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PARKING SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014 and 2013

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, 2014, 2013, and 2012. 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, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets			
Current assets	\$600,503	\$697,689	\$826,843
Noncurrent assets	477,848	266,328	249,831
Land	3,503,223	3,503,223	3,503,223
Capital assets, net	<u>599,724</u>	<u>643,948</u>	<u>713,435</u>
Total assets	5,181,298	5,111,188	5,293,332
Liabilities			
Current liabilities	322,515	427,415	425,975
Noncurrent liabilities	<u>1,820,000</u>	<u>1,935,000</u>	<u>2,070,885</u>
Total liabilities	2,142,515	2,362,415	2,496,860
Net Position			
Net investment in capital assets	2,167,947	2,063,612	2,002,949
Unrestricted	<u>870,836</u>	<u>685,161</u>	<u>793,523</u>
Total net position	<u>\$3,038,783</u>	<u>\$2,748,773</u>	<u>\$2,796,472</u>

PARKING SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014 and 2013

Total current assets decreased \$97,186 (-13.9%) during fiscal 2014 primarily due to a decrease in accounts receivable, as the remaining Federal Transit Administration (FTA) grant funds for the Lincoln Creek Transportation Center (LCTC) were received. The 15.6% decrease in total current assets in fiscal 2013 compared to fiscal 2012 is attributable to a decrease in combined cash, cash equivalents and investments offset by an increase in accounts receivable. Cash, cash equivalents and investments decreased due to lower revenues in fiscal 2013 as well as a reallocation to longer term investments. The fiscal 2013 increase in accounts receivable is due to accrued unbilled grant expenditures for the (LCTC).

Total noncurrent assets, excluding capital assets, increased \$211,520 due to an increase in long-term investments as Parking continues to build the appropriate level of reserves. Total noncurrent assets, excluding land and capital assets, increased during fiscal 2013 by \$16,497 (6.6%) primarily due to the reallocation from short-term to long-term investments.

Capital assets, net decreased \$44,224 during fiscal 2014, due to depreciation offset by the purchase of a \$23,323 new vehicle. Capital assets, net decreased \$69,487 (-9.7%) during fiscal 2013 due to depreciation and amortization and no additional purchases of capital assets.

Current liabilities decreased \$104,900 during fiscal 2014 due primarily to decreases in accounts payable (timing of invoices payments), accrued salaries and benefits and the payoff of the Certificate of Participation for parking boxes (Note 4). Current liabilities increased only slightly (0.3%) during fiscal 2013. Noncurrent liabilities decreased 6% during fiscal 2014 and 6.6% during fiscal 2013 due to principal payments made on existing long-term notes payable.

Total net position increased \$290,010 during fiscal 2014 due to increases in net investment in capital assets from continued principal payments on debt, as well as the transfer of certain institutional expenses from Parking Services to the University. 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 due to the use of unrestricted reserves for operations.

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, 2014, 2013 and 2012:

PARKING SERVICES***MANAGEMENT'S DISCUSSION AND ANALYSIS******June 30, 2014 and 2013***

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues	\$1,697,403	\$1,603,727	\$1,657,788
Operating expenses	<u>(1,548,945)</u>	<u>(1,690,591)</u>	<u>(1,668,440)</u>
Operating income	148,458	(86,864)	(10,652)
Nonoperating (expenses) revenues	<u>141,552</u>	<u>(83,632)</u>	<u>(65,268)</u>
Income from operating and non-operating activities	290,010	(170,496)	(75,920)
Capital grant revenue	-	122,797	36,385
Increase in net position	<u>290,010</u>	<u>(47,699)</u>	<u>(39,535)</u>
Net position, beginning of year	<u>2,748,773</u>	<u>2,796,472</u>	<u>2,836,007</u>
Net position, end of year	<u>\$3,038,783</u>	<u>\$2,748,773</u>	<u>\$2,796,472</u>

Revenues

Parking permit revenue comprises the largest source of revenue for Parking Services. Permit revenue increased \$43,867 (4.11%) when comparing fiscal 2014 to fiscal 2013 due to additional permits sold in the 12A employee parking lot and the 16CR resident overflow parking. Permit revenue decreased \$9,486 (-0.9%) when comparing fiscal 2013 to fiscal 2012 due to a decrease in visitor permit sales.

