



Table of Contents

Management’s Discussion and Analysis	3
Independent Auditors’ Report	10
Financial Statements	
Statement of Net Position	12
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows	14
Notes to the Financial Statements.....	15

This page intentionally left blank

PARKING SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

Overview

Western Washington University's Parking Services (Parking Services) is responsible for managing the parking space available on the Western Washington University campus. Operations include assigning and issuing parking permits, enforcing parking regulations, maintaining parking lots, and managing parking pay-stations and metered parking. Parking Services also manages special event parking, vendor and contractor parking and related special use parking on the university campus.

The following discussion and analysis provide an overview of the financial activities and financial position of Parking Services for the years ended June 30, 2013, 2012, and 2011. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and accompanying notes.

Using the Financial Statements

Parking Services financial report includes the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position and the Statement of Cash Flows.

The statements are prepared in accordance with Governmental Accounting Standard Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The financial statements are presented 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.

Statement of Net Position

The Statement of Net Position presents 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 position, is one indicator of the current financial condition of Parking Services. The change in net position measures whether the overall financial condition has improved or deteriorated during the fiscal year.

Below is a condensed view of the Statement of Net Position as of June 30, 2013, 2012 and 2011:

PARKING SERVICES**MANAGEMENT'S DISCUSSION AND ANALYSIS***June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets			
Current assets	\$697,689	\$826,843	\$779,422
Noncurrent assets	266,328	249,831	379,240
Land	3,503,223	3,503,223	3,503,223
Capital assets, net	<u>643,948</u>	<u>713,435</u>	<u>783,268</u>
Total assets	5,111,188	5,293,332	5,445,153
Liabilities			
Current liabilities	427,415	425,975	396,972
Noncurrent liabilities	<u>1,935,000</u>	<u>2,070,885</u>	<u>2,212,174</u>
Total liabilities	2,362,415	2,496,860	2,609,146
Net Position			
Net investment in capital assets	2,063,612	2,002,949	1,932,214
Unrestricted	<u>685,161</u>	<u>793,523</u>	<u>903,793</u>
Total net position	<u><u>\$2,748,773</u></u>	<u><u>\$2,796,472</u></u>	<u><u>\$2,836,007</u></u>

Total current assets decreased \$129,154 (-15.6%) during fiscal 2013 when compared to fiscal 2012 due to a decrease in cash and cash equivalents and investments offset by an increase in accounts receivable. The \$177,787 decrease in cash and cash equivalents (-34.6%) is a result of decreased revenues in fiscal 2013 compared to fiscal 2012. Short term investments decreased by 19.1% as a result of changing investment strategy to a larger allocation of longer duration fixed income investments. The increase in accounts receivable is due to accrued unbilled grant expenditures for Lincoln Creek Transportation Center (LCTC). Total current assets increased \$47,421 (6.1%) when comparing fiscal 2012 to fiscal 2011 primarily due to the early recording of a prepaid expense for Parking Services' T2 System maintenance agreement.

Total noncurrent assets, excluding land and capital assets, increased during fiscal 2013 by \$16,497 (6.6%) primarily due to an increase in long term investments held based on the shift to longer duration investments. Total noncurrent asset, excluding land and capital assets, decreased \$129,409 (-34.1%) in fiscal 2012 compared to fiscal 2011 primarily due to a decrease in long-term investments.

Capital assets, net decreased \$69,487 (-9.7%) during fiscal 2013 due to depreciation and amortization and no additional purchases of capital assets. Capital assets, net decreased \$69,833 (-8.9%) in fiscal 2012 due to depreciation and amortization and no additional purchases of capital assets.

Current liabilities increased \$1,440 (0.3%) during fiscal 2013 due to increase in the current portion of notes payable offset by decreases in deferred revenue and accrued salaries and benefits. Current liabilities increased \$29,003 (7.3%) during fiscal 2012 primarily due to the recording of Parking Services' system maintenance agreement offset by a decrease in deferred revenue. Noncurrent liabilities decreased \$135,885 (-6.6%) during fiscal 2013 due to principal payments made on existing long-term notes payable. Noncurrent liabilities decreased \$141,289 (-6.4%) when comparing fiscal 2012 to fiscal 2011 due to principal payments made on existing long-term notes payable.

