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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, 2008, 2007, and 2006. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and accompanying 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.

Viking Express Bus Passes

To further the University's commitment to sustainability, \$59,989 was spent in 2008 on faculty and staff bus passes. Fiscal 2008 marked the first year of the student initiated mandatory student transportation fee where students fund the cost of student transportation including student bus passes. In 2007 and 2006 the University spent \$46,934 and \$183,365 respectively for faculty, staff and student bus passes. During these two years the costs decreased resulting from contract negotiations with the transportation service provider.

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 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.

The project is primarily funded with Federal Transportation Authority (FTA) funds. During fiscal 2008, the focus was directed toward stream restoration in compliance with the requirements from the FTA and the Environmental Protection Agency.

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.

Statements of Net Assets

The Statements of Net Assets present the financial condition of Parking and Transportation Services at the end of the fiscal year and report all assets and liabilities.

The amounts in these statements represent the assets available to continue the operations of Parking and Transportation Services and also identify how much it owed to vendors. The difference between total assets and total liabilities, net assets, is one indicator of the current financial condition of Parking and Transportation Services. The change in net assets measures whether the overall financial condition has improved or deteriorated during the fiscal year.

Below is a condensed view of the Statements of Net Assets as of June 30, 2008, 2007, and 2006:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets			
Current assets	\$1,286,343	\$1,235,087	\$ 1,021,717
Noncurrent assets	-	-	60,000
Capital assets	<u>3,554,468</u>	<u>2,996,418</u>	<u>241,988</u>
Total assets	4,840,811	4,231,505	1,323,705
Liabilities			
Current liabilities	305,332	443,579	387,455
Noncurrent liabilities	<u>2,410,235</u>	<u>2,496,557</u>	<u>-</u>
Total liabilities	2,715,567	2,940,136	387,455
Net Assets			
Invested in capital assets, net	1,054,233	404,861	227,182
Unrestricted	<u>1,071,011</u>	<u>886,508</u>	<u>709,068</u>
Total net assets	<u>\$ 2,125,244</u>	<u>\$ 1,291,369</u>	<u>\$ 936,250</u>

Total current assets increased slightly, \$51,256, over 2007. The increase of \$213,370 between fiscal 2007 and 2006 was primarily due to decreases in costs for the Viking Express bus pass program and the discontinuance of the Campus Shuttle program, which increased cash held by Parking.

Capital assets increased \$558,050 over 2007 resulting from the capitalization of \$621,771 in land improvements for stream mitigation at LCTC and the related depreciation. The increase of \$2,754,430 between fiscal 2007 and 2006 is a result of the capitalization of the LCTC land purchase and related improvements.

Current liabilities decreased from 2007 as the accounts payable balance was lowered due to increased timely payments to vendors. Noncurrent liabilities decreased from 2007 due to a principal payment and amortization of debt issuance costs recorded in 2008. Total liabilities increased \$2,552,681 during 2007 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 \$833,875 over fiscal 2007 primarily due to the receipt of FTA grant revenue of \$583,139 and the reduction in operating expenses as explained in the following section. Net investment in capital assets increased as a result of the additional land improvements recorded in 2008. Total net assets

increased \$355,119 between 2006 and 2007. 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.

Statements of Revenues, Expenses and Changes in Net Assets

The changes in total net assets, as presented on the Statements of Net Assets, are detailed in the activity presented in the Statements of Revenues, Expenses, and Changes in Net Assets. The statements present Parking and Transportation Services' results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating, non-operating, or other.

In general, operating revenues are those received for providing goods and services to the customers of Parking and Transportation Services, primarily permit sales to staff, faculty, and students. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues.

Non-operating revenues are monies received for which goods and services are not provided. Under GASB reporting principles, investment income is classified as non-operating revenue.

Following is a condensed version of the Statements of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended June 30, 2008, 2007, and 2006:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenues	\$1,745,765	\$1,731,923	\$ 2,285,338
Operating expenses	<u>(1,457,789)</u>	<u>(1,559,031)</u>	<u>(2,375,309)</u>
Income (loss) from operations	287,976	172,892	(89,971)
Nonoperating revenues	73,396	59,605	57,898
Nonoperating expenses	<u>(110,636)</u>	<u>(90,882)</u>	<u>(1,605)</u>
Income (loss) from operating and non-operating activities	250,736	141,615	(33,678)
Capital grant revenue	<u>583,139</u>	<u>213,504</u>	<u>-</u>
Net assets, beginning of year	1,291,369	936,250	969,928
Net assets, end of year	<u>\$ 2,125,244</u>	<u>\$ 1,291,369</u>	<u>\$ 936,250</u>

Parking and Transportation Services' largest source of revenue is parking permit revenue. Permits are required for all parties parking on campus property. Permit revenues for 2008 were \$1,090,677 compared to \$1,064,788 in 2007. The increase is a result of additional event permits sold during the current fiscal year. Compared to fiscal 2006, permit revenue in 2007 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.

