



## Table of Contents

<b>Management’s Discussion and Analysis</b> .....	3
<b>Independent Auditors’ Report</b> .....	9
<b>Financial Statements</b>	
Statements of Net Assets .....	11
Statements of Revenues, Expenses and Changes in Net Assets .....	12
Statements of Cash Flows.....	13
Notes to the Financial Statements.....	15

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## ***PARKING SERVICES***

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

#### **Overview of the Financial Statements and Financial Analysis**

The following discussion and analysis provide an overview of the financial activities and financial position of Western Washington University's Parking Services (Parking Services) for the years ended June 30, 2011, 2010, and 2009. 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, 2011, 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Assets</b>			
Current assets	\$779,422	\$1,159,317	\$1,342,666
Noncurrent assets	394,535	33,964	56,344
Land	3,503,223	3,503,223	3,503,223
Capital assets, net	<u>783,268</u>	<u>830,903</u>	<u>573,772</u>
Total assets	5,460,448	5,527,407	5,476,005
<b>Liabilities</b>			
Current liabilities	396,972	364,632	346,955
Noncurrent liabilities	<u>2,227,469</u>	<u>2,369,694</u>	<u>2,356,336</u>
Total liabilities	2,624,441	2,734,326	2,703,291
<b>Net Assets</b>			
Invested in capital assets, net	1,916,919	1,827,917	1,625,659
Unrestricted	<u>919,088</u>	<u>965,164</u>	<u>1,147,055</u>
Total net assets	<u>\$2,836,007</u>	<u>\$2,793,081</u>	<u>\$2,772,714</u>

Total current assets decreased \$379,895 (-32.8%) over fiscal 2010, compared to a decrease of \$183,349

## ***PARKING SERVICES***

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

(-13.7%) between fiscal 2010 and fiscal 2009. The decrease in fiscal 2011 is due to a reduction in cash and cash equivalents used to purchase investments. The decrease in fiscal 2010 is primarily due to a decrease in the receivable related to the Lincoln Creek Transportation Center (LCTC) federal grant which was fully expended as of June 30, 2010, offset by increased holding of cash and cash equivalents.

Total noncurrent assets, excluding land and capital assets, increased \$360,571 (1,061.6%) in fiscal 2011 due to the purchase of long-term investments. Total noncurrent assets, excluding land and capital assets, decreased \$22,380 (-39.7%) in fiscal 2010 due to a temporary shift in investment strategy from long-term to short-term.

Capital assets, net decreased \$47,635 (-5.7%) due to the continued depreciation and amortization offset by the purchase of a new vehicle. 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 expenditures for the LCTC project are shown under Improvements Other than Buildings on the Capital Assets schedule in Note 5 to the financial statements for fiscal 2010.

Current liabilities increased \$32,340 (8.9%) when comparing fiscal 2011 to fiscal 2010 primarily due to an increase in deferred revenue. Current liabilities increased \$17,677 (5.1%) in fiscal 2010 from fiscal 2009 as a result of increases in accrued leave liability, accrued salaries payable and the current portion of long-term debt obligations for the new pay box stations lease obligation.

Noncurrent liabilities decreased \$142,225 (-6.0%) in fiscal 2011 when compared to fiscal 2010 due to principal payments on long-term notes payable. 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.

Total net assets increased \$42,926 (1.5%) when comparing fiscal 2011 to fiscal 2010 due primarily to an increase in invested in capital assets, net of related debt. Total net assets increased \$20,367 (0.7%) from fiscal 2009 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. Invested in capital assets, net of related debt increased \$89,002 (4.9%) due to principal payments on long-term notes payable combined with the purchase of new equipment, offset by depreciation. Invested in capital assets, net of related debt increased \$202,258 (12.4%) in fiscal 2010 compared to fiscal 2009 as a result of parking lot improvements.

