Total Net Assets decreased \$249,359, primarily from investing in and expanding upon alternative transportation programs.

Statements of Revenues, Expenses and Changes in Net Assets (Income Statement)

Operating Revenues increased \$48,700, primarily from parking permits and fines.

Other Income, Transfers and Interest increased \$30,383 from new revenue streams.

Operating Expenses increased \$415,881; primarily from a full year of lease payments for the Lincoln Creek Transportation Center (LCTC), operating the Campus Shuttle for a full academic year, employee health insurance premiums, and non-cash accounting items

such as bad debt on fines and depreciation/amortization. The following is a select listing of these areas:

	<u>2005</u>	<u>2004</u>
Salaries and Benefits		
Compensation - Staff	\$ 569,441	\$ 547,412
Compensation - Students	107,626	117,381
Benefits	<u>185,509</u>	<u>153,291</u>
Total Salaries and Benefits	\$ 862,576	\$ 818,084
Non-Cash Expenses		
Rent and Utilities	\$ 22,164	\$ 30,209
Bad Debt	48,088	19,986
Depreciation/Amortization	<u>122,594</u>	<u>38,215</u>
Total Non-Cash Expenses	\$ 192,846	\$ 88,410
Lincoln Creek Transportation Center	\$ 167,242	\$ 72,486
Campus Shuttle	<u>176,585</u>	<u>32,535</u>
Total	<u>\$1,399,249</u>	<u>\$1,011,515</u>

Discussion of Financial Activity

Parking and Transportation Services facilitates access to the University for over 15,000 students, faculty, staff, vendors and guests. To supplement approximately 3,400 campus parking spaces, one of the primary focuses for the year ended June 30, 2005 was related to alternative transportation as seen in the Campus Shuttle and LCTC.

Campus Shuttle

The Campus Shuttle is currently a fare-free program providing public transportation to University locations for students, faculty, staff and guests. Starting at the beginning of the 2004 spring quarter, the shuttle was a three-month pilot project. The overwhelming positive response and weekly increases in ridership supported the continuation of the service beginning in the 2004 fall quarter through the remainder of the academic year. Shuttle service resumed in the 2005 fall quarter and is planned to continue year round. Students and management are pursuing options to fully fund the program.

Lincoln Creek Transportation Center (LCTC)

The LCTC project plans to redevelop the existing 7.8 acres on Lincoln Street for public transportation-related improvements, including a park and ride site. The development will include facilities for transit pick-up and drop-off, shuttle service to the University, and parking for approximately 600 vehicles.

The LCTC is a key component to an overall transportation management plan of providing access to the University and local region while supporting transit services and traffic mitigation. The project will support encouragement of alternative modes of transportation, carpooling, bicycling and walking; incentives for the use of alternative modes of transportation to reduce use of single occupancy vehicles; provide transit facilities that make transit service attractive, convenient and efficient.

Based on preliminary environmental consultations, this site also provides a tremendous educational opportunity in stream restoration and field studies for the students of Western's Huxley College of the Environment. The project is planned to be both multi-modal and multi-functional in drawing upon faculty expertise and student involvement.

The University has a strong collaborative working relationship with Whatcom Transportation Authority and the City of Bellingham to encourage the use of public transportation. Evidence of this is seen through our three governmental entities working together to successfully complete Phase I during Fall 2004. This included clearing the site and installing temporary bus pullouts, shelters, lighting, phones and water mitigation. From the first day of operations, the park-and-ride has been at capacity, providing parking for approximately 530 cars and related bus service to drivers and passengers Monday through Friday.

New Sources of Funding

Interest Income

The year ended June 30, 2005 marked the beginning of interest income allocations to Parking and Transportation Services. The income is used to assist in covering costs related to LCTC.

Contributed Income

The collaboration with Whatcom Transportation Authority resulted in \$8,510 to cover costs related to LCTC for the year ended June 30, 2005.

Grant Funding

In December 2004, the Federal Transit Administration (FTA) earmarked \$1,943,557 for LCTC. In September 2005, the FTA awarded \$1,267,871 (of the \$1,943,557 total earmarked) for environmental assessment, project administration and pre-design of the LCTC site.

Future Focus

Additional focus will be centered on preventative maintenance for the parking facilities on campus. One new position will be hired to repair lots and monitor signage and lighting. Resources will be directed to the continuing work of enhancing vehicle security for the campus community.

Parking and Transportation Services will continue to focus on alternative transportation programs. The complexity and cost of providing transportation alternatives to the public will require ongoing proactive collaboration within the University and with other local, state and federal agencies.

