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PARKING SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010 and 2009

Overview of the Financial Statements and Financial Analysis

The following discussion and analysis provides an overview of the financial activities and financial position of Western Washington University's Parking Services (Parking Services) for the years ended June 30, 2010, 2009, and 2008. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and accompanying notes.

Presentation of the Financial Statements

Parking 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 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.

Statements of Net Assets

The Statements of Net Assets present the financial condition of Parking 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 Services and identify what is owed to vendors and other parties. The difference between total assets and total liabilities, net assets, is one indicator of the current financial condition of Parking 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, 2010, 2009 and 2008:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets			
Current assets	\$1,159,317	\$1,342,666	\$1,228,080
Noncurrent assets	33,964	56,344	99,496
Land	3,503,223	3,503,223	3,503,223
Capital assets, net	<u>830,903</u>	<u>573,772</u>	<u>51,245</u>
Total assets	<u>5,527,407</u>	<u>5,476,005</u>	<u>4,882,044</u>
Liabilities			
Current liabilities	364,632	346,955	305,332
Noncurrent liabilities	<u>2,369,694</u>	<u>2,356,336</u>	<u>2,451,468</u>
Total liabilities	<u>2,734,326</u>	<u>2,703,291</u>	<u>2,756,800</u>
Net Assets			
Invested in capital assets, net	1,827,917	1,625,659	1,013,000
Unrestricted	<u>965,164</u>	<u>1,147,055</u>	<u>1,112,244</u>
Total net assets	<u><u>\$2,793,081</u></u>	<u><u>\$2,772,714</u></u>	<u><u>\$2,125,244</u></u>

PARKING SERVICES**MANAGEMENT'S DISCUSSION AND ANALYSIS*****June 30, 2010 and 2009***

Total current assets decreased \$183,349 (13.7%) over fiscal 2009, compared to an increase of \$114,586 (9.3%) between fiscal 2009 and fiscal 2008. The decrease in fiscal 2010 is primarily due to a decrease in the receivable related to the Federal Transportation Center (FTA) grant for the Lincoln Creek Transportation Center (LCTC). All grant funds have been expended on capital improvements as of June 30, 2010. The increase between fiscal 2009 and fiscal 2008 is due to a receivable from the FTA for expenditures relating to the LCTC project.

Capital assets, net increased in 2010 by \$257,131 (44.8%) compared to fiscal 2009 due to the purchase of new parking pay boxes and capital improvements to parking lots offset by depreciation and amortization. The parking lot project was completed in September 2009. The increase in capital assets of \$522,527 (14.7%) in fiscal 2009 over fiscal 2008 was due to the capitalization of \$505,917 in expenses related to LCTC and the purchase of new handheld equipment for parking enforcement. The expenditures for the LCTC project are shown as Construction in Progress on the Capital Assets schedule in Note 5 to the financial statements in 2009; in 2010 all LCTC expenditures were transferred to the Improvements Other than Buildings category as the project was complete.

Current liabilities increased \$17,677 (5.1%) from fiscal 2009 as a result of additional accrued leave liability and accrued salaries payable and an increase in the current portion of long term debt obligations due to the new pay box stations lease obligation offset by more timely payments of invoices. The increase of \$41,623 (13.6%) between fiscal 2009 and fiscal 2008 is attributable to the purchase of handheld equipment and computer software, including related implementation costs.

Noncurrent liabilities increased \$13,358 (0.6%) in fiscal 2010 compared to fiscal 2009, due to the purchase of parking pay boxes through a state financing program over seven years at a cost of \$150,000 offset by long term debt principal payments. Noncurrent liabilities decreased \$95,132 (3.9%) in fiscal 2009 from fiscal 2008 as long-term debt was paid off.

Total net assets increased \$20,367 (0.7%) from fiscal 2009 primarily due to the addition of capital assets in invested in capital assets, net of related debt along with a decrease in income before capital grant revenue that is reflected in unrestricted net assets. The \$647,470 (30.5%) increase in fiscal 2009 over fiscal 2008 reflects over \$500,000 in LCTC grant revenue and the reduction in operating expenditures. Investment in capital assets, net of related debt increased \$202,258 (12.4%) as a result of parking lot improvements. The Investment in capital assets increase of \$612,659 (60.5%) in fiscal 2009 over fiscal 2008 as a result of the improvements to parking lot 17G and new computer equipment purchased during fiscal 2009.