#### **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, 2011 and 2010*

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, 2011, 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	1,679,519	1,598,974	\$1,539,793
Operating expenses	<u>(1,565,876)</u>	<u>(1,515,651)</u>	<u>(1,352,864)</u>
Operating income	113,643	83,323	186,929
Nonoperating (expenses) revenues	<u>(70,717)</u>	<u>(65,686)</u>	<u>(45,376)</u>
Income from operating and non-operating activities	42,926	17,637	141,553
Capital grant revenue	<u>0</u>	<u>2,730</u>	<u>505,917</u>
Increase in net assets	42,926	20,367	647,470
Net assets, beginning of year	<u>2,793,081</u>	<u>2,772,714</u>	<u>2,125,244</u>
Net assets, end of year	<u><u>\$2,836,007</u></u>	<u><u>\$2,793,081</u></u>	<u><u>\$2,772,714</u></u>

#### **Revenues**

Permit revenues decreased \$13,423 (-1.2%) in fiscal 2011 when comparing to fiscal 2010 due to an increase in deferral of revenue from summer permit sales in 2011. Permit revenues increased by \$44,659 (4.2%) when comparing fiscal 2010 to fiscal 2009. The fiscal 2010 permit revenue increase is a result of selling more parking permits in the lots at the south end of campus. During fiscal 2009, 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.

Parking meter and pay box station revenues increased \$60,752 (46.4%) in fiscal 2011 from fiscal 2010 due to pay stations being available for the entire fiscal year, compared to 8 months in fiscal 2010. Parking meter and pay box station revenues increased \$31,989 (32.3%) in fiscal 2010 over fiscal 2009 as a result of implementing new pay box stations in October 2009.

Parking fines revenue increased \$14,693 (5.2%) in fiscal 2011 when comparing to fiscal 2010 due to the automation of billing for fines as well as the ability to place holds that will prevent students from registering for classes or receiving transcripts until the fine has been satisfied. Parking fine revenue decreased \$55,973 (-16.6%) in fiscal 2010 compared to fiscal 2009 due to conversion issues during the implementation of a new parking system. The implementation caused a delay in the usual practice of placing registration holds on students who had parking fines.

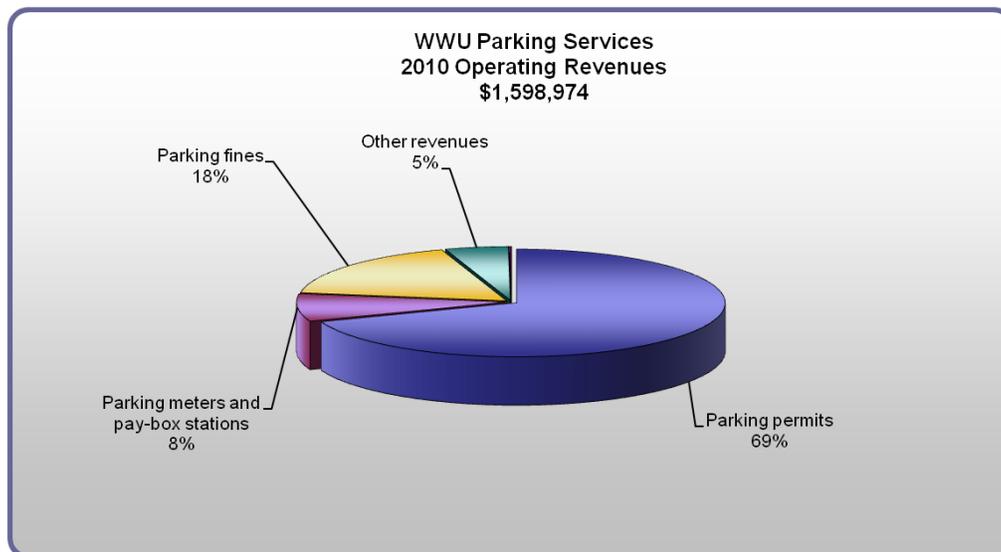
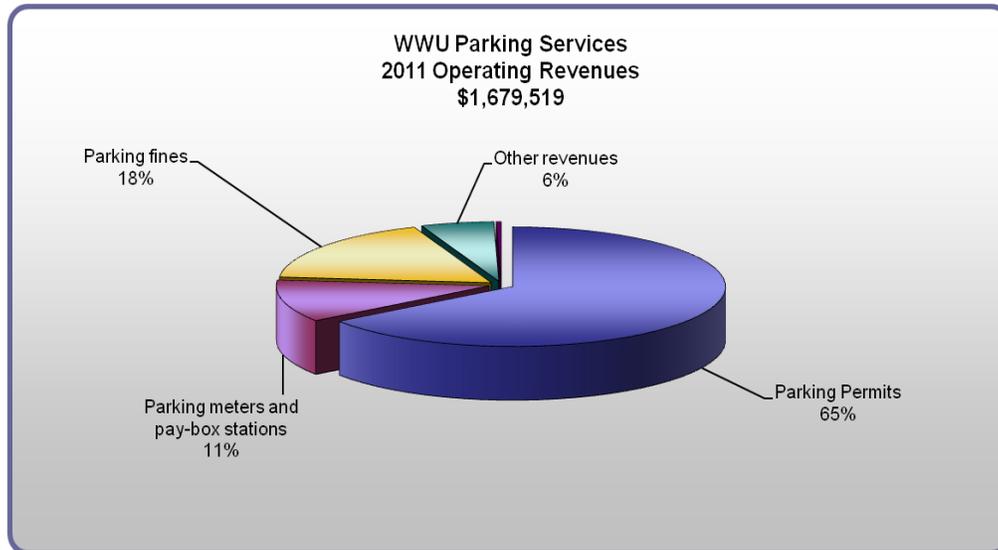
Other revenues increased \$14,766 (18.9%) when comparing fiscal 2011 to fiscal 2010 due to funding received through the Miller Hall capital project to fund a security position. This position was funded for 12 months in fiscal 2011 compared to 9 months in fiscal 2010. The security position monitored traffic flow and only allowed authorized vehicles to proceed to the project site. Other revenues increased in fiscal 2010 by \$38,551 (97.4%) when compared to fiscal 2009 as a result of the security position funded by the Miller Hall capital project

