



Western Washington University
Parking and Transportation Services
Financial Statements
June 30, 2007 and 2006

Table of Contents

Management’s Discussion and Analysis	1-4
Independent Auditors’ Report	5-6
Financial Statements	
Statements of Net Assets	7
Statements of Revenues, Expenses, and Changes in Net Assets	8
Statements of Cash Flows	9
Notes to the Financial Statements	10-15
Supplemental Information	
Schedule of Reserve Balances	17

Overview of the Financial Statements and Financial Analysis

The following discussion and analysis provides an overview of the financial activities and financial position of Parking and Transportation Services for the years ended June 30, 2007 and 2006. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes.

Discussion of Financial Activity

Parking and Transportation Services facilitates access to Western Washington University (the University) for over 15,000 students, faculty, staff, vendors and guests with a parking space inventory of approximately 3,400 spaces. To facilitate maintenance of parking lots, one new position was hired during the 2006 fiscal year to repair lots and monitor signage and lighting.

Campus Shuttle

The Campus Shuttle provided transportation to the University locations for students, faculty, staff, and guests. The program was funded in fiscal year 2006 from one-time revenue sources provided to Parking and Transportation Services. The rider ship resulted in approximately 200,048 boardings during the 2006 academic year. The program was discontinued in fiscal year 2007 until permanent funding sources are obtained.

Viking Express Bus Passes

Parking and Transportation Services provided \$46,550 to subsidize employee bus passes in the 2007 fiscal year versus \$183,365 in fiscal 2005. The contract with Whatcom Transportation Authority was renegotiated for fiscal 2007 resulting in the University not paying for specific routes and only absorbing the subsidy to provide bus passes for employees at \$20 per quarter and \$50 per academic year.

Lincoln Creek Transportation Center (LCTC)

The LCTC project plans to redevelop the existing 7.8 acres along the I-5 corridor for public transportation-related improvements, including a park and ride site to serve Whatcom County and the Bellingham community. The development will include facilities for transit pick-up and drop-off, shuttle service within the community, and parking for approximately 1,000 vehicles.

The project 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. LCTC encourages alternative modes of transportation including carpooling and bicycling, and provides incentives to reduce use of single occupancy vehicles.

This site also provides an educational opportunity in stream restoration and field studies for the students of Western's Huxley College of the Environment. The project is utilizing faculty expertise and student involvement.

Future Focus

In fiscal year 2006, the students led an initiative for a mandatory student alternative transportation fee of no more than \$25 per quarter for Western students taking six or more credits beginning in September 2007.

The University Board of Trustees approved this initiative in June 2007. The fee provides funding for a Student Viking Express bus pass to all Western students taking six or more credits, a late night student shuttle service, a part-time student alternative transportation coordinator, and a full-time administrative assistant to coordinate the program.

Presentation of the Financial Statements

Parking and Transportation Services' financial reports include the Statements of Net Assets, the Statements of Revenue, Expenses, and Changes in Net Assets, and the Statements of Cash Flows.

The statements are formatted following the guidelines of the Governmental Accounting Standard Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. Parking and Transportation Services financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Fines revenues are recognized when collected.

Financial Highlights
Condensed View of the Statements of Net Assets (Balance Sheet)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Current assets	\$1,235,087	\$ 1,021,717	\$ 930,463
Noncurrent assets	-	60,000	60,000
Capital assets	<u>2,996,418</u>	<u>241,988</u>	<u>361,008</u>
Total assets	4,231,505	1,323,705	1,351,471
Liabilities			
Current liabilities	443,579	387,455	366,738
Noncurrent liabilities	<u>2,496,557</u>	-	<u>14,806</u>
Total liabilities	2,940,136	387,455	381,544
Net Assets			
Invested in capital assets, net	404,861	227,182	317,620
Unrestricted	<u>886,508</u>	<u>709,068</u>	<u>652,308</u>
Total net assets	<u>\$ 1,291,369</u>	<u>\$ 936,250</u>	<u>\$ 969,928</u>

Analysis of Fiscal 2007 Changes:

Total current assets (cash, receivables, and pre-paid expenses) increased \$213,370 over fiscal 2006 primarily due to decreases in costs for the Viking Express bus pass program and the discontinuance of the Campus Shuttle program.