Parking and Transportation Services

STATEMENTS OF NET ASSETS

As of June 30,

ASSETS		2005	2004
Current Assets			
Cash and Cash Equivalents (Notes 1 and 2)		\$ 866,817	\$ 1,272,399
Fines Receivable, Net of Allowance of \$128,953 and \$109,401 in 2004 and 2005, respectively		63,500	99,969
Other Receivables		146	48,000
Prepaid		<u>-</u>	<u>10,000</u>
Total Current Assets		930,463	1,430,368
Non-Current Assets			
Capital Assets, Net (Note 3)		361,008	164,372
Deposit (Note 6)		<u>60,000</u>	<u>30,000</u>
Total Non-Current Assets		<u>421,008</u>	<u>194,372</u>
Total Assets		<u>\$ 1,351,471</u>	<u>\$ 1,624,740</u>
LIABILITIES			
Current Liabilities			
Accounts Payable		\$ 160,171	\$ 168,917
Accrued Wages and Benefits		76,516	72,047
Capital Leases Payable (Note 4)		28,583	27,263
Deferred Revenue		<u>101,468</u>	<u>93,838</u>
Total Current Liabilities		366,738	362,065
Non-Current Liabilities			
Capital Leases Payable, Less Current Portion (Note 4)		<u>14,805</u>	<u>43,388</u>
Total Liabilities		381,543	405,453
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		377,620	123,721
Unrestricted		<u>592,308</u>	<u>1,095,566</u>
Total Net Assets (Note 7)		<u>969,928</u>	<u>1,219,287</u>
Total Liabilities and Net Assets		<u>\$ 1,351,471</u>	<u>\$ 1,624,740</u>

See Accompanying Notes to the Financial Statements

Parking and Transportation Services
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
For the years ended June 30,

	2005	2004
Operating Revenues		
Parking Permits	\$ 921,004	\$ 858,777
Parking Meters and Pay-Box Stations	193,892	221,173
Parking Fines	431,891	411,462
Other Revenues	31,493	27,333
Inter-Fund Services Provided	40,008	50,843
Total Operating Revenues	1,618,288	1,569,588
Operating Expenses		
Salaries and Benefits	862,576	818,084
Viking Xpress Bus Pass	236,540	208,862
Lincoln Creek Transportation Center (Note 6)	167,242	72,486
Campus Shuttle	176,585	32,535
City Contracts	52,000	41,829
Contract Services	59,241	58,120
Repairs and Maintenance	53,572	80,932
Printing and Supplies	46,664	46,017
Equipment	22,373	11,743
Other Expenses	54,387	49,127
Rent and Utilities	22,164	30,209
Bad Debt – Fines	48,088	19,986
Depreciation/Amortization	122,594	38,215
Total Operating Expenses	1,924,026	1,508,145
Operating Income (Loss)	(305,738)	61,443
Other Income, Transfers and Interest		
Transfers In	22,164	30,209
Contributed Income	8,510	
Interest Income	28,709	
Interest on Indebtedness	(3,004)	(4,213)
Increase (Decrease) in Net Assets	(249,359)	87,439
Total Net Assets, Beginning of Year	1,219,287	1,131,848
Total Net Assets, End of Year	\$ 969,928	\$ 1,219,287

See Accompanying Notes to the Financial Statements

Parking and Transportation Services
STATEMENTS OF CASH FLOWS
For the years ended June 30,

	2005	2004
Cash flows from Operating Activities		
Cash Received from Students, Employees and Visitors	\$ 1,593,141	\$ 1,510,996
Cash Paid to Suppliers and Employees	<u>(1,708,609)</u>	<u>(1,414,924)</u>
Net Cash Provided By (Used In) Operating Activities	(115,468)	96,072
Cash Flows from Investing Activities		
Interest Income	28,709	
Contributed Income	8,510	
Transfers In	<u>22,164</u>	<u>30,209</u>
Net Cash Provided by Investing Activities	<u>59,383</u>	<u>30,209</u>
Cash Flows from Capital and Related Financing Activities		
Payments on Capital Lease	(27,263)	(26,004)
Purchase of Capital Assets	(319,230)	(85,681)
Cash Paid for Interest on Indebtedness	<u>(3,004)</u>	<u>(4,316)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(349,497)</u>	<u>(116,001)</u>
Net Change in Cash and Cash Equivalents	(405,582)	10,280
Cash and Cash Equivalents, Beginning of Year	<u>1,272,399</u>	<u>1,262,119</u>
Cash and Cash Equivalents, End of Year	<u>\$ 866,817</u>	<u>\$ 1,272,399</u>
 Reconciliation of Income to Net Cash Flows from Operating Activities		
Operating Income (Loss)	\$ (305,738)	\$ 61,443
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities		
Depreciation/Amortization	122,594	38,215
Net Changes in Assets and Liabilities		
Receivables	84,323	(62,379)
Prepaid	10,000	(10,000)
Deposit	(30,000)	(30,000)
Accounts Payable and Accrued Wages and Benefits	(4,277)	95,006
Deferred Revenue	<u>7,630</u>	<u>3,787</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (115,468)</u>	<u>\$ 96,072</u>

See Accompanying Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Financial Reporting Entity and Summary of Significant Accounting Policies

Financial Reporting Entity

Western Washington University's Parking and Transportation Services (Parking and Transportation Services), a division of Business and Financial Affairs, is responsible for the oversight and operation of the parking facilities and public transportation services of Western Washington University (University).