***PARKING SERVICES***

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

beginning in fiscal 2010 as well as an increase in parking lot rentals reserved for patrons that attended events on campus..



**Expenses**

Salaries and benefits increased slightly by \$9,847 (0.9%) when comparing fiscal 2011 to fiscal 2010 due primarily to an increase to benefit costs. Salaries and benefits increased \$113,170 (11.3%) in fiscal 2010 over fiscal 2009 due to filling of a vacant position and an increase in the employer share of medical costs.

Contract services expense decreased \$8,942 (-12.1%) in fiscal 2011 as services for system implementation were no longer required. Contract services expense increased by \$1,121(1.5%) in fiscal 2010 due to pay box station

## ***PARKING SERVICES***

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

*June 30, 2011 and 2010*

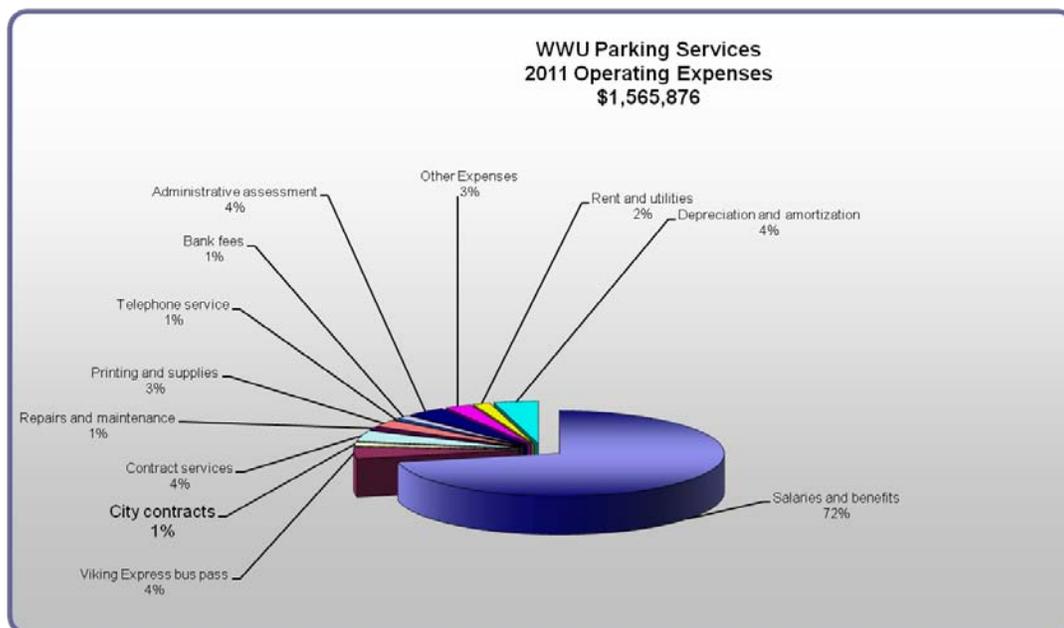
system support and licensing fees. During fiscal 2010, Parking Services was in the process of paying for implementation costs associated with the new software for the pay station system.