Capital assets increased \$2,754,430 over fiscal year 2006 as a result of the LCTC land purchase and related improvements.

Total liabilities increased \$2,552,681 over fiscal year 2006 due to the issuance of State of Washington Certificates of Participation to finance the purchase of the LCTC land. The debt will be repaid to the Washington State Treasurer over the next 20 years.

Total net assets increased \$355,119 over fiscal year 2006. Unrestricted net assets increased \$177,440 due to reduced expenses and Invested in capital assets increased \$177,679 due to the purchase of the LCTC land.

Unaudited – See Accompanying Auditors' Report

Analysis of Fiscal 2006 Changes:

Total current assets (cash, receivables, and pre-paid expenses) increased \$91,254, primarily from new Federal Transit Administration grant funding for the Lincoln Creek Transportation Center (LCTC). Capital assets decreased a net \$119,020 during 2006 primarily due to the increased amortization of the leasehold improvements at the Lincoln Creek Transportation Center.

Total liabilities increased \$5,912, primarily from additional costs associated with the Lincoln Creek Transportation Center. Non current liabilities have been reduced by \$14,806 in anticipation of the final payment on the note in 2007.

Total net assets decreased \$33,678 over the prior year. Unrestricted net assets increased \$56,759 due to improved operating results and Invested in Capital Assets decreased due to depreciation expense.

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues	\$1,731,923	\$ 2,285,338	\$ 1,618,288
Operating expenses	<u>(1,559,031)</u>	<u>(2,375,309)</u>	<u>(1,924,026)</u>
Income (loss) from operations	172,892	(89,971)	(305,738)
Nonoperating revenues	59,605	57,898	59,383
Nonoperating expenses	<u>(90,882)</u>	<u>(1,605)</u>	<u>(3,004)</u>
Income (loss) from operating and non-operating activities	141,615	(33,678)	(249,359)
Capital grant revenue	213,504	-	-
Net assets, beginning of year	936,250	969,928	1,219,287
Net assets, end of year	<u>\$ 1,291,369</u>	<u>\$ 936,250</u>	<u>\$ 969,928</u>

Analysis of Fiscal 2007 Changes:

Compared to fiscal year 2006, parking permit revenue decreased \$21,000 due to fewer event parking permits sold, parking fines increased \$56,000 as a result of a 15% increase of all fines, while other parking revenue increased \$17,000 as permit service fees, event tent and lot rentals increased.

University funding to support the Campus Shuttle program decreased by approximately \$153,000 as the program was discontinued during fiscal 2007.

Operating expenses decreased \$816,278 over fiscal year 2006 mainly due to the completion of the environmental assessment at the LCTC and the discontinued Campus Shuttle program.

Non operating revenues decreased as the amount received from federal funding for LCTC was less due to a reduction in spending during the fiscal year. These funds are received on a reimbursement basis only.

Interest expense increased over the prior year from the issuance of new debt to purchase the LCTC land.

Analysis of Fiscal 2006 Changes:

Parking revenues generated from permits increased 18% or \$164,577 as core parking lot rates were raised 22% and peripheral/remote lot rates increased 16%. Fine revenues decreased by \$100,944 or 23.3% from 2005 as fewer parking tickets were written during the year. During fiscal 2006, Parking and Transportation Services discontinued recording unpaid fines in accordance with accounting guidelines.

Additional revenue was generated from supporting alternative transportation options, including \$400,330 federal grant funding in support of LCTC, \$149,687 for the Daytime Campus Shuttle program, \$14,438 new commission revenue for Viking Express bus pass sales and \$44,000 from the Cold Beverage Fund for new bike shelters.

Operating expenses increased \$451,283 primarily as the result of increased costs related to the LCTC project.