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 Services results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating and non-operating. Also in accordance with GASB Statement 34, fines revenues are recognized when collected.

In general, operating revenues are those received for providing goods and services to the customers of Parking 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.

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

**PARKING SERVICES
 MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2010 and 2009

Parking permit revenue comprises the largest source of revenue for Parking Services. Permits are required for all parties parking on campus property.

Following is a condensed version of the Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2010, 2009 and 2008:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues	1,598,974	\$1,539,793	\$1,745,765
Operating expenses	<u>(1,515,651)</u>	<u>(1,352,864)</u>	<u>(1,457,789)</u>
Operating income	83,323	186,929	287,976
Nonoperating (expenses) revenues	<u>(65,686)</u>	<u>(45,376)</u>	<u>(37,240)</u>
Income from operating and non-operating activities	17,637	141,553	250,736
Capital grant revenue	<u>2,730</u>	<u>505,917</u>	<u>583,139</u>
Increase in net assets	20,367	647,470	833,875
Net assets, beginning of year	<u>2,772,714</u>	<u>2,125,244</u>	<u>1,291,369</u>
Net assets, end of year	<u><u>\$2,793,081</u></u>	<u><u>\$2,772,714</u></u>	<u><u>\$2,125,244</u></u>

Revenues

Permit revenues increased \$44,659 (4.2%) over fiscal 2009 and decreased \$28,358 (2.6%) in fiscal 2009 compared fiscal 2008. The fiscal 2010 increase results from selling more permits, primarily in the "C"/gravel lots at the south end of campus. During fiscal 2009 and fiscal 2008, permits for these lots were sold under a cap while during fiscal 2010 permits were sold on a ratio of spaces available to allow for improved monitoring of the use of the lots. The decrease between fiscal 2009 and fiscal 2008 is a result of continued success of the Alternative Transportation programs, which lowered demand for parking and increased use of the associated bus pass program. The program encourages usage of public transportation and other modes of transportation. Parking Services did not increase permit rates in fiscal 2010 or fiscal 2009.

