WESTERN
WASHINGTON UNIVERSITY

PARKING SERVICES

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Overview

Western Washington University's Parking Services (Parking Services) is responsible for managing the parking space available on the Western Washington University (WWU) 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, 2015, 2014, and 2013. 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 assets, deferred outflows, liabilities and deferred inflows is net position. 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, 2015, 2014 and 2013:

	2015	2014	2013
Assets			
Current assets	$942,549	$600,503	$697,689
Noncurrent assets	695,386	477,848	266,328
Nondepreciable capital assets, net	3,612,592	3,503,223	3,503,223
Depreciable capital assets, net	553,534	599,724	4,147,171
Total assets	5,804,061	5,181,298	8,614,411
Deferred Outflows	38,469	-	-
Liabilities			
Current liabilities	414,390	322,515	427,415
Noncurrent liabilities	1,835,382	1,820,000	1,935,000
Total liabilities	2,249,772	2,142,515	2,362,415
Deferred Inflows	161,915		
Net Position			
Net investment in capital assets	2,346,126	2,167,947	2,063,612
Restricted	25,114	-	-
Unrestricted	1,059,603	870,836	685,161
Total net position	$3,430,843	$3,038,783	$2,748,773

Total current assets increased $342,046 (57.0%) during fiscal 2015 due to an increase in cash and cash equivalents and short-term investments. The increase in short-term investments is due to WWU's investment strategy to ensure liquidity needs while optimizing investment returns (See Note 2). 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.

Total noncurrent