Visitors or potential students may select to use a free standing pay station machine or a coin meter rather than purchasing a permit. Parking meter and pay box revenues increased 3.07% when comparing fiscal 2014 to fiscal 2013 and 4.4% when comparing fiscal 2013 to fiscal 2012 due to the increased use of self-serve pay stations.

Parking fines revenue increased \$40,802 (15.27 %) when comparing fiscal 2014 to fiscal 2013 as Parking Services resumed a monthly billing schedule. Parking fines revenue decreased \$47,345 (-15.1 %) when comparing fiscal 2013 to fiscal 2012 due to the disruption of regular billing as a result of implementing a new system.

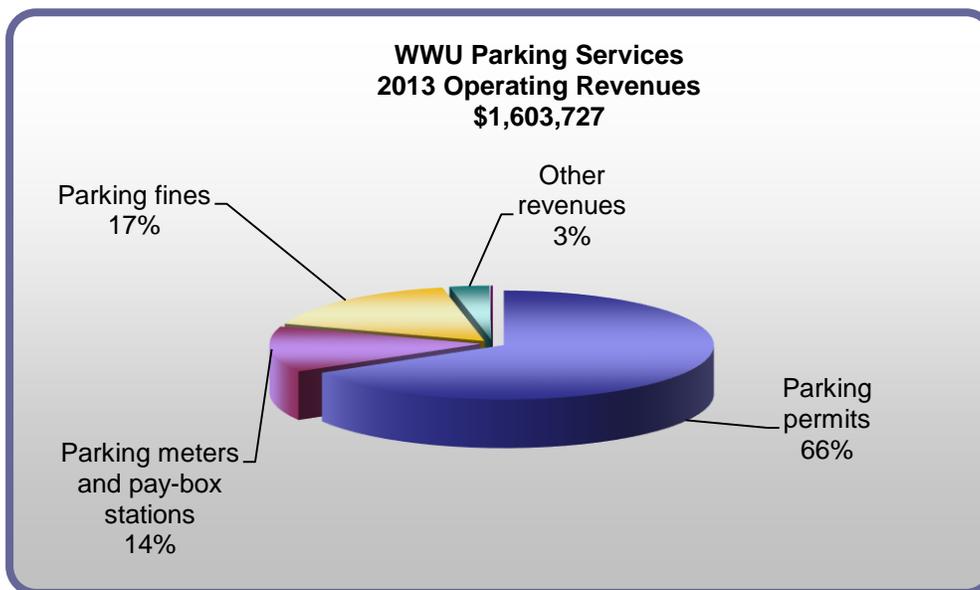
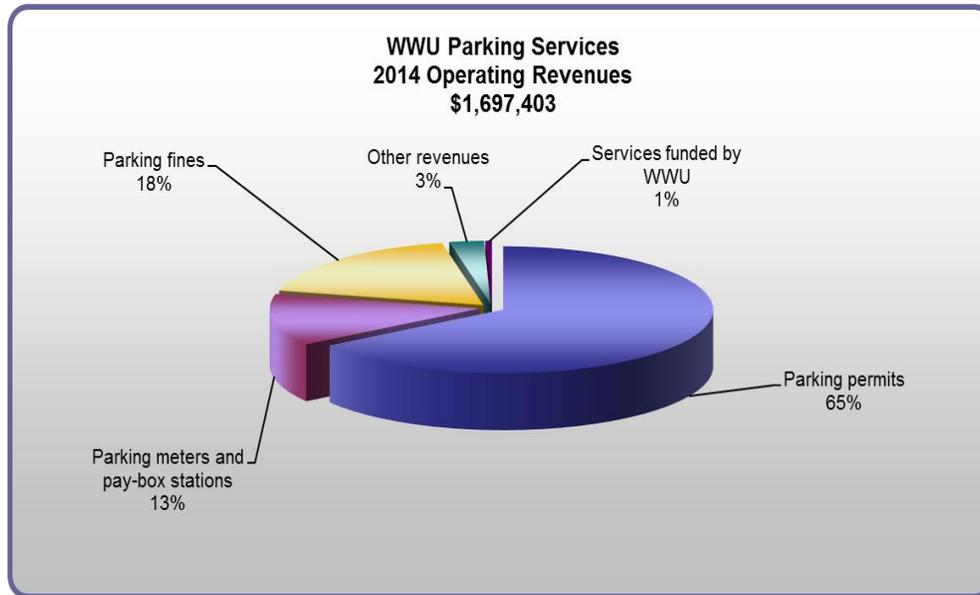
Other revenues decreased \$3,529 (-7.23%) when comparing fiscal 2014 to fiscal 2013, due to decrease in event lot rentals. Other revenues decreased \$6,409 (-11.6%) when comparing fiscal 2013 to fiscal 2012, as fiscal 2012 includes two months in funding received for the Miller Hall project. Funding was 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.