The administrative assessment fee, which is calculated based on revenues, increased \$19,199 (46.6%) in fiscal 2011 and \$9,008 (28.0%) in fiscal 2010 as a result of a university-wide re-evaluation of the fee which increased operating revenues for Parking Services.

Depreciation expense increased \$24,734 (56.9%) during fiscal 2011 compared to fiscal 2010 due to continued depreciation on capitalized assets. Depreciation expense increased \$26,166 (151.5%) in fiscal 2010 from fiscal 2009 due to the addition of the new pay box stations and improvements to the LCTC.

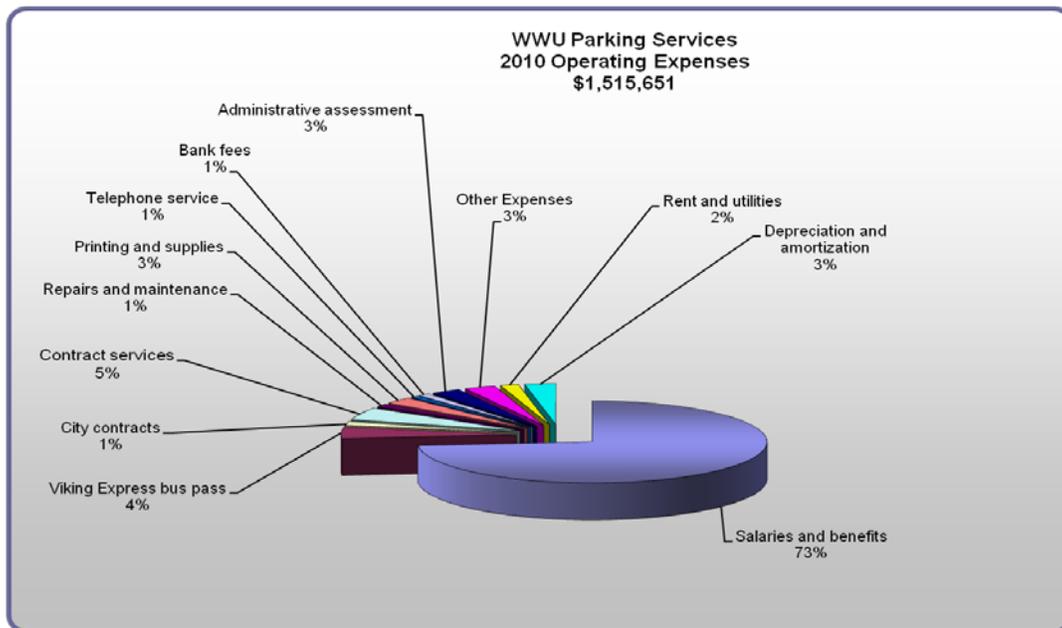
City contracts decreased \$859 (-3.8%) over fiscal 2010 and decreased \$1,443 (6.0%) when comparing fiscal 2010 to fiscal 2009. The changes in this expense category are due to annual adjustments made to the contract with the City of Bellingham. This contract determines the fee the City of Bellingham charges the University for the Residential Parking Zones (RPZ) located around the university's campus. This fee is to reimburse the City of Bellingham for parking enforcement of this RPZ.