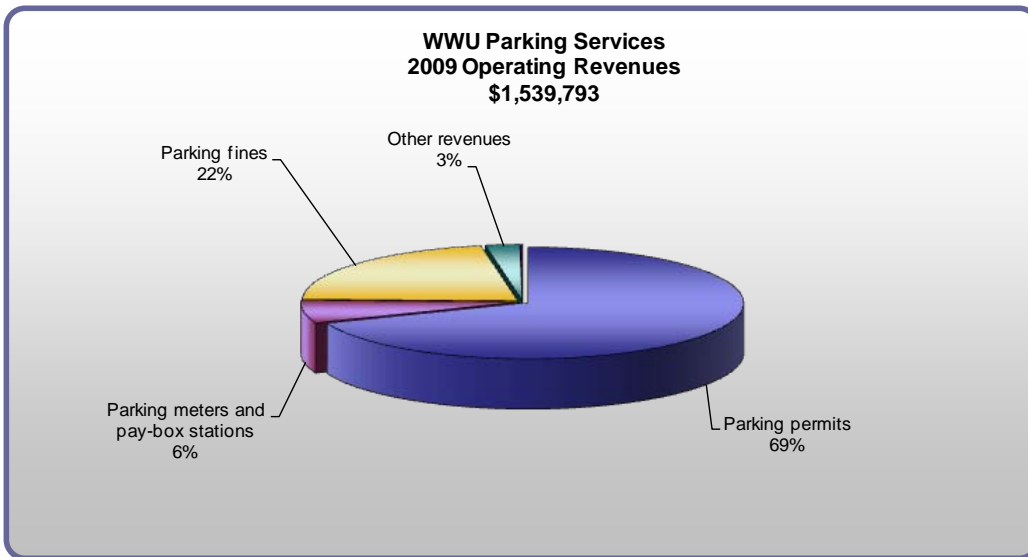
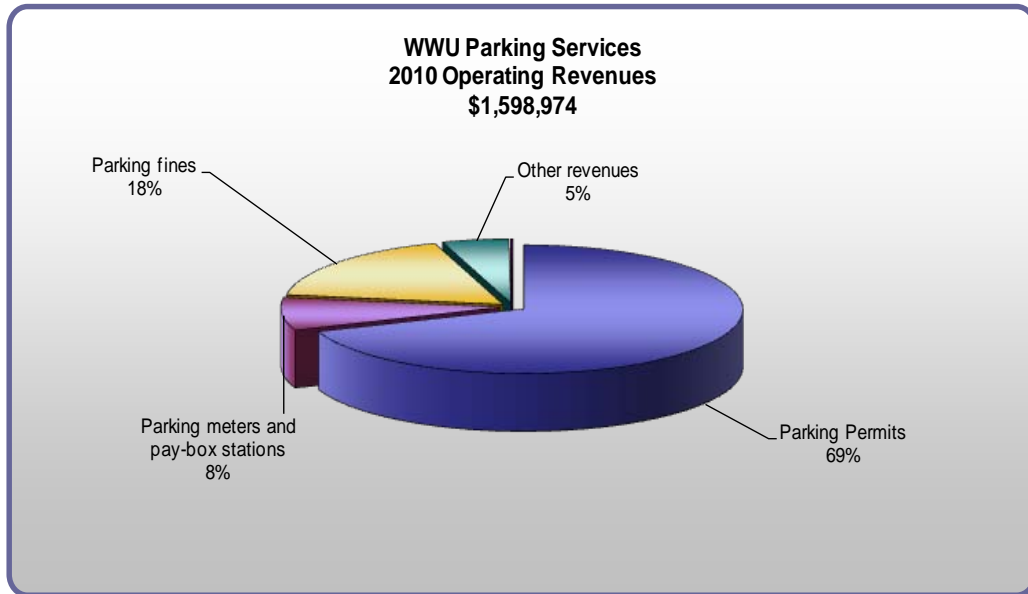
Parking meter and pay box station revenues increased \$31,989 (32.3%) as a result of implementing new pay box stations in October 2009. This revenue source significantly decreased \$79,910 (44.7%) in fiscal 2009 compared to fiscal 2008 as the pay box stations were often out of service due to maintenance issues. The pay box stations credit card payment option was discontinued early December 2008 due to changes in the payment card industry (PCI) compliance requirements. The increase in credit card payments when comparing fiscal 2010 with fiscal 2009 was \$33,695 (104%). The new pay stations are equipped to allow for various configurations for daily sales, events, and special coupons which generated more revenues during fiscal 2010.

Parking fine revenue decreased \$55,973 (16.6%) in fiscal 2010 compared to fiscal 2009 due to conversion issues during the implementing of a new parking system. The implementation caused a delay in the usual practice of placing registration holds on students who had parking fines. The registration holds will not allow students to register for classes until all outstanding parking fines are paid in full. Since this practice was delayed, parking fines went unpaid by students. The resolution of this issue will continue into fiscal 2011. When comparing fiscal 2009 to fiscal 2008, there was a decrease of \$98,045 (22.6%) due to many of the pay box stations being out of service and the parking lot restrictions could not be enforced resulting in fewer tickets being issued after hours and on weekends. In addition, the department had a shortage of staff resulting in fewer citations being issued. Other revenues increased in fiscal 2010 by \$38,551 (97.4%) when compared to fiscal 2009 and increased \$341

***PARKING SERVICES
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2010 and 2009

(0.9%) when comparing fiscal 2009 to fiscal 2008. The change in fiscal 2010 is a result of an increase in parking lot rentals of \$6,241 (59.8%) due to more parking lot rentals that were reserved for patrons that attended events on campus. Goods and services revenue (reported in other revenues) increased in fiscal 2010 by \$33,862 (100%) due to a security position being funded by the Miller Hall renovation project. This security position monitored traffic flow and only allowed authorized vehicles to proceed to the project site. This position was filled beginning in fiscal 2010.