Capital grant revenue decreased to \$0 in fiscal 2014 as the FTA grant ended. Capital grant revenue increased \$86,412 in fiscal 2013 due the lighting and security added to the LCTC parking lot using FTA grant funds.

PARKING SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014 and 2013



Expenses

Salaries and benefits decreased \$100,761 (9.34%) when comparing fiscal 2014 to fiscal 2013 due to the reallocation of position funding for several positions, including Emergency Communications, to the University as institutional 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.

During fiscal 2014 Parking Services began implementation of the on-line permit and citation payment function within the T-2 system, which increased contract services expense by \$50,762 (69.1%) over fiscal 2013. Contract services expense decreased \$9,828 (-11.8%) when comparing fiscal 2013 to fiscal 2012 due to a decrease in pay station warranty fees.

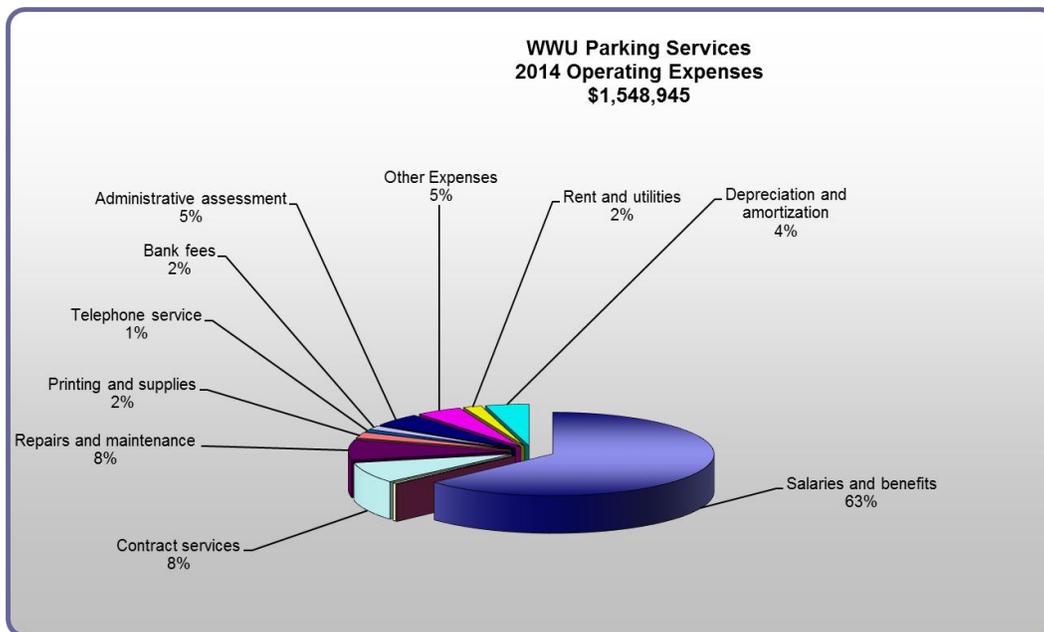
PARKING SERVICES

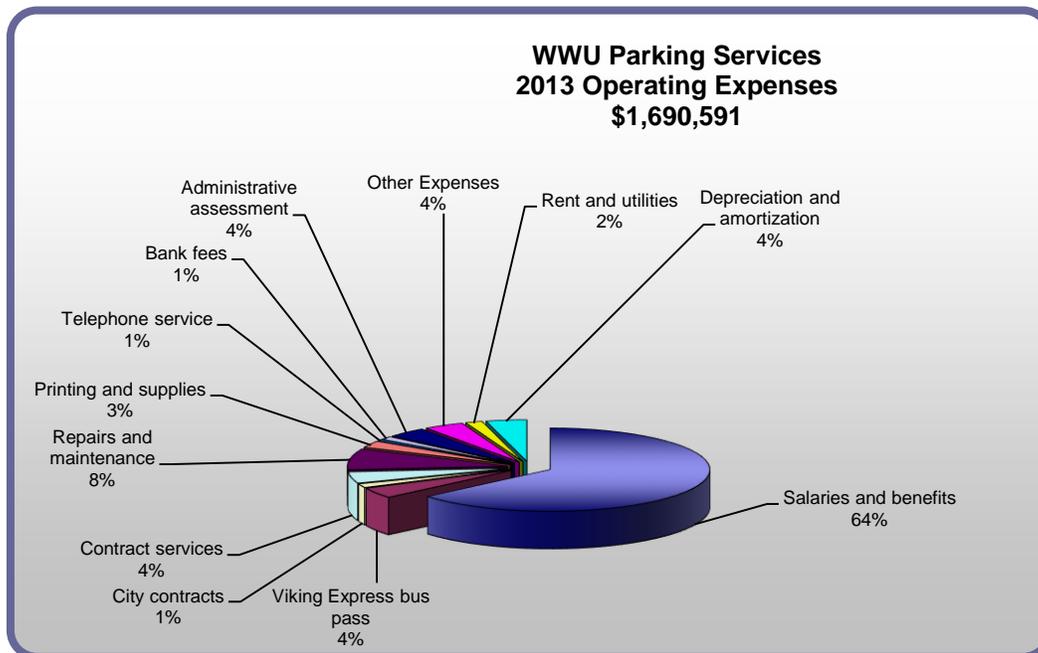
MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2014 and 2013

The Viking Express staff subsidy decreased from \$68,762 in fiscal 2013 to \$1,781 in fiscal 2014 as the funding for this expense has been reallocated from Parking Services to the University as institutional expense. The city of Bellingham contract for administering the Residential Parking Zone decreased from \$23,965 in fiscal 2013 to \$5,875 in fiscal 2014. The contract expires in September, 2014. The administrative assessment fee, which is calculated based on revenues, increased \$10,381 (15.38%) when comparing fiscal 2014 to fiscal 2013 due to the increase of overall revenue totaling \$93,676. The administrative assessment fee decreased \$3,165 (-4.5%) when comparing fiscal 2013 to fiscal 2012 due to the decrease of overall revenue totaling \$54,061.

Nonoperating (expenses) revenues increased \$225,184 in fiscal 2014 as a result of bond issuance costs having been completely amortized in fiscal 2013 as well as \$194,155 institutional support provided for LCTC debt service payments.





Economic Factors and Significant Events

Parking Services has started an operational review. As part of that review a maintenance and improvement plan is being developed and if supported by the PTAC committee and advanced by the administration the plan will address the current backlog of maintenance and outlay of maintenance expenses in the most efficient means possible.

New pay stations and handheld ticket writers are scheduled to be purchased in fiscal year 2015. If approved the result will be an increase in other expenses and contract services, the cost of which will be offset by labor efficiencies.



Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

November 21, 2014

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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Parking Service's 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 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 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 the Parking Service's 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 the Parking Service's 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.

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

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, 2014 and 2013, 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.

Matters of Emphasis

As discussed in Note 1, the financial statements of Western Washington University Parking Services, a department of the University, 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, 2014 and 2013, 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. Our opinion is not modified with respect to this matter.

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 8 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 black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized "X" between the first and last names.