Parking and Transportation Services facilitates access to the University for over 15,000 students, faculty, staff, vendors and guests. To supplement approximately 3,400 campus parking spaces, the transportation program provides assistance, education and incentives for walking, transit use, bicycling and carpooling. In fiscal year 2005, the transportation program continued to expand as seen with the successful implementation of an intra-campus shuttle bus program and the continued strong demand for the Western Washington University Viking Xpress Bus Pass. The University worked collaboratively with the Whatcom Transportation Authority and the City of Bellingham to complete Phase I of the Lincoln Creek Transportation Center project during the fall of 2004. This included clearing the site and installing temporary bus pullouts, shelters, lighting, phones and water mitigation. From the first day of operations, the park-and-ride has been at capacity, providing parking for approximately 530 cars and related bus service to drivers and passengers Monday through Friday.

Financial Statements Presentation

Parking and Transportation Services is a separate auxiliary enterprise of the University. The financial statements present only a selected portion of the activities of the University. They are not intended to and do not present either the financial position, results of operations, or changes in net assets of the University.

The financial statements are presented in accordance with governmental accounting principles generally accepted in the United States. These statements are special purpose reports reflecting the net assets, results of operations and cash flows of Parking and Transportation Services. The statements presented herein are: Statements of Net Assets; Statements of Revenues, Expenses and Changes in Net Assets; and, Statements of Cash Flows.

Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements of Parking and Transportation Services have been prepared using a flow of economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents

Cash and cash equivalents represent funds pooled with other University funds and are commonly invested. The University records all cash, cash equivalents, and investments at amortized cost, which approximates fair value. In fiscal year 2005, the University began allocating interest income earned from the investments to Parking and Transportation Services.

Fines Receivable

Fines receivable are unsecured, recorded at the principal balance, and due from students, employees and visitors. Fines are deemed past due if unpaid thirteen days after the due date. Management determines the annual allowance for uncollectible fines using percentages based on historical experience applied to the aging of outstanding fines. Uncollectible fines are written off against the allowance.

Other Receivables

Other receivables at June 30, 2004, are amounts due from the Whatcom Transportation Authority per the 2003-2005 Inter-Local Cooperative Agreements.

Capital Assets

Vehicles, pay-box stations, and equipment are stated at cost. Parking and Transportation Services capitalizes items with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated on the straight-line basis over the estimated lives of the assets.

Costs to improve the property at the Lincoln Creek Transportation Center are classified as leasehold improvements and amortized over three years on the straight-line basis.

Parking and Transportation Services contributes to the cost of University assets that encourage public transportation, such as bus shelters and shuttles. These costs are shown as expenses on the Statements of Revenues, Expenses and Changes in Net Assets of Parking and Transportation Services.

Deferred Revenue and Revenue Recognition

Deferred revenues are parking permit sales collected in advance that relate to subsequent accounting periods. Parking permit and fine revenues are recognized during the period to which the permits and fines relate.

Net Assets

Parking and Transportation Services net assets are classified as follows:

Invested in capital assets, net of related debt: represents the total investment in capital assets, including cash and other assets expected to be used for capital assets, net of outstanding debt obligations related to those capital assets.

Unrestricted net assets: represents resources derived from operations and investing activities.

Classification of Revenue, Expenses and Transfers

Operating revenues include activities that have the characteristics of exchange transactions, such as the sale of parking permits. Operating expenses are those costs incurred in daily operations, such as salaries, repairs and depreciation. Transfers-In represent University support of Parking and Transportation Services by providing a building free of rent and utilities expenses.

Non-operating income includes items that do not have the characteristics of exchange transactions, such as contributed income and interest income. Non-operating expenses include costs related to financing or investing activities, such as interest on indebtedness.

University Administrative Support

The University provides support to Parking and Transportation Services through cash management, accounting, purchasing and disbursing services, risk management, and other support services. The effects of these transactions are included in Other Expenses on the Statements of Revenues, Expenses and Changes in Net Assets.

Income Tax Status

The University, and Parking and Transportation Services as an auxiliary enterprise, is a tax-exempt organization under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from federal income taxes on related income.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Cash and Cash Equivalents

To maximize investment income, the University combines funds from all areas of the University into an investment pool. Beginning in fiscal year 2005, investment income is allocated to Parking and Transportation Services in proportion to its average balance in the investment pool. Parking and Transportation Services funds invested in the pool are classified as cash equivalents.