Total net position decreased \$47,699 (-1.7%) during fiscal 2013 due to an increase in net investment in capital assets offset by a decrease in unrestricted net position. Total net position decreased \$39,535 (-1.4%) in fiscal 2012 due to an increase in net investment in capital assets offset by a decrease in unrestricted net position. Unrestricted net position decreased in both years due to the use of unrestricted reserves for operations.

PARKING SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

Statement of Revenues, Expenses and Changes in Net Position

The changes in total net position, as presented on the Statement of Net Position, are detailed in the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. 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.

Following is a condensed version of the Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2013, 2012 and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues	\$1,603,727	\$1,657,788	\$1,679,519
Operating expenses	<u>(1,690,591)</u>	<u>(1,668,440)</u>	<u>(1,565,876)</u>
Operating income	(86,864)	(10,652)	113,643
Nonoperating (expenses) revenues	<u>(83,632)</u>	<u>(65,268)</u>	<u>(70,717)</u>
Income from operating and non-operating activities	(170,496)	(75,920)	42,926
Capital grant revenue	<u>122,797</u>	<u>36,385</u>	<u>-</u>
Increase in net position	(47,699)	(39,535)	42,926
Net position, beginning of year	<u>2,796,472</u>	<u>2,836,007</u>	<u>2,793,081</u>
Net position, end of year	<u><u>\$2,748,773</u></u>	<u><u>\$2,796,472</u></u>	<u><u>\$2,836,007</u></u>

Revenues

Parking permit revenue comprises the largest source of revenue for Parking Services. Permits are required for all parties parking on campus property. Permit revenue decreased \$9,486 (-0.9%) when comparing fiscal 2013 to fiscal 2012 due to a decrease in visitor permit sales. The ability to purchase permits from pay stations has shifted some Parking permit revenue over to Parking meters and pay box stations. Permit revenues decreased \$16,789 (-1.5%) when comparing fiscal 2012 to fiscal 2011 due to selling less full time quarterly permits and event permits.

Parking meter and pay box revenues increased \$9,171 (4.4%) when comparing fiscal 2013 to fiscal 2012 due to the increased use of self-serve pay stations. Visitors or potential students may select to use a pay station rather than purchasing a permit. Parking meter and pay box revenues increased \$16,899 (8.8%) when comparing fiscal 2012 to fiscal 2011 due to the implementation of self-service pay stations.

Parking fines revenue decreased \$47,345 (-15.1 %) when comparing fiscal 2013 to fiscal 2012 due to a new security measures that was mandated by the Department of Licensing for our electronic records causing a delay in billing. Parking fines revenue increased \$19,591 (6.6%) when comparing fiscal 2012 to fiscal 2011 due to a

PARKING SERVICES

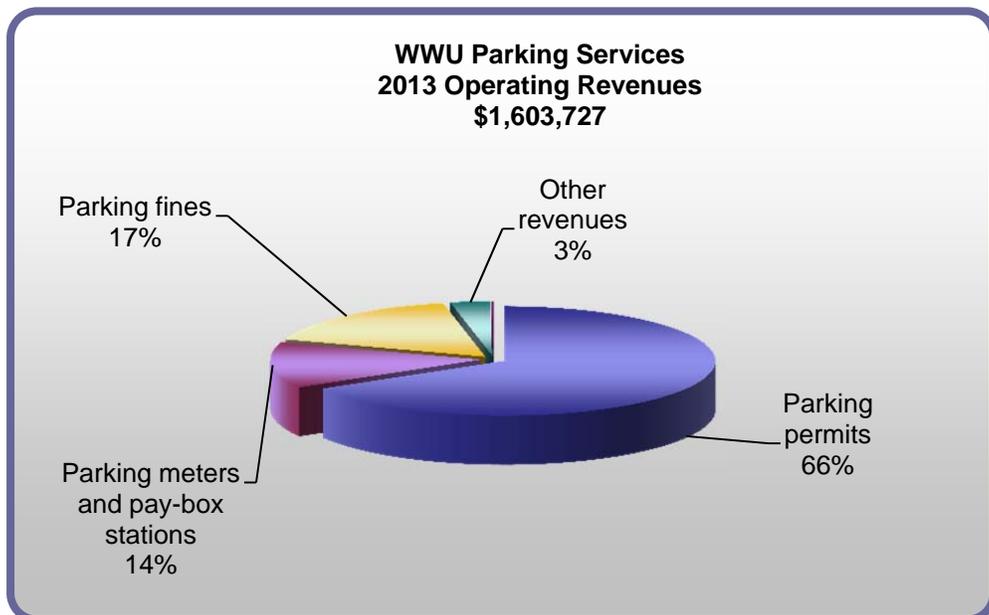
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

change in which first time offenders were offered a reduction of the fine if paid up front. This allowed Parking Services to recognize the fine revenue more timely.