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 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2010 and 2009

Expenses

Salaries and benefits increased \$113,170 (11.3%) in fiscal 2010 over fiscal 2009 as a vacant position was filled as well as an increase in the employer share of medical costs. The comparison between fiscal 2009 and fiscal 2008 was a decrease of \$69,996 (-6.5%) due primarily to a Computer Technician position that was vacant during fiscal 2009 and a decrease in the employer share of medical costs.

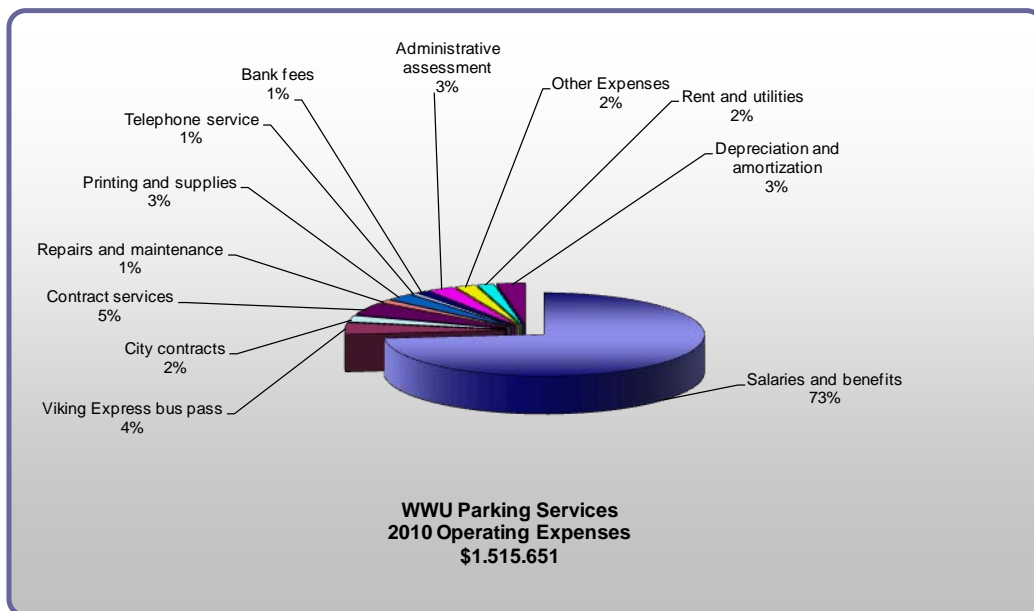
Contract services expense increased by \$1,121 (1.5%) in fiscal 2010 due to pay station system support and licensing fees. The increase of \$47,072 (184.2%) in fiscal 2009 compared to fiscal 2008 is due to the purchase and implementation of the new T2 computer system. These expenses did not meet WWU's capitalization threshold under the current policy.

The administrative assessment fee, which is calculated based on revenues, increased in 2010 by \$9,008 (28.0%) over fiscal 2009 and \$4,992 (18.4%) comparing fiscal 2009 to fiscal 2008 as a result of a university wide re-evaluation of the fee and increased operating revenues for Parking Services.

Depreciation expense increased \$26,166 (151.5%) during fiscal 2010 compared to fiscal 2009 due to depreciation expense incurred on the new pay box stations and improvements to the LCTC. Depreciation expense decreased \$39,498 (-69.6%) comparing fiscal 2009 to fiscal 2008 due to minimal asset additions during fiscal 2009 and the Lincoln Creek Transportation Center improvements being fully depreciated.