TROY KELLEY
STATE AUDITOR

PARKING SERVICES
STATEMENT OF NET POSITION

June 30, 2014 and 2013

Assets	2014	2013
Current assets		
Cash and cash equivalents (Note 2)	\$445,836	\$335,724
Investments (Note 2)	154,614	200,507
Accounts receivable	23	118,699
Prepaid expenses	30	42,759
Total current assets	<u>600,503</u>	<u>697,689</u>
Noncurrent assets		
Investments (Note 2)	477,848	266,328
Land (Note 5)	3,503,223	3,503,223
Capital assets, net (Note 5)	599,724	643,948
Other assets	-	-
Total noncurrent assets	<u>4,580,795</u>	<u>4,413,499</u>
Total assets	<u>5,181,298</u>	<u>5,111,188</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	25,114	66,365
Accrued salaries and benefits	85,515	112,571
Current portion of notes payable (Note 4)	115,000	148,559
Unearned revenue	96,886	99,920
Total current liabilities	<u>322,515</u>	<u>427,415</u>
Noncurrent liabilities		
Note payable, less current portion (Note 4)	<u>1,820,000</u>	<u>1,935,000</u>
Total liabilities	<u>2,142,515</u>	<u>2,362,415</u>
Net Position		
Net investment in capital assets	2,167,947	2,063,612
Unrestricted	870,836	685,161
Total net position	<u>\$3,038,783</u>	<u>\$2,748,773</u>

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

June 30, 2014 and 2013

	2014	2013
Operating Revenues		
Parking permits	\$1,111,147	\$1,067,280
Parking meters and pay box stations	224,559	217,868
Parking fines	307,996	267,194
Other revenues	45,264	48,793
Services funded by WWU	8,437	2,592
Total operating revenues	<u>1,697,403</u>	<u>1,603,727</u>
 Operating Expenses		
Salaries and benefits	977,729	1,078,490
Viking Express bus pass	1,781	68,762
City contracts	5,875	23,965
Contract services	124,258	73,496
Repairs and maintenance	121,487	136,976
Printing and supplies	35,878	44,157
Telephone service	13,585	9,992
Bank fees	23,006	20,623
Administrative assessment	77,872	67,491
Other expenses	71,584	68,321
Rent and utilities	28,343	28,831
Depreciation and amortization	67,547	69,487
Total operating expenses	<u>1,548,945</u>	<u>1,690,591</u>
 Operating income	148,458	(86,864)
 Nonoperating Revenues (Expenses)		
Contribution for building rent and utilities	28,343	28,831
Institutional Support	194,155	
Interest income	3,340	3,135
Interest on indebtedness	(84,286)	(89,339)
Amortization of bond issuance costs	-	(26,259)
Total nonoperating (expenses) revenues	<u>141,552</u>	<u>(83,632)</u>
 Income before capital grant revenue	290,010	(170,496)
 Capital Grant Revenue	<u>-</u>	<u>122,797</u>
 Decrease in Net Position	290,010	(47,699)
 Total Net Position, Beginning of Year	<u>2,748,773</u>	<u>2,796,472</u>
 Total Net Position, End of Year	<u><u>\$3,038,783</u></u>	<u><u>\$2,748,773</u></u>