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Independent Auditors' Report

The Board of Trustees
Western Washington University:

We have audited the accompanying statements of net assets of Western Washington University Parking and Transportation Services (Parking Services) as of June 30, 2007 and 2006, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the management of Parking Services. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 Parking Service's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Parking Services are intended to present the net assets, results of operations, and cash flows of only that portion of the activities of Western Washington University that is attributable to the transactions of Parking Services. They do not purport to, and do not, present fairly the financial position of Western Washington University, as of June 30, 2007 and 2006, the results of operations or changes in net assets, or its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parking Services as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 4 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits for the years ended June 30, 2007 and 2006 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on page 17 for the years ended June 30, 2007 and 2006, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole for the years ended June 30, 2007 and 2006. We did not audit the information for 2005 and express no opinion on it.

KPMG LLP

September 28, 2007

PARKING & TRANSPORTATION SERVICES
STATEMENTS OF NET ASSETS
June 30, 2007 and 2006

Assets	<u>2007</u>	<u>2006</u>
Current assets		
Cash and cash equivalents	\$ 267,062	\$ 177,887
Investments	892,566	653,359
Accounts receivable	283	2,294
Grant receivables	69,551	182,765
Prepaid expenses	5,625	5,412
Total current assets	<u>1,235,087</u>	<u>1,021,717</u>
Noncurrent assets		
Capital assets, net	2,996,418	241,988
Deposit	-	60,000
Total noncurrent assets	<u>2,996,418</u>	<u>301,988</u>
Total assets	<u>4,231,505</u>	<u>1,323,705</u>
Liabilities		
Current liabilities		
Accounts payable	165,295	193,966
Accrued wages and benefits	85,654	80,526
Current portion of long term debt	95,000	14,806
Deferred revenue	97,630	98,157
Total current liabilities	<u>443,579</u>	<u>387,455</u>
Noncurrent liabilities		
Long term debt, less current portion	<u>2,496,557</u>	<u>-</u>
Total liabilities	<u>2,940,136</u>	<u>387,455</u>
Net Assets		
Invested in capital assets, net of related debt	404,861	227,182
Unrestricted	886,508	709,068
Total net assets	<u>\$ 1,291,369</u>	<u>\$ 936,250</u>

***PARKING & TRANSPORTATION SERVICES
 STATEMENTS OF REVENUES, EXPENDITURES, AND
 CHANGES IN NET ASSETS***

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Parking permits	\$ 1,064,788	\$ 1,085,581
Parking meters and pay-box stations	186,433	189,634
Parking fines	386,839	330,947
Grant revenues	-	400,330
Other revenues	72,958	55,433
Services funded by WWU	20,905	223,413
Total operating revenues	<u>1,731,923</u>	<u>2,285,338</u>
Operating Expenses		
Salaries and benefits	994,043	972,733
Lincoln Creek environmental assessment	-	400,330
Lincoln Creek Transportation Center	64,821	231,420
Viking Xpress Bus Pass	46,934	183,865
Contribution to visitor center relocation	22,000	-
Depreciation/amortization	143,271	160,296
Campus shuttle	-	153,694
Contract services	52,109	75,033
Repairs and maintenance	66,948	45,765
City contracts	33,500	27,455
Printing and supplies	38,965	31,423
Rent and utilities	25,054	23,811
Equipment	3,371	7,681
Other expenses	68,015	61,803
Total operating expenses	<u>1,559,031</u>	<u>2,375,309</u>
Operating income (loss)	<u>172,892</u>	<u>(89,971)</u>
Nonoperating Revenues (Expenses)		
Contribution for building rent and utilities	25,054	23,811
Interest income	34,551	34,087
Loss on impaired asset	(11,930)	-
Interest on indebtedness	(77,395)	(1,605)
Amortization of bond issuance costs	(1,557)	-
Income (loss) from operating and non-operating activities	141,615	(33,678)
Capital Grant Revenue	<u>213,504</u>	<u>-</u>
Increase (Decrease) in Net Assets	355,119	(33,678)
Total Net Assets, Beginning of Year	<u>936,250</u>	<u>969,928</u>
Total Net Assets, End of Year	<u>\$ 1,291,369</u>	<u>\$ 936,250</u>