Other revenues decreased \$6,409 (-11.6%) when comparing fiscal 2013 to fiscal 2012, as fiscal 2012 includes two months in funding received for the Miller Hall project. Funding was provided and recorded as revenue to cover the expenses for the Gate House attendant and other related expenses for the Miller Hall renovation, which was completed in August 2011. Other revenues decreased \$37,712 (-40.6%) when comparing fiscal 2012 to fiscal 2011 due to the conclusion of the Miller Hall project and related funding..

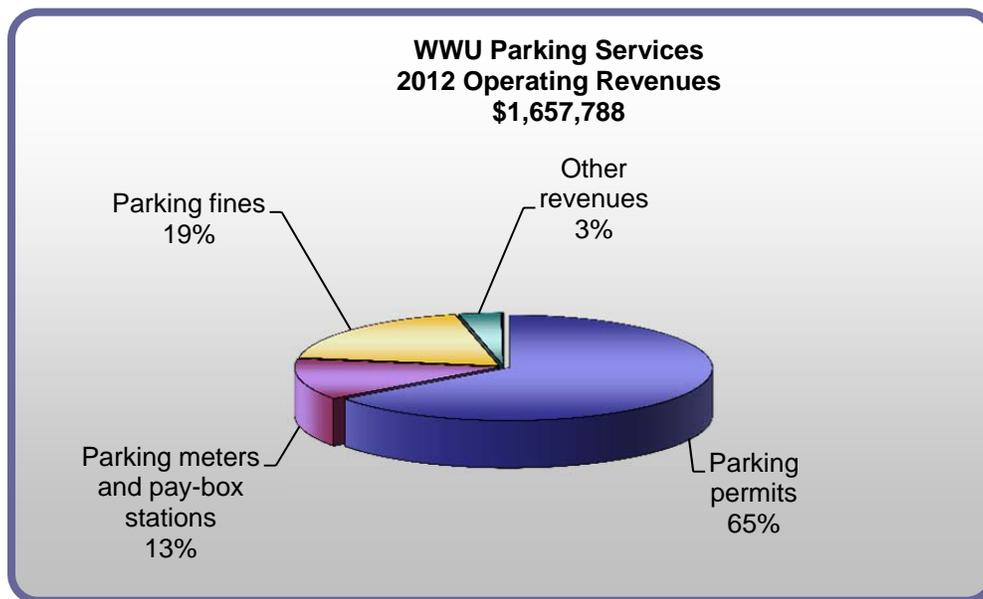
Capital grant revenue increased \$86,412 in fiscal 2013 due to spending the remaining amount of the Federal Transit Administration (FTA) grant that was awarded to renovate the Lincoln Creek Transportation Center (LCTC). During fiscal 2013 lighting and security were added to the parking lot. Capital grant revenue increased \$36,385 (100.0%) in fiscal 2012 from fiscal 2011 due the extension of the Federal Transit Administration (FTA) grant. During fiscal 2012, Parking Services design work was performed for the continued restoration of LCTC.