The remaining operating expenses increased \$6,246 (2.8%) in fiscal 2011, attributable to higher bank card expenses due to the increased usage of pay box stations and higher printing and supplies expense. The remaining operating expenses increased \$14,765 (7.2%) in fiscal 2010 over fiscal 2009 primarily due to increases in pay box operating expenses, fuel costs, and the Viking express bus pass.



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

*June 30, 2011 and 2010*



**Economic Factors and Significant Events**

Renovation to the South end parking lot is scheduled to be addressed as the water in the lot is posing a continuing problem. The project was subsequently completed in September 2011. The approximate project cost is \$118,000.

The Buchanan Tower parking lot and additional spaces near Miller Hall will be available as construction is to be completed during fiscal 2011. These projects were subsequently completed September 2011. The combined projects will allow for an additional 45 permit sales during fiscal 2012.

The University will begin a comprehensive review of Parking Services operations for long-term improvements during fiscal 2012 which will include integration of various financial and payment modules.



**Washington State Auditor  
Brian Sonntag**

November 8, 2011

Board of Trustees  
Western Washington University  
Bellingham, Washington

We have audited the accompanying basic financial statements of Western Washington University Parking Services (Parking Services) as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The basic financial statements of Parking Services as of June 30, 2010, were audited by other auditors whose report dated October 12, 2010, expressed an unqualified opinion on the Parking Services' basic financial statements.

We conducted our audit 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Western Washington University Parking Services are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the 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,

## INDEPENDENT AUDITOR'S REPORT

2011, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Washington University Parking Services as of June 30, 2011, and the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 8, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

***PARKING SERVICES***  
***STATEMENTS OF NET ASSETS***

*June 30, 2011 and 2010*

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Current assets		
Cash and cash equivalents (Note 2)	\$534,640	\$852,837
Investments (Note 2)	238,882	300,402
Accounts receivable	275	298
Prepaid expenses	5,625	5,780
Total current assets	<u>779,422</u>	<u>1,159,317</u>
Noncurrent assets		
Investments (Note 2)	364,010	-
Land (Note 5)	3,503,223	3,503,223
Capital assets, net (Note 5)	783,268	830,903
Other assets	30,525	33,964
Total noncurrent assets	<u>4,681,026</u>	<u>4,368,090</u>
Total assets	<u>5,460,448</u>	<u>5,527,407</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	27,630	29,049
Accrued salaries and benefits	115,752	109,946
Current portion of notes payable (Note 4)	142,103	136,515
Deferred revenue	111,487	89,122
Total current liabilities	<u>396,972</u>	<u>364,632</u>
Noncurrent liabilities		
Note payable, less current portion (Note 4)	<u>2,227,469</u>	<u>2,369,694</u>
Total liabilities	<u>2,624,441</u>	<u>2,734,326</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,916,919	1,827,917
Unrestricted	919,088	965,164
Total net assets	<u>\$2,836,007</u>	<u>\$2,793,081</u>