Parking meter and pay box revenues decreased slightly, \$7,466 from 2007 activity due to a reduction in meter spaces throughout campus after monitoring parking meter usage. This revenue decreased \$3,207 between fiscal 2006 and 2007.

Parking fines increased slightly during fiscal 2008 and impound fees doubled. Additional collection measures

were implemented to increase collections including holding transcripts for students with outstanding parking tickets. These measures increased revenue to \$434,273 in 2008 from \$386,839 in 2007. This same revenue source increased slightly in 2007 from 2006, from \$380,614 to \$386,839.

Other revenues decreased to \$39,256 in 2008 from \$72,958 in 2007 resulting from a reduction in commission revenues on the sale of student bus passes and other internal service fees. Other revenues increased \$19,421 between fiscal 2007 and 2006.

Services funded by WWU revenue decreased during fiscal 2008 due to the termination of the state funding allocation in support of a half-time position in the Visitor Center. The revenue was \$2,592 in 2008 and \$20,905 in 2007. A large decrease in revenue, \$202,508, occurred between fiscal 2007 and 2006 as funding for the Campus Shuttle was discontinued during 2007.

Salaries and benefits expense increased to \$1,070,505 from \$994,043 between 2008 and 2007 due to full staffing and increases in salaries and related employee benefits and taxes. The salary and wage expense for 2006 was \$972,737.

The remaining operating expenses decreased \$177,704 between fiscal 2008 and 2007. The major decrease is attributed to a reduction in depreciation expense of \$86,500 between 2008 and 2007 as the Lincoln Creek improvements were fully depreciated in 2008. Contract services expense decreased \$26,550 in 2008 from 2007 as the consulting services previously utilized were deemed no longer necessary. The purchase of equipment for parking lot maintenance eliminated the need for rental of machinery and saved over \$22,000 in repairs expense over fiscal 2007.

The administrative assessment fee increased in 2008 by \$17,342 over 2007 resulting from a university wide reevaluation.

Operating expenses decreased \$816,278 between fiscals 2007 and 2006 mainly due to the completion of the environmental assessment at the LCTC and the discontinued Campus Shuttle program.



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, 2008 and 2007, 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 Parking Services' management. 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 Services' 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 financial position, the changes in financial position, 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, 2008 and 2007, the changes in its financial position, 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, 2008 and 2007, 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 consist 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 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on page 16 for the years ended June 30, 2008 and 2007 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

PARKING & TRANSPORTATION SERVICES
INDEPENDENT AUDITORS' REPORT

June 30, 2008 and 2007



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.

KPMG LLP

Seattle, Washington
September 18, 2008

PARKING & TRANSPORTATION SERVICES
STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

Assets	2008	2007
Current assets		
Cash and cash equivalents (Note 2)	\$ 155,580	\$ 267,062
Investments (Note 2)	1,113,423	892,566
Accounts receivable	285	283
Other receivables	-	69,551
Prepaid expenses	17,055	5,625
Total current assets	<u>1,286,343</u>	<u>1,235,087</u>
Noncurrent assets		
Capital assets, net (Note 5)	<u>3,554,468</u>	<u>2,996,418</u>
Total noncurrent assets	<u>3,554,468</u>	<u>2,996,418</u>
Total assets	<u>4,840,811</u>	<u>4,231,505</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	26,584	165,295
Accrued salaries and benefits	98,402	85,654
Current portion of long term debt (Note 4)	90,000	95,000
Deferred revenue	90,346	97,630
Total current liabilities	<u>305,332</u>	<u>443,579</u>
Noncurrent liabilities		
Note payable, less current portion	<u>2,410,235</u>	<u>2,496,557</u>
Total liabilities	<u>2,715,567</u>	<u>2,940,136</u>
Net Assets		
Invested in capital assets, net of related debt	1,054,233	404,861
Unrestricted	1,071,011	886,508
Total net assets	<u>\$ 2,125,244</u>	<u>\$ 1,291,369</u>