PARKING SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012



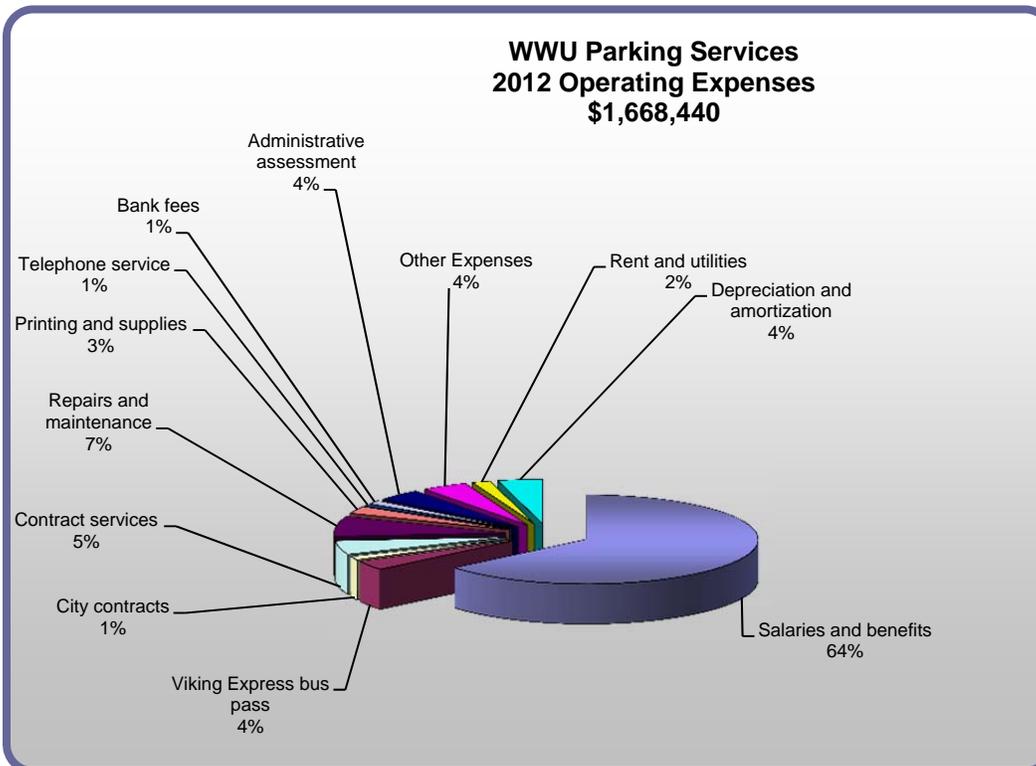
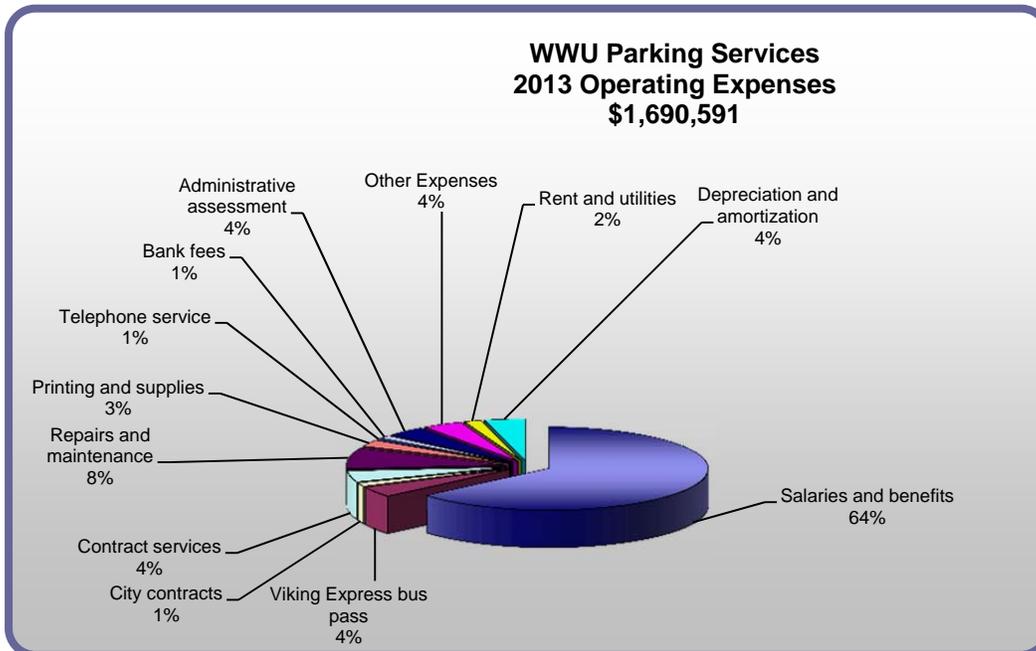
Expenses

Salaries and benefits increased \$11,313 (1.1%) when comparing fiscal 2013 to fiscal 2012 due to funding a temporary position for the Alternative Transportation program and funding 20% of the Assistant Director of Public Safety. Salaries and benefits decreased \$56,349 (-5.0%) when comparing fiscal 2012 to fiscal 2011 due primarily to the elimination of the project position hired for the Miller Hall project renovation. This position ended in August 2011.