***PARKING SERVICES***

***STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS June 30, 2011 and 2010***

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Parking permits	\$1,093,555	\$1,106,978
Parking meters and pay box stations	191,798	131,046
Parking fines	294,948	280,255
Other revenues	92,914	78,148
Services funded by WWU	6,304	2,547
Total operating revenues	<u>1,679,519</u>	<u>1,598,974</u>
<b>Operating Expenses</b>		
Salaries and benefits	1,123,526	1,113,679
Viking Express bus pass	68,042	66,113
City contracts	21,830	22,689
Contract services	64,810	73,752
Repairs and maintenance	17,624	18,044
Printing and supplies	42,829	40,293
Telephone service	10,233	10,589
Bank fees	20,706	17,141
Administrative assessment	60,385	41,186
Other expenses	41,202	43,345
Rent and utilities	26,516	25,381
Depreciation and amortization	68,173	43,439
Total operating expenses	<u>1,565,876</u>	<u>1,515,651</u>
Operating income	113,643	83,323
<b>Nonoperating Revenues (Expenses)</b>		
Contribution for building rent and utilities	26,516	25,381
Interest income	5,072	12,821
Interest on indebtedness	(98,987)	(100,441)
Amortization of bond issuance costs	(3,318)	(3,447)
Total nonoperating revenues (expenses)	<u>(70,717)</u>	<u>(65,686)</u>
Income before capital grant revenue	42,926	17,637
<b>Capital Grant Revenue</b>	<u>-</u>	<u>2,730</u>
<b>Increase in Net Assets</b>	42,926	20,367
<b>Total Net Assets, Beginning of Year</b>	<u>\$2,793,081</u>	<u>2,772,714</u>
<b>Total Net Assets, End of Year</b>	<u><u>\$2,836,007</u></u>	<u><u>\$2,793,081</u></u>

***PARKING SERVICES***  
***STATEMENTS OF CASH FLOWS***

*June 30, 2011 and 2010*

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Cash received from students, employees and visitors	\$1,695,603	\$1,596,244
Cash received from the university	6,304	2,547
Cash paid to employees	(1,117,720)	(1,102,758)
Cash paid to suppliers	<u>(348,925)</u>	<u>(352,816)</u>
Net cash provided by operating activities	235,262	143,217
 <b>Cash flows from investing activities</b>		
Interest income received	5,072	12,821
Net sales of investments in internal pool	<u>(302,490)</u>	<u>158,288</u>
Net cash provided by investing activities	(297,418)	171,109
 <b>Cash flows from capital and related financing activities</b>		
Cash received from grant revenue	-	375,950
Payments on note payable	(136,516)	(95,000)
Purchase of capital assets	(20,538)	(303,055)
Proceeds from pay box stations financing	-	150,000
Interest paid on indebtedness	<u>(98,987)</u>	<u>(100,441)</u>
Net cash provided by (used in) capital and related financing activities	<u>(256,041)</u>	<u>27,454</u>
 Net increase in cash and cash equivalents	(318,197)	341,780
 Cash and cash equivalents, beginning of year	<u>852,837</u>	<u>511,057</u>
 Cash and cash equivalents, end of year	<u><u>\$534,640</u></u>	<u><u>\$852,837</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$113,643	\$83,323
Adjustments to reconcile operating income to net cash flows from operating activities		
Loss on disposal of fixed asset	-	2,485
Depreciation and amortization	68,173	43,439
Contributed building rent and utilities	26,516	25,381
Net changes in assets and liabilities		
Receivables	23	(23)
Prepaid	155	12,450
Accounts payable and accrued liabilities	(1,419)	(32,114)
Accrued salaries and benefits	5,806	10,921
Deferred revenue	<u>22,365</u>	<u>(2,645)</u>
Net cash provided by operating activities	<u><u>\$235,262</u></u>	<u><u>\$143,217</u></u>

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## ***PARKING SERVICES***

### ***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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

##### **Organization**

Western Washington University Parking Services (Parking 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 the University.

Parking 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 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 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**

The University records all cash and cash equivalents at amortized cost, which approximates fair value. Investments held by the University are recorded at fair value. To maximize investment income, the University 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 the University 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, 2011 and 2010 resulted from summer bus pass sales to employees and students on payroll deduction. The next payroll deduction occurred on July 10<sup>th</sup>, paying the outstanding receivable.

##### **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.

##### **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.

## PARKING SERVICES

### NOTES TO THE FINANCIAL STATEMENTS

*June 30, 2011 and 2010*

#### 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

The University 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 \$60,385 and \$41,186 for fiscal years ended June 30, 2011 and 2010, respectively.

#### Tax Exemption

The University, 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, 2011 and 2010*

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 University investment pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP), and U.S. Treasury and Agency securities. The LGIP is considered a cash equivalent. The University's 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.

The University manages its exposure to fair value losses in the internal investment pool by limiting the duration of its portfolio to a maximum of 1.82 years, with a target of 1.46 years.