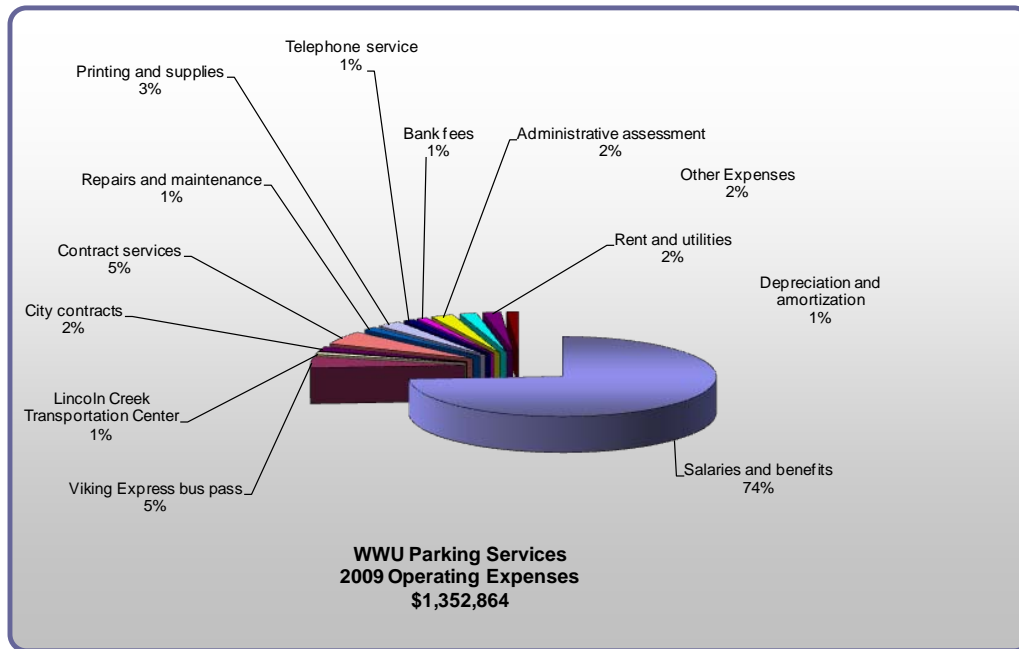
The remaining operating expenses increased \$13,322 (5.8%) in fiscal 2010 primarily due to an increase in the City contracts expense. A new contract between Western and the City of Bellingham was signed in fiscal 2010. This contract determines the fee the City of Bellingham charges Western for the Residential Parking Zones (RPZ) located around Western.

The decrease in remaining operating expenses comparing fiscal 2009 and fiscal 2008 was \$3,494 (1.5%) primarily attributable to a decrease in bank fees during fiscal 2009.



***PARKING SERVICES
 MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2010 and 2009



Economic Factors and Significant Events

Construction projects will continue to have a dampening effect on parking permit revenues for parking lots in fiscal 2011 as many of the parking lots will have reduced parking spaces. There will also be a delay in some parking lots being available due to construction projects based on the currently known timeline.

Parking is addressing the deteriorating condition the driveway and entry to a parking lot at the south end of campus in fiscal 2011. An allocation of \$125,000 was reserved to cover this project in fiscal 2010. This project will be reviewed Fall of 2010 if approved; resurfacing will be completed by September 2011. Unrestricted reserve funds will be used for this expenditure.

The Board of Trustees
Western Washington University:

We have audited the accompanying statements of net assets of Western Washington University Parking Services (Parking Services) as of June 30, 2010 and 2009, 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, 2010 and 2009, 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, 2010 and 2009, 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 on pages 3 through 8 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.

KPMG LLP

Seattle, Washington
October 12, 2010

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PARKING SERVICES
STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

Assets	2010	2009
Current assets		
Cash and cash equivalents (Note 2)	\$852,837	\$511,057
Investments (Note 2)	300,402	439,884
Accounts receivable	298	275
Grant receivables	-	373,220
Prepaid expenses	5,780	18,230
Total current assets	<u>1,159,317</u>	<u>1,342,666</u>
Noncurrent assets		
Investments (Note 2)	-	18,806
Land (Note 5)	3,503,223	3,503,223
Capital assets, net (Note 5)	830,903	573,772
Other assets	33,964	37,538
Total noncurrent assets	<u>4,368,090</u>	<u>4,133,339</u>
Total assets	<u>5,527,407</u>	<u>5,476,005</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	29,049	61,163
Accrued salaries and benefits	109,946	99,025
Current portion of notes payable (Note 4)	136,515	95,000
Deferred revenue	89,122	91,767
Total current liabilities	<u>364,632</u>	<u>346,955</u>
Noncurrent liabilities		
Note payable, less current portion (Note 4)	<u>2,369,694</u>	<u>2,356,336</u>
Total liabilities	<u>2,734,326</u>	<u>2,703,291</u>
Net Assets		
Invested in capital assets, net of related debt	1,827,917	1,625,659
Unrestricted	965,164	1,147,055
Total net assets	<u>\$2,793,081</u>	<u>\$2,772,714</u>