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

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Parking permits	\$ 1,090,677	\$ 1,064,788
Parking meters and pay-box stations	178,967	186,433
Parking fines	434,273	386,839
Other revenues	39,256	72,958
Services funded by WWU	2,592	20,905
Total operating revenues	<u>1,745,765</u>	<u>1,731,923</u>
 Operating Expenses		
Salaries and benefits	1,070,505	994,043
Viking Express bus pass	59,989	46,934
Lincoln Creek Transportation Center	483	64,821
Contributions to WWU	44,000	22,000
City contracts	34,875	33,500
Contract services	25,559	52,109
Repairs and maintenance	27,754	66,948
Printing and supplies	31,316	38,965
Equipment	2,947	3,371
Telephone service	16,125	13,802
Bank fees	18,319	16,842
Administrative assessment	27,186	9,844
Other Expenses	17,598	27,527
Rent and utilities	24,362	25,054
Depreciation and amortization	56,771	143,271
Total operating expenses	<u>1,457,789</u>	<u>1,559,031</u>
 Operating income	287,976	172,892
 Nonoperating Revenues (expenses)		
Contribution for building rent and utilities	24,362	25,054
Interest income	49,034	34,551
Loss on impaired assets	-	(11,930)
Interest on indebtedness	(106,958)	(77,395)
Amortization of bond issuance costs	(3,678)	(1,557)
Total nonoperating expenses	<u>(37,240)</u>	<u>(31,277)</u>
 Income from operating and nonoperating activities	250,736	141,615
 Capital Grant revenue	<u>583,139</u>	<u>213,504</u>
 Increase in net assets	833,875	355,119
 Total net assets, beginning of year	<u>1,291,369</u>	<u>936,250</u>
 Total net assets, end of year	<u>\$ 2,125,244</u>	<u>\$ 1,291,369</u>

PARKING & TRANSPORTATION SERVICES
STATEMENTS OF CASH FLOWS
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Cash received from students, employees and visitors	\$ 1,735,887	\$ 1,712,502
Cash received from the university	2,592	20,905
Cash paid to employees	(1,057,757)	(988,915)
Cash paid to suppliers	(456,292)	(425,547)
Net cash provided by operating activities	<u>224,430</u>	<u>318,945</u>
Cash flows from investing activities		
Interest income received	49,034	34,551
Purchases of investments	(220,857)	(239,208)
Net cash used in investing activities	<u>(171,823)</u>	<u>(204,657)</u>
Cash flows from capital and related financing activities		
Grant revenue	652,690	326,718
Payments on note payable	(95,000)	(14,806)
Purchase of capital assets	(614,821)	(2,849,630)
Proceeds from issuance of long term debt	-	2,590,000
Interest paid on indebtedness	(106,958)	(77,395)
Net cash used in capital and related financing activities	<u>(164,089)</u>	<u>(25,113)</u>
Net (decrease) increase in cash and cash equivalents	(111,482)	89,175
Cash and cash equivalents, beginning of year	<u>267,062</u>	<u>177,887</u>
Cash and cash equivalents, end of year	<u>\$ 155,580</u>	<u>\$ 267,062</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 287,976	\$ 172,892
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation and amortization	56,771	143,271
Contributed building rent and utilities	24,362	25,054
Net changes in assets and liabilities		
Receivables	(2)	2,011
Prepaid	(11,430)	(213)
Accounts payable and accrued liabilities	(138,711)	(28,671)
Accrued salaries and benefits	12,748	5,128
Deferred revenue	(7,284)	(527)
Net cash provided by operating activities	<u>\$ 224,430</u>	<u>\$ 318,945</u>

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESOrganization

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.

Accounts Receivable

Accounts receivable are unsecured, recorded at the net balance, and are due from students and employees. Outstanding receivables at June 30, 2008 and 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, 2008 and 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.

***PARKING AND TRANSPORTATION SERVICES
NOTES TO THE FINANCIAL STATEMENTS******June 30, 2008 and 2007***

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 ending June 30, 2008.

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. The amounts paid were \$27,186 and \$9,844 for fiscal years ended June 30, 2008 and 2007, respectively.

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).