Contract services expense decreased \$9,828 (-11.8%) when comparing fiscal 2013 to fiscal 2012 due to a decrease in contracted services (pay station warranty fee for one year rather than a year and a half). Contract services expense increased \$18,514 (28.6%) when comparing fiscal 2012 to fiscal 2011 due to an increase in the maintenance agreement of Parking Service's T2 System and Pay Station technical support.

The administrative assessment fee, which is calculated based on revenues, decreased \$3,165 (-4.5%) when comparing fiscal 2013 to fiscal 2012 due to the decrease of overall revenue totaling \$54,061. The administrative assessment fee expense increased \$10,271 (17.0%) when comparing fiscal 2012 to fiscal 2011 due to an increase in the assessment rate.

Repairs increased \$14,692 (12%) in 2013 over 2012 due to parking lot maintenance. Repairs increased substantially \$104,660 (593.8 %) during fiscal 2012 when compared to fiscal 2011 due to the completion of the Parking Lot 12A project that was required to address surface water issues.



PARKING SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

Economic Factors and Significant Events

Parking Services has started a year over year maintenance project plan to address the poor condition of the lots, which will increase repairs and maintenance expense.

Parking Services and Public Safety (part of WWU) are in the process of reorganizing shared administration and operational activities. With the reorganization, we anticipate changes in staff reporting and new alignments of staff efforts in fiscal 2014.

Parking Services is anticipating an increase in citation revenue as scheduled billings resume and fees for several citations increase. The citation fee increases include: Improper Permit Display from \$10 to \$15, Motorcycle/No Valid Permit from \$5 to \$10, and No Valid Permit, OT at Load Zone, OT at meter, OT of OB/vendor/all lots, and Unauthorized Permit Transfer from \$25 to \$30.

Online citation payment, permit applications and visitor permit sales are scheduled to begin January 1st, 2014. The online project cost is anticipated to increase contract services expense substantially in 2014.



Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

November 15, 2013

Board of Trustees
Western Washington University Parking Services
Bellingham, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Western Washington University Parking Services (Parking Services), Whatcom County, Washington, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Parking Services' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Parking Services' preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As discussed in Note 1, the financial statements of Western Washington University Parking Services are intended to present the financial position, 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, 2013 and 2012, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Western Washington University Parking Services, as of June 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

PARKING SERVICES
STATEMENT OF NET POSITION

June 30, 2013 and 2012

Assets	2013	2012
Current assets		
Cash and cash equivalents (Note 2)	\$335,724	\$513,511
Investments (Note 2)	200,507	247,908
Accounts receivable	118,699	18,836
Prepaid expenses	42,759	46,588
Total current assets	<u>697,689</u>	<u>826,843</u>
Noncurrent assets		
Investments (Note 2)	266,328	236,245
Land (Note 5)	3,503,223	3,503,223
Capital assets, net (Note 5)	643,948	713,435
Other assets	-	13,586
Total noncurrent assets	<u>4,413,499</u>	<u>4,466,489</u>
Total assets	<u>5,111,188</u>	<u>5,293,332</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	66,365	66,875
Accrued salaries and benefits	112,571	113,620
Current portion of notes payable (Note 4)	148,559	142,824
Unearned revenue	99,920	102,656
Total current liabilities	<u>427,415</u>	<u>425,975</u>
Noncurrent liabilities		
Note payable, less current portion (Note 4)	<u>1,935,000</u>	<u>2,070,885</u>
Total liabilities	<u>2,362,415</u>	<u>2,496,860</u>
Net Position		
Net investment in capital assets	2,063,612	2,002,949
Unrestricted	685,161	793,523
Total net position	<u>\$2,748,773</u>	<u>\$2,796,472</u>