See Accompanying Notes to the Financial Statements

PARKING SERVICES
STATEMENT OF CASH FLOWS

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash received from students, employees and visitors	\$1,804,608	\$1,498,536
Cash received from the university	8,437	2,592
Cash paid to employees	(1,004,784)	(1,079,538)
Cash paid to suppliers	(473,849)	(510,464)
Net cash provided by operating activities	<u>334,412</u>	<u>(88,874)</u>
Cash flows from investing activities		
Interest income received	3,340	3,135
Net sales of investments in internal pool	(165,627)	17,318
Net cash provided by investing activities	<u>(162,287)</u>	<u>20,453</u>
Cash flows from capital and related financing activities		
Cash received from grant revenue	-	122,797
Institutional support for debt service payments	194,155	-
Payments on note payable	(148,559)	(142,824)
Purchase of capital assets	(23,323)	-
Interest paid on indebtedness	(84,286)	(89,339)
Net cash provided by (used in) capital and related financing activities	<u>(62,013)</u>	<u>(109,366)</u>
Net decrease in cash and cash equivalents	110,112	(177,787)
Cash and cash equivalents, beginning of year	<u>335,724</u>	<u>513,511</u>
Cash and cash equivalents, end of year	<u><u>\$445,836</u></u>	<u><u>\$335,724</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$148,458	(\$86,864)
Adjustments to reconcile operating income to net cash flows from operating activities		
Loss on disposal of fixed asset	-	-
Depreciation and amortization	67,547	69,487
Contributed building rent and utilities	28,343	28,831
Net changes in assets and liabilities		
Receivables	118,676	(99,863)
Prepaid	42,729	3,829
Accounts payable and accrued liabilities	(41,251)	(509)
Accrued salaries and benefits	(27,056)	(1,049)
Deferred revenue	(3,034)	(2,736)
Net cash provided by operating activities	<u><u>\$334,412</u></u>	<u><u>(\$88,874)</u></u>

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

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 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.

Unearned Revenue and Revenue Recognition

Unearned revenues are parking permit sales collected in advance that relate to subsequent accounting periods.

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

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 \$77,872 and \$67,491 for fiscal years ended June 30, 2014 and 2013, 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.

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

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

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.

WWU manages its exposure to fair value losses in the internal investment pool by targeting the portfolio duration to 2.25 years and limiting the weighted average maturity to a maximum of 3 years. WWU generally does not invest operating funds in securities maturing more than five years from the date of purchase.

	2014	Weighted Average Maturity (in years)	2013	Weighted Average Maturity (in years)
Cash and cash equivalents	\$445,836	0.001	\$335,724	0.001
Investments				
Certificates of deposit	62,525	2.033	50,594	0.057
U.S. Treasuries	51,843	1.085		
U.S. Agencies	<u>518,094</u>	2.657	<u>416,241</u>	1.311
	<u>\$1,078,298</u>		<u>\$802,559</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. The project was funded with a Federal Transit Administration (FTA) grant, which ended in 2013.

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 \$1,935,000 at June 30, 2014.

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

PARKING SERVICES***NOTES TO THE FINANCIAL STATEMENTS******June 30, 2014 and 2013***

<u>Notes Payable</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Amortization of Discount</u>	<u>Balance June 30, 2014</u>	<u>Current Portion</u>
Certificates of Participation	\$2,083,559	-	(148,559)	-	\$1,935,000	\$115,000

<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

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>
2015	115,000	79,655
2016	120,000	74,955
2017	125,000	70,055
2018	130,000	64,955
2019	135,000	59,655
2020-2024	765,000	206,468
2025-2027	545,000	37,353
Total	1,935,000	593,096

NOTE 5. LAND AND CAPITAL ASSETS, NET

The depreciation and amortization expense for the fiscal years ended June 30, 2014 and 2013 was \$67,547 and \$69,487, respectively.

PARKING SERVICES**NOTES TO THE FINANCIAL STATEMENTS****June 30, 2014 and 2013**

Following are the changes in capital assets for the year ended June 30, 2014:

	June 30, 2013	Additions	Retirements	Transfers	June 30, 2014
Land	\$3,503,223	\$ -	\$ -	\$ -	\$3,503,223
Capital Assets					
Pay-box stations	148,650	-	-	-	148,650
Vehicles and equipment	177,923	23,323	(17,054)	-	184,192
Improvements other than building	1,019,303	-	-	-	1,019,303
Total capital assets	1,345,876	23,323	(17,054)	-	1,352,145
Accumulated depreciation	(351,753)	(67,547)	17,054	-	(402,246)
Accumulated amortization	(350,175)	-	-	-	(350,175)
Total depreciation and amortization	(701,928)	(67,547)	17,054	-	(752,421)
Capital assets, net	\$643,948	(\$44,224)	\$ -	-	\$599,724

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

	June 30, 2012	Additions	Retirements	Transfers	June 30, 2013
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
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

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

PARKING SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

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. 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 \$53,054, \$49,877 and \$49,593 to these plans in fiscal 2014, 2013 and 2012, 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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