PARKING & TRANSPORTATION SERVICES
STATEMENTS OF CASH FLOWS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Cash received from students, employees and visitors	\$ 1,712,502	\$ 1,719,490
Cash received from the Federal Transportation Authority	-	217,711
Cash received from the University	20,905	223,413
Payments to employees	(988,915)	(968,723)
Payments to suppliers	(425,547)	(1,190,086)
Net cash provided (used) in operating activities	<u>318,945</u>	<u>1,805</u>
Cash Flows from Investing Activities		
Interest income received	34,551	34,087
Sales (purchases) of investments	(239,208)	75,635
Net cash (used) provided by investing activities	<u>(204,657)</u>	<u>109,722</u>
Cash Flows from Capital and Related Financing Activities		
Funds received from the Federal Transportation Authority	326,718	-
Payments on note payable	(14,806)	(28,582)
Purchase of capital assets	(2,849,630)	(41,276)
Proceeds from issuance of note payable	2,590,000	-
Interest paid on indebtedness	(77,395)	(1,605)
Net cash used in capital and related financing activities	<u>(25,113)</u>	<u>(71,463)</u>
Net increase in cash and cash equivalents	89,175	40,064
Cash and cash equivalents, beginning of year	<u>177,887</u>	<u>137,823</u>
Cash and cash equivalents, end of year	<u>\$ 267,062</u>	<u>\$ 177,887</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating		
Operating income (loss)	\$ 172,892	\$ (89,971)
Adjustments to reconcile operating Income (loss) to net cash flows from operating activities		
Depreciation/amortization	143,271	160,296
Contributed building rent and utilities	25,054	23,811
Net changes in assets and liabilities		
Receivables	2,011	(121,413)
Prepays	(213)	(5,412)
Accounts payable	(28,671)	33,795
Accrued wages and benefits	5,128	4,010
Deferred revenue	(527)	(3,311)
Net cash provided (used) in operating activities	<u>\$ 318,945</u>	<u>\$ 1,805</u>

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Organization**

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

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.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by the Governmental Accounting Standards Board (GASB). These statements are special purpose reports reflecting the net assets, results of operations and cash flows of Parking and Transportation Services. 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.

Basis of Accounting

The financial statements of Parking and Transportation Services have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Parking and Transportation Services has elected not to apply any FASB pronouncements issued after November 30, 1989.

Cash, Cash Equivalents and Investments

The University records all cash and cash equivalents at amortized cost, which approximates fair value. Investments held by WWU are recorded at fair value.

Receivables**Accounts Receivable**

Accounts receivable are unsecured, recorded at the net balance, and are due from students and employees. Outstanding receivables at June 30, 2007 resulted from summer bus pass sales to employees and students on payroll deduction. The next payroll deduction occurred on July 10th, paying the outstanding receivable.

Grant Receivable

Grants receivable at June 30, 2007, are amounts due from the Federal Transit Administration per the grant received. Receivable and revenues on cost reimbursement grants are recorded when the eligibility requirements have been met. This occurs when expenditures related to the project have been incurred.

Capital Assets

Land, 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, 5 to 7 years for vehicles, pay-box stations, and equipment.

Costs to improve the property at the Lincoln Creek Transportation Center are classified as improvements other than buildings 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 revenues are recognized during the period to which the permits relate. Grant revenues are recognized when the related expenditures are incurred. Citation and pay-box revenues are recognized when earned. Fines revenues are recognized when collected.

Net Assets

Parking and Transportation Services net assets are classified as follows:

Invested in capital assets, net of related debt. This represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets.

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

Classification of Revenue, Expenses and Transfers

Operating revenue includes 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.

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

Administrative Assessment

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 these financial statements.