Interest Rate and Credit Risk

The University investment pool is invested in demand deposits, time certificates of deposit, and the Washington State Local Government Investment Pool (LGIP). The University manages exposure to fair value losses by employing a “laddered maturity”

strategy, in which investments mature at varying times throughout the year. In accordance with the University's Investment Policy, no investment maturity exceeds five years. The weighted average maturity of the University investment pool at June 30, 2005 is 8.5 months. Demand deposits and time certificates of deposit are partially insured through the Federal Deposit Insurance Corporation (FDIC) and further collateralized by assets held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The University pooled investment with the LGIP is invested in high-quality, short-term investments. All investments are required to be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. Investments are restricted to securities that mature in 397 days or less, and the portfolio maintains a weighted average maturity of 90 days or less.

Note 3. Capital Assets

The following are changes in capital assets for the year ended June 30, 2005:

	Beginning Balance		Transfers	Ending Balance
	June 30, 2004	Additions		June 30, 2005
Pay-Box Stations	\$135,717	\$	\$	\$135,717
Vehicles and Equipment	139,370	27,760		167,130
Leasehold Improvements		279,490	70,685	350,175
Construction in Progress:				
Lincoln Creek	70,635	11,980	(70,685)	11,930
Total Capital Assets	345,722	319,230	0	664,952
Accumulated Depreciation	(181,350)	(41,677)		(223,027)
Accumulated Amortization		(80,917)		(80,917)
Total Depreciation/ Amortization	(181,350)	(122,594)		(303,944)
Net Capital Assets	\$164,372	\$196,636	\$	\$361,008

The following are changes in capital assets for the year ended June 30, 2004:

	Beginning Balance		Transfers	Ending Balance
	June 30, 2003	Additions		June 30, 2004
Pay-Box Stations	\$135,717	\$	\$	\$135,717
Vehicles and Equipment	124,324	15,046		139,370
Construction in Progress:				
Lincoln Creek		70,635		70,635
Total Capital Assets	260,041	85,681		345,722
Accumulated Depreciation	(143,135)	(38,215)		(181,350)
Net Capital Assets	\$116,906	\$47,466	\$	\$164,372

Note 4. Capital Leases

Parking and Transportation Services has a lease agreement with the State of Washington for pay-box stations. The lease requires semi-annual payments of \$15,160 each, inclusive of interest at 4.78%. The final payment is due December 1, 2006.

Principal and interest payments due for the fiscal year ended June 30:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$28,583	\$ 1,737	\$30,320
2007	14,805	354	15,159
	<u>\$43,388</u>	<u>\$ 2,091</u>	<u>\$45,479</u>

Note 5. Pension Plan

As employees of the University, full-time Parking and Transportation Services employees are participants in the State of Washington Public Employees' Retirement System ("PERS") and the Western Washington University Retirement Plan ("WWURP"). PERS is a defined benefit pension plan. WWURP is a defined contribution plan. Under these plans, the employee and employer contribute a percentage of the employee's compensation. Parking and Transportation Services contributed approximately \$10,500 and \$10,900 to these plans in 2004 and 2005, respectively. An actuarial valuation of the PERS plan for Parking and Transportation Services as an entity is not available.

Note 6. Lincoln Creek Transportation Center

The University entered into a three year lease-purchase agreement on October 20, 2003, for land to be used as a park-and-ride. Lease payments for three years total \$516,000. Lease payments of \$60,000 may be applied against the purchase price of \$2,650,000. As of June 30, 2005, \$60,000 of lease payments are identified as deposits toward the purchase price. The first phase of the project, including site preparation and initial development, was completed in the fall of 2004 with a cost of \$350,175. In December 2004, the Federal Transit Administration earmarked \$1,943,557 for Lincoln Creek Transportation Center. Management is pursuing options to complete financing for the site acquisition and to further develop the property.

Note 7. Total Net Assets

Parking and Transportation Services uses funds to delineate use of resources. The following are the fund balances for the years ended June 30:

	<u>2005</u>	<u>2004</u>
Operating and Pay Box	\$ 42,799	\$ 46,157
Alternative Transportation	(9,265)	59,733
Equipment/Improvements Reserve	60,775	41,997
Structure Reserve	595,968	971,549
Investment in Plant	317,619	93,720
Accruals	(37,968)	6,131
Total Net Assets	<u>\$ 969,928</u>	<u>\$1,219,287</u>

Note 8. Subsequent Event

In September 2005, the Federal Transit Administration awarded \$1,267,871 (of the \$1,943,557 total earmarked) for environmental assessment, project administration and pre-design of the Lincoln Creek Transportation Center site.