PARKING SERVICES**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Parking permits	\$1,067,280	\$1,076,766
Parking meters and pay box stations	217,868	208,697
Parking fines	267,194	314,539
Other revenues	48,793	55,202
Services funded by WWU	2,592	2,584
Total operating revenues	<u>1,603,727</u>	<u>1,657,788</u>
Operating Expenses		
Salaries and benefits	1,078,490	1,067,177
Viking Express bus pass	68,762	56,275
City contracts	23,965	22,875
Contract services	73,496	83,324
Repairs and maintenance	136,976	122,284
Printing and supplies	44,157	43,727
Telephone service	9,992	9,949
Bank fees	20,623	22,012
Administrative assessment	67,491	70,656
Other expenses	68,321	71,901
Rent and utilities	28,831	28,427
Depreciation and amortization	69,487	69,833
Total operating expenses	<u>1,690,591</u>	<u>1,668,440</u>
Operating income	(86,864)	(10,652)
Nonoperating Revenues (Expenses)		
Contribution for building rent and utilities	28,831	28,427
Interest income	3,135	3,809
Interest on indebtedness	(89,339)	(94,261)
Amortization of bond issuance costs	(26,259)	(3,243)
Total nonoperating (expenses) revenues	<u>(83,632)</u>	<u>(65,268)</u>
Income before capital grant revenue	(170,496)	(75,920)
Capital Grant Revenue	<u>122,797</u>	<u>36,385</u>
Decrease in Net Position	(47,699)	(39,535)
Total Net Position, Beginning of Year	<u>2,796,472</u>	<u>2,836,007</u>
Total Net Position, End of Year	<u><u>\$2,748,773</u></u>	<u><u>\$2,796,472</u></u>

PARKING SERVICES
STATEMENT OF CASH FLOWS

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Cash received from students, employees and visitors	\$1,498,536	\$1,627,812
Cash received from the university	2,592	2,584
Cash paid to employees	(1,079,538)	(1,069,309)
Cash paid to suppliers	(510,464)	(504,721)
Net cash provided by operating activities	<u>(88,874)</u>	<u>56,366</u>
 Cash flows from investing activities		
Interest income received	3,135	3,809
Net sales of investments in internal pool	17,318	118,739
Net cash provided by investing activities	<u>20,453</u>	<u>122,548</u>
 Cash flows from capital and related financing activities		
Cash received from grant revenue	122,797	36,385
Payments on note payable	(142,824)	(142,167)
Purchase of capital assets	-	-
Interest paid on indebtedness	(89,339)	(94,261)
Net cash provided by (used in) capital and related financing activities	<u>(109,366)</u>	<u>(200,043)</u>
 Net decrease in cash and cash equivalents	(177,787)	(21,129)
 Cash and cash equivalents, beginning of year	<u>513,511</u>	<u>534,640</u>
 Cash and cash equivalents, end of year	<u>\$335,724</u>	<u>\$513,511</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	(\$86,864)	(\$10,652)
Adjustments to reconcile operating income to net cash flows from operating activities		
Loss on disposal of fixed asset	-	-
Depreciation and amortization	69,487	69,833
Contributed building rent and utilities	28,831	28,427
Net changes in assets and liabilities		
Receivables	(99,863)	(18,561)
Prepaid	3,829	(40,963)
Accounts payable and accrued liabilities	(510)	39,245
Accrued salaries and benefits	(1,049)	(2,132)
Deferred revenue	(2,736)	(8,831)
Net cash provided by operating activities	<u>(\$88,875)</u>	<u>\$56,366</u>

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013 and 2012

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 position, 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 position 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.

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 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 the Federal Transit Authority for unbilled grant expenditures. Outstanding receivables at June 30, 2013 and 2012 resulted from renovation work performed on the Lincoln Creek Transportation Center (LCTC).

Capital Assets, net

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

Beginning 2013 with the adoption of GASB 65, Certificate of Participation (state financing agreements) issuance costs were expensed and are no longer shown as other assets on the Statement of Net Position. During fiscal 2012, COP costs were recorded as Other Assets.

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013 and 2012

Unearned Revenue and Revenue Recognition

Unearned 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 Position

Parking Services' net position is classified as follows:

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

Unrestricted. 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 \$67,491 and \$70,656 for fiscal years ended June 30, 2013 and 2012, 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.

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.