Tax Exemption

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 U.S. generally accepted accounting principles 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.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

To maximize investment income, WWU combines funds from all departments into an external investment pool. Parking and Transportation Services records their percentage of cash, cash equivalents, and investments in the same relation as the WWU investment pool itself. Investment income is allocated to Parking and Transportation Services in proportion to its average balance in the investment pool.

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).

	2007	Weighted Average Maturity	2006	Weighted Average Maturity
Cash and cash equivalents				
WWU Investment Pool	\$267,062	4.1 months	\$177,887	5.2 months
Investments				
WWU Investment Pool	\$892,566	4.1 months	653,359	5.2 months

WWU 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 WWU's Investment Policy, no investment maturity exceeds five years.

The WWU 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. LINCOLN CREEK TRANSPORTATION CENTER

The University entered into a three year lease-purchase agreement on October 20, 2003, for land 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. At June 30, 2006, \$60,000 of lease payments are identified as deposits toward the purchase price.

On October 26, 2006, management finalized an agreement to purchase the Lincoln Creek property for \$2,650,000 less \$60,000 of prior lease payments credited to the purchase price. The University entered into an agreement with the Washington State Treasurer's Office to sell Certificates of Participation to finance the land purchase.

In December 2004, the Federal Transit Administration (FTA) designated \$1,943,557 in grant funding for improvements of the Lincoln Creek Transportation Center. During fiscal 2006, \$400,330 of FTA grants funds were spent on environmental assessment, project administration and pre-design costs. These costs were included as operating expenses.

Phase 2 of the project includes environmental mitigation of the stream located at the north end of the property to meet federal and state requirements. During fiscal 2007, \$213,504 of FTA grant funds were spent on the project and capitalized as land costs.

NOTE 4. CAPITAL ASSETS

The following are changes in capital assets for the year ended June 30, 2007 and 2006:

	Beginning Balance			Ending Balance
	06/30/06	Additions	Retirements	06/30/07
Land	\$ -	\$ 2,881,452		\$ 2,881,452
Pay-Box Stations	135,717	-	-	135,717
Vehicles and Equipment	155,686	28,179		183,865
Improvements other than building	350,175	-	-	350,175
Construction in Progress				
Lincoln Creek	11,930	-	(11,930)	-
	<u>653,508</u>	<u>2,909,631</u>	<u>(11,930)</u>	<u>3,551,209</u>
Accumulated Depreciation	(213,958)	(26,306)		(240,264)
Accumulated Amortization	(197,562)	(116,965)	-	(314,527)
Total Depreciation/ Amortization	<u>(411,520)</u>	<u>(143,271)</u>	<u>-</u>	<u>(554,791)</u>
Net Capital Assets	<u>\$ 241,988</u>	<u>\$ 2,766,360</u>	<u>\$ -</u>	<u>\$ 2,996,418</u>

	Beginning Balance			Ending Balance
	06/30/05	Additions	Transfers	06/30/06
Pay-Box Stations	\$ 135,717	\$ -	\$ -	\$ 135,717
Vehicles and Equipment	167,130	41,276	(52,720)	155,686
Leasehold Improvements	350,175	-		350,175
Construction in Progress				
Lincoln Creek	11,930	-		11,930
	<u>664,952</u>	<u>41,276</u>	<u>(52,720)</u>	<u>653,508</u>
Accumulated Depreciation	(223,027)	(43,651)	52,720	(213,958)
Accumulated Amortization	(80,917)	(116,645)	-	(197,562)
Total Depreciation/ Amortization	<u>(303,944)</u>	<u>(160,296)</u>	<u>52,720</u>	<u>(411,520)</u>
Net Capital Assets	<u>\$ 361,008</u>	<u>\$ (119,020)</u>	<u>\$ -</u>	<u>\$ 241,988</u>

The \$11,930 in Construction in Progress on the 2006 financial statements was written off during fiscal 2007. The expenditures were for preliminary design of a parking garage and were incurred in fiscal 2004. While the design concepts will still be followed, revised plans will need to be prepared. The system still intends to go forward with the project in the future when federal grant funds become available.