PARKING SERVICES
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating Revenues		
Parking permits	\$1,106,978	\$1,062,319
Parking meters and pay box stations	131,046	99,057
Parking fines	280,255	336,228
Other revenues	78,148	39,597
Services funded by WWU	2,547	2,592
Total operating revenues	<u>1,598,974</u>	<u>1,539,793</u>
 Operating Expenses		
Salaries and benefits	1,113,679	1,000,509
Viking Express bus pass	66,113	61,096
Lincoln Creek Transportation Center	-	11,710
City contracts	35,189	24,132
Contract services	73,752	72,631
Repairs and maintenance	18,044	18,889
Printing and supplies	40,293	34,793
Telephone service	10,589	15,733
Bank fees	17,141	14,451
Administrative assessment	41,186	32,178
Other expenses	30,845	23,935
Rent and utilities	25,381	25,534
Depreciation and amortization	43,439	17,273
Total operating expenses	<u>1,515,651</u>	<u>1,352,864</u>
 Operating income	83,323	186,929
 Nonoperating Revenues (Expenses)		
Contribution for building rent and utilities	25,381	25,534
Interest income	12,821	36,282
Interest on indebtedness	(100,441)	(103,629)
Amortization of bond issuance costs	(3,447)	(3,563)
Total nonoperating expenses	<u>(65,686)</u>	<u>(45,376)</u>
 Income before capital grant revenue	17,637	141,553
 Capital Grant Revenue	<u>2,730</u>	<u>505,917</u>
 Increase in Net Assets	20,367	647,470
 Total Net Assets, Beginning of Year	<u>2,772,714</u>	<u>2,125,244</u>
 Total Net Assets, End of Year	<u><u>\$2,793,081</u></u>	<u><u>\$2,772,714</u></u>

PARKING SERVICES
STATEMENTS OF CASH FLOWS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Cash received from students, employees and visitors	\$1,596,244	\$1,538,632
Cash received from the university	2,547	2,592
Cash paid to employees	(1,102,758)	(999,887)
Cash paid to suppliers	(352,816)	(276,144)
Net cash provided by operating activities	<u>143,217</u>	<u>265,193</u>
Cash flows from investing activities		
Interest income received	12,821	36,282
Net sales of investments in internal pool	158,288	315,555
Net cash provided by investing activities	<u>171,109</u>	<u>351,837</u>
Cash flows from capital and related financing activities		
Cash received from grant revenue	375,950	132,698
Payments on note payable	(95,000)	(90,000)
Purchase of capital assets	(303,055)	(539,800)
Proceeds from pay box stations financing	150,000	-
Interest paid on indebtedness	(100,441)	(103,629)
Net cash provided by (used in) capital and related financing activities	<u>27,454</u>	<u>(600,731)</u>
Net increase in cash and cash equivalents	341,780	16,299
Cash and cash equivalents, beginning of year	<u>511,057</u>	<u>494,758</u>
Cash and cash equivalents, end of year	<u><u>\$852,837</u></u>	<u><u>\$511,057</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$83,323	\$186,929
Adjustments to reconcile operating income to net cash flows from operating activities		
Loss on disposal of fixed asset	2,485	-
Depreciation and amortization	43,439	17,273
Contributed building rent and utilities	25,381	25,534
Net changes in assets and liabilities		
Receivables	(23)	10
Prepaid	12,450	(1,175)
Accounts payable and accrued liabilities	(32,114)	34,579
Accrued salaries and benefits	10,921	622
Deferred revenue	(2,645)	1,421
Net cash provided by operating activities	<u><u>\$143,217</u></u>	<u><u>\$265,193</u></u>

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NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESOrganization

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

Parking Services facilitates access to WWU 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 Services. The financial statements present only a selected portion of the activities of WWU. They are not intended to and do not present either the financial position, results of operations, or changes in net assets of WWU.