	2008	Weighted Average Maturity	2007	Weighted Average Maturity
Cash and cash equivalents				
WWU Investment Pool	\$155,580	n/a	\$267,062	n/a
Investments				
WWU Investment Pool	1,113,424	3.1 months	892,566	4.1 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. Investments in the LGIP 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

WWU is currently in the second phase of the Lincoln Creek Transportation Center project which includes environmental mitigation of the stream located at the north end of the property to meet federal and state requirements. During fiscal 2008 and 2007, \$583,139 and \$213,504 of FTA grant funds were spent on the project and capitalized as land costs.

NOTE 4. 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 \$2,500,235 at June 30, 2008, which is reported net of the unamortized debt issuance costs and discount of \$39,765.

**PARKING AND TRANSPORTATION SERVICES
 NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2008 and 2007

Following are the changes in long-term liabilities for the year ended June 30, 2008 and 2007:

<u>Long Term Debt</u>	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amortization of Debt Issuance Costs</u>	<u>Balance June 30, 2008</u>	<u>Current Portion</u>
Certificates of Participation	\$ 2,591,557	-	(95,000)	3,678	\$ 2,500,235	\$ 90,000

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

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>
2009	90,000	103,901
2010	95,000	100,513
2011	100,000	96,755
2012	105,000	92,655
2013	105,000	88,455
2014-2018	600,000	373,774
2019-2023	735,000	238,208
2024-2027	710,000	65,269
Total	<u>\$ 2,540,000</u>	<u>\$ 1,159,530</u>

NOTE 5. CAPITAL ASSETS

The depreciation and amortization expense for the fiscal years ended June 30, 2008 and 2007 was \$56,771 and \$143,271, respectively. Following are the changes in capital assets for the year ended June 30, 2008:

PARKING AND TRANSPORTATION SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008 and 2007

	Beginning Balance			Ending Balance
	06/30/07	Additions	Retirements	06/30/08
Land	\$ 2,881,452	\$ 621,771	\$ -	\$ 3,503,223
Pay-box stations	135,717	-	-	135,717
Vehicles and equipment	183,865	-	(11,767)	172,098
Improvements other than building	350,175	-	-	350,175
	<u>3,551,209</u>	<u>621,771</u>	<u>(11,767)</u>	<u>4,161,213</u>
Accumulated depreciation	(240,264)	(21,123)	4,817	(256,570)
Accumulated amortization	(314,527)	(35,648)	-	(350,175)
Total depreciation and amortization	<u>(554,791)</u>	<u>(56,771)</u>	<u>4,817</u>	<u>(606,745)</u>
Net capital assets	<u>\$ 2,996,418</u>	<u>\$ 565,000</u>	<u>\$ (6,950)</u>	<u>\$ 3,554,468</u>

Following are the changes in capital assets for the year ended June 30, 2007:

	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 and 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>\$ (11,930)</u>	<u>\$ 2,996,418</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 6. PENSION PLAN

Parking employees in eligible positions 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. 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 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 provisions.

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 \$40,500 and \$30,000 to these plans in 2008 and 2007, respectively. An actuarial valuation of the plans for Parking and Transportation Services as a stand alone entity are not available.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

During the 2008 fiscal year, the University adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and required supplementary information in the financial reports of state and local governmental employers. Statement No. 45 requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service. The Statement also provides information about actuarial accrued liabilities (AAL) associated with OPEB and whether and to what extent progress is being made in funding the plan.

The University funds OPEB obligations at a university-wide level on a pay-as-you-go basis. Disclosure information, as required under GASB 45, does not exist at department levels, and as a result, the AAL is not available for auxiliary entities. The University is ultimately responsible for the obligation therefore, the annual required contribution (ARC) is not recorded on Parking and Transportation's financial statements.

SUPPLEMENTAL INFORMATION

SCHEDULE OF RESERVE BALANCES

Years ended June 30, 2008 and 2007

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>2008</u>	<u>2007</u>
Operating and Pay Box	\$ 46,239	\$ 51,943
Alternative Transportation	2,322	48,344
Equipment/Improvements Reserve	91,631	56,398
Structure Reserve	1,102,024	876,353
Investment in Plant	1,054,233	404,861
Retirement of Debt	(80,859)	(54,476)
Accruals	(90,346)	(92,054)
	<hr/>	<hr/>
Total Net Assets	<u>\$ 2,125,244</u>	<u>\$ 1,291,369</u>