	2011	Weighted Average Maturity (in years)	2010	Weighted Average Maturity (in years)
Cash and cash equivalents	\$ 534,640	n/a	\$ 852,837	n/a
Investments				
Certificates of deposit	88,203	0	300,402	0.003
U.S. Treasury	441,136	5.500		
U.S. Agencies	73,553	4.000		
	<u>\$ 1,137,532</u>		<u>\$ 1,153,239</u>	

**NOTE 3. LINCOLN CREEK TRANSPORTATION CENTER (LCTC)**

The LCTC 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. 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 are 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 the University providing funding for the land acquisition (See Note 4). In fiscal 2009, the majority of grant funds were incurred for architectural and engineering design.

***PARKING SERVICES***

***NOTES TO THE FINANCIAL STATEMENTS***

***June 30, 2011 and 2010***

In fiscal 2010, \$2,730 was spent on LCTC, compared to expenditures of \$505,917 during fiscal 2009. 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.

The University 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 retention 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. The University will own the property outright after all payments have been made. The long-term debt has a carrying value of \$2,369,572 at June 30, 2011, which is reported net of the unamortized premium of \$1,087. 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 the University owning the pay box stations.

Following are the changes in noncurrent long-term liabilities for the year ended June 30, 2011 and 2010:

<u>Notes Payable</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Amortization of Premium</u>	<u>Balance June 30, 2011</u>	<u>Current Portion</u>
Certificates of Participation	\$2,506,209	-	(136,515)	(122)	\$2,369,572	\$142,103

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

***PARKING SERVICES***

***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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>
2012	142,103	94,671
2013	142,824	89,750
2014	148,558	84,715
2015	115,000	79,655
2016	120,000	74,955
2017-2021	675,000	296,674
2022-2026	835,000	137,538
2027	190,000	4,275
	<u>2,368,485</u>	<u>862,233</u>
Unamortized premium	<u>1,087</u>	<u>-</u>
Total	<u>\$2,369,572</u>	<u>\$862,233</u>

**NOTE 5. CAPITAL ASSETS**

The depreciation and amortization expense for the fiscal years ended June 30, 2011 and 2010 was \$68,173 and \$43,439, respectively.

Following are the changes in capital assets for the year ended June 30, 2011:

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2011</u>
Land	\$3,503,223	\$ -	\$ -	\$ -	\$3,503,223
Capital Assets					
Pay-box stations	148,650	-	-	-	148,650
Vehicles and equipment	166,874	20,538	-	-	187,412
Improvements other than building	1,019,303	-	-	-	1,019,303
Construction in progress	-	-	-	-	-
Total capital assets	<u>1,334,827</u>	<u>20,538</u>	<u>-</u>	<u>-</u>	<u>1,355,365</u>
Accumulated depreciation	(153,749)	(68,173)	-	-	(221,922)
Accumulated amortization	(350,175)	-	-	-	(350,175)
Total depreciation and amortization	<u>(503,924)</u>	<u>(68,173)</u>	<u>-</u>	<u>-</u>	<u>(572,097)</u>
Capital assets, net	<u>\$830,903</u>	<u>(\$47,635)</u>	<u>\$ -</u>	<u>-</u>	<u>\$783,268</u>

***PARKING SERVICES***  
***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2011 and 2010*

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

	June 30, 2009	Additions	Retirements	Transfers	June 30, 2010
Land	\$3,503,223	\$ -	\$ -	\$ -	\$3,503,223
Capital Assets					
Pay-box stations	135,717	148,650	(135,717)	-	148,650
Vehicles and equipment	197,175		(30,301)	-	166,874
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

**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. The University 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 the University. 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. The University makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

*PARKING SERVICES*

*NOTES TO THE FINANCIAL STATEMENTS*

*June 30, 2011 and 2010*

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

Parking Services contributed approximately \$39,264 and \$39,806 to these plans in 2011 and 2010, respectively. An actuarial valuation of the plans for Parking Services as a standalone entity is not available.

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

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