Basis of Accounting

The financial statements of Parking 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 Services has elected not to apply any FASB pronouncements issued after November 30, 1989.

Cash, Cash Equivalents and Investments

WWU records all cash and cash equivalents at amortized cost, which approximates fair value. Investments held by WWU are recorded at fair value. To maximize investment income, WWU combines funds from all departments into an investment pool. Parking Services records their share of cash, cash equivalents and investments in the same relation as the WWU investment pool itself. Investment income is allocated to Parking Services in proportion to its average balance in the investment pool.

Accounts Receivable

Accounts receivable are unsecured, recorded at the net balance, and are due from students and employees. Outstanding receivables at June 30, 2010 and 2009 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, 2010 and 2009, are amounts due from the Federal Transit Administration per the grant received for the Lincoln Creek Transportation Center. 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. All funds were received at June 30, 2010.

Capital Assets

Land, vehicles, pay box stations, and improvements other than buildings and equipment are stated at cost. Parking 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, five to seven years for vehicles, pay box stations, and equipment.

PARKING SERVICES
NOTES TO THE FINANCIAL STATEMENTS**June 30, 2010 and 2009**Other Assets

Certificate of participation (state financing agreements) issuance costs are amortized over the life of the note payable and shown as other assets on the Statements of Net Assets.

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 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, parking meter, pay box and fine revenue. 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

WWU provides support to Parking Services through cash management, accounting, purchasing and accounts payable services, risk management, and other support services. The effects of these transactions are included in these financial statements. The amounts incurred were \$41,186 and \$32,178 for fiscal years ended June 30, 2010 and 2009, respectively.

Tax Exemption

WWU, and Parking Services as an auxiliary enterprise, is an instrumentality of the State of Washington organized 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.

PARKING SERVICES
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

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

Interest Rate and Credit Risk

The WWU investment pool is invested in demand deposits, time certificates of deposit, and the Washington State Local Government Investment Pool (LGIP). The LGIP is considered a cash equivalent.

	2010	Weighted Average Maturity	2009	Weighted Average Maturity
Cash and cash equivalents				
WWU Investment Pool	\$852,837	n/a	\$511,057	n/a
Investments				
WWU Investment Pool	300,402	6.8 months	458,690	6.1 months

WWU manages exposure to fair value losses by employing a "laddered maturity" strategy, in which investments mature at varying times throughout the year.

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

The project is a key component to an overall transportation management plan of providing access to WWU and local region while supporting transit services and traffic mitigation. The LCTC encourages alternative modes of transportation, including carpooling and bicycling, and provides incentives to reduce use of single occupancy vehicles. The site is located approximately 2 miles east of the main campus.

Phase I of the project is complete and design plans finished for installation of storm water retention vaults, which must be in place before any additional permits will be authorized by the City of Bellingham. Most of the project was funded with Federal Transit Administration (FTA) funds, with WWU providing funding for the land acquisition (See Note 4).

During fiscal 2008, stream restoration, in compliance with the requirements from the FTA and the Environmental Protection Agency, was completed. In fiscal 2009, the majority of grant funds were incurred for architectural and engineering design.

PARKING SERVICES
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

In fiscal 2010, \$2,730 was spent on LCTC, compared to expenditures of \$505,917 and \$583,139 during fiscal 2009 and fiscal 2008, respectively. The total amount of the grant from the FTA has been expended as of June 30, 2010. The expenditures were recorded as infrastructure during fiscal 2010.

WWU will continue to seek grant or other sources of funding to complete Phase 2 and 3 of the project, which includes construction of two underground concrete storm water detention vaults, drainage catch basins and piping, final grading of the site from Consolidation Street north to the edge of the Lincoln Creek restoration area, parking lot paving for 524 cars, striping, signage, a central passenger concourse with bus shelters and public information kiosks, lighting improvements, data lines and security phones, bicycle storage and related amenities. Associated off-site improvements include widening of the Lincoln Street frontage road to include a two-way left turn lane between Byron Avenue and Maple Street.