NOTE 5. NOTE PAYABLE

Parking and Transportation Services had a lease agreement with the State of Washington for pay-box stations. The lease required semi-annual payments of \$15,160 each, inclusive of interest at 4.78%. The final payment was made on December 1, 2006 consisting of principal of \$14,806 and interest of \$354.

NOTE 6. LONG TERM DEBT

Parking and Transportation Services financed the purchase of the Lincoln Creek property through certificates of participation issued by the Washington State Treasurer at an interest rate of 4.421%. The long term debt has a carrying value of \$2,591,557 at June 30, 2007, which is reported net of the unamortized debt issuance costs of \$43,443. Parking and Transportation's debt service requirements for this agreement for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 95,000	\$ 107,243
2009	90,000	103,901
2010	95,000	100,513
2011	100,000	96,755
2012	105,000	92,655
2013-2017	575,000	397,275
2018-2022	705,000	268,238
2023-2026	870,000	100,194
Total	<u>\$ 2,635,000</u>	<u>\$ 1,266,774</u>

Following are the changes in long-term liabilities for the year ended June 30, 2007:

<u>Long Term Debt</u>	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Debt Issuance Costs</u>	<u>Amortization of Debt Issuance Costs</u>	<u>Balance June 30, 2007</u>	<u>Current Portion</u>
Certificate of Participation	\$ -	2,635,000	(45,000)	1,557	\$ 2,591,557	\$95,000

NOTE 7. 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).

WWU contributes to PERS, a cost sharing multiple-employer defined benefit pension plan administered by the State of Washington Retirement System.

PERS I provides retirement and disability benefits, and minimum benefit increases beginning at age 66 to

NOTES TO THE FINANCIAL STATEMENTS***June 30, 2007 and 2006***

eligible non-academic plan members hired prior to October 1, 1977. PERS II and III provide retirement and disability benefits, and a cost-of-living allowance to non-academic plan members hired on or after October 1,

1977. In addition, PERS III has a defined contribution component, which is fully funded by employee contributions. PERS defined benefit plan benefits are vested after an employee completes five years of service.

The Washington State Legislature establishes or amends benefit provision for PERS. Additional information concerning plan descriptions and benefit provisions is included in a Comprehensive Annual Financial Report publicly available for the Washington State Department of Retirement System, P.O. Box 48380, Olympia, WA 98504.

WWURP is a defined contribution pension plan with a supplemental payment, when required. The plan covers faculty, professional staff, and certain other employees. It is administered by WWU. The University's Board of Trustees is authorized to establish and amend benefit provision.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have a 100% vested interest in their contributions at all times.

The supplemental payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. WWU makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

Employee contribution rates, which are based on age, range from 5% to 10% of salary. WWU matches the contributions. All required employer and employee contributions have been made.

Parking and Transportation Services contributed approximately \$30,000 and \$18,200 to these plans in 2007 and 2006, respectively. An actuarial valuation of the PERS plan for Parking and Transportation Services as a stand alone entity is not available.

SUPPLEMENTAL INFORMATION

SCHEDULE OF FUND BALANCES
 Years ended June 30, 2007, 2006, and 2005

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating and Pay Box	\$ 51,893	\$ 70,870	\$ 42,799
Alternative Transportation	48,344	50,648	(9,265)
Equipment/Improvements Reserve	56,398	62,393	60,775
Structure Reserve	876,353	617,902	595,968
Investment in Plant	404,861	227,182	317,619
Retirement of Debt	(54,476)	-	-
Accruals	(92,054)	(92,745)	(37,968)
Total Net Assets	<u>\$ 1,291,319</u>	<u>\$ 936,250</u>	<u>\$ 969,928</u>

Alternative Transportation

Fiscal years 2007 and 2006 fund balances include \$44,000 from the Cold Beverage fund for new bike shelters. The shelters are planned to be completed in fiscal year 2008.