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Interest Rate and Credit Risk

Parking Services' operating cash is part of the University's internal investment pool. The 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 comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17CFR.270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP is an unrated investment pool. Bank balances (including time certificates of deposit) are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). U.S. Treasury and Agency securities are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

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 2.25 years, with no more than 3 years for weighted average maturity.

	2013	Weighted Average Maturity (in years)	2012	Weighted Average Maturity (in years)
Cash and cash equivalents	\$335,724	0.001	\$513,511	n/a
Investments				
Certificates of deposit	50,594	0.057	71,413	0.028
U.S. Agencies	416,241	1.311	412,740	0.680
	<u>\$802,559</u>		<u>\$997,664</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. In fiscal 2013, \$122,797 was spent on LCTC for lighting and security, compared to

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013 and 2012

The University will use the remaining grant funds 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 purchases of the Lincoln Creek property and parking pay box stations through the issuance of Certificates of Participation by the Washington State Treasurer at an interest rate of 4.42% and 1.9% payable over 20 years and 4 years. The program offers lease financing to state agencies to purchase capital assets and property. The University will own the property and equipment outright after all payments have been made. The long-term debt has a carrying value of \$2,083,559 at June 30, 2013.

Following are the changes in noncurrent long-term liabilities for the year ended June 30, 2013 and 2012:

<u>Notes Payable</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Amortization of Discount</u>	<u>Balance June 30, 2013</u>	<u>Current Portion</u>
Certificates of Participation	\$2,213,709	-	(142,824)	12,674	\$2,083,559	\$148,559

<u>Notes Payable</u>	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Amortization of Discount</u>	<u>Balance June 30, 2012</u>	<u>Current Portion</u>
Certificates of Participation	\$2,354,277	-	(142,103)	1,535	\$2,213,709	\$142,824

Parking Services debt service requirements for this agreement for the next five years and thereafter are as follows:

PARKING SERVICES**NOTES TO THE FINANCIAL STATEMENTS***June 30, 2013 and 2012*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	148,559	84,715
2015	115,000	79,655
2016	120,000	74,955
2017	125,000	70,055
2018	130,000	64,955
2019-2023	735,000	238,208
2024-2028	710,000	65,269
Total	2,083,559	677,812

NOTE 5. LAND AND CAPITAL ASSETS, NET

The depreciation and amortization expense for the fiscal years ended June 30, 2013 and 2012 was \$69,487 and \$69,833, respectively.

Following are the changes in capital assets for the year ended June 30, 2013:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Land	\$3,503,223	\$ -	\$ -	\$ -	\$3,503,223
Capital Assets					
Pay-box stations	148,650	-	-	-	148,650
Vehicles and equipment	177,923	-	-	-	177,923
Improvements other than building	1,019,303	-	-	-	1,019,303
Construction in progress	-	-	-	-	-
Total capital assets	1,345,876	-	-	-	1,345,876
Accumulated depreciation	(282,266)	(69,487)	-	-	(351,753)
Accumulated amortization	(350,175)	-	-	-	(350,175)
Total depreciation and amortization	(632,441)	(69,487)	-	-	(701,928)
Capital assets, net	\$713,435	(\$69,487)	\$ -	-	\$643,948

Following are the changes in capital assets for the year ended June 30, 2012:

PARKING SERVICES***NOTES TO THE FINANCIAL STATEMENTS******June 30, 2013 and 2012***

	June 30, 2011	Additions	Retirements	Transfers	June 30, 2012
Land	\$3,503,223	\$ -	\$ -	\$ -	\$3,503,223
Capital Assets					
Pay-box stations	148,650	-	-	-	148,650
Vehicles and equipment	187,412	-	(9,489)	-	177,923
Improvements other than building	1,019,303	-	-	-	1,019,303
Construction in progress	-	-	-	-	-
Total capital assets	1,355,365	0	(9,489)	-	1,345,876
Accumulated depreciation	(221,922)	(69,833)	9,489	-	(282,266)
Accumulated amortization	(350,175)	-	-	-	(350,175)
Total depreciation and amortization	(572,097)	(69,833)	9,489	-	(632,441)
Capital assets, net	\$783,268	(\$69,833)	\$ -	\$ -	\$713,435

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 single-employer 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, 2013 and 2012

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 \$49,876.85, \$49,593 and \$39,264 to these plans in fiscal 2013, 2012 and 2011, 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.

This page intentionally left blank.