NOTE 4. NOTES PAYABLE

Parking Services financed the purchase of the Lincoln Creek property through the issuance of Certificates of Participation by the Washington State Treasurer at an interest rate of 4.42% payable over 20 years. The program offers lease financing to state agencies to purchase capital assets and property. WWU will own the property outright after all payments have been made. During fiscal 2010, Parking Services financed the purchase of \$150,000 in new pay box stations through this same method at an interest rate of 1.93% repaid over the next four years resulting in WWU owning the pay box stations. The long term debt has a carrying value of \$2,506,209 at June 30, 2010, which is reported net of the unamortized premium of \$1,209.

Following are the changes in noncurrent long-term liabilities for the year ended June 30, 2010 and 2009:

<u>Notes Payable</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Amortization</u> <u>of Premium</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Current</u> <u>Portion</u>
Certificates of Participation	\$2,451,336	150,000	(95,000)	(127)	\$2,506,209	\$136,515

<u>Notes Payable</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Amortization</u> <u>of Premium</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Current</u> <u>Portion</u>
Certificates of Participation	\$2,541,468	-	(90,000)	(132)	\$2,451,336	\$95,000

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Parking Services 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>
2011	136,515	99,359
2012	142,103	94,671
2013	142,824	89,750
2014	148,558	84,715
2015	115,000	79,655
2016-2020	650,000	323,635
2021-2025	800,000	172,931
2026-2027	370,000	16,875
	<u>2,505,000</u>	<u>961,591</u>
Unamortized premium	1,209	-
Total	<u><u>\$2,506,209</u></u>	<u><u>\$961,591</u></u>

NOTE 5. CAPITAL ASSETS

The depreciation and amortization expense for the fiscal years ended June 30, 2010 and 2009 was \$43,439 and \$17,273, respectively.

Following are the changes in capital assets for the year ended June 30, 2010:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
Land	\$3,503,223	\$ -	\$ -		\$3,503,223
Capital Assets					
Pay-box stations	135,717	148,650	(166,018)		118,349
Vehicles and equipment	197,175		-		197,175
Improvements other than building	350,175	154,405	-	514,723	1,019,303
Construction in progress	514,723		-	(514,723)	-
Total capital assets	1,197,790	303,055	(166,018)	-	1,334,827
Accumulated depreciation	(273,843)	(43,439)	163,533		(153,749)
Accumulated amortization	(350,175)	-	-		(350,175)
Total depreciation and amortization	(624,018)	(43,439)	163,533		(503,924)
Capital assets, net	\$573,772	\$259,616	\$ (2,485)		\$830,903

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Following are the changes in capital assets for the year ended June 30, 2009:

	June 30, 2008	Additions	Retirements	Transfers	June 30, 2009
Land	\$3,503,223	\$ -	\$ -	\$ -	\$3,503,223
Capital Assets					
Pay-box stations	135,717	-	-	-	135,717
Vehicles and equipment	172,098	25,077	-	-	197,175
Improvements other than building	350,175	-	-	-	350,175
Construction in progress	-	514,723	-	-	514,723
Total capital assets	657,990	539,800	-	-	1,197,790
Accumulated depreciation	(256,570)	(17,273)	-	-	(273,843)
Accumulated amortization	(350,175)	-	-	-	(350,175)
Total depreciation and amortization	(606,745)	(17,273)	-	-	(624,018)
Capital assets, net	\$51,245	\$522,527	\$ -	\$ -	\$573,772

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. WWU'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 Services contributed approximately \$39,800 and \$55,700 to these plans in 2010 and 2009, respectively. An actuarial valuation of the plans for Parking Services as a standalone entity is not available.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

WWU 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 actuarial accrued liabilities (AAL) are not available for auxiliary entities. WWU is responsible for the annual payment, the annual required contribution (ARC) is not recorded on Parking Service's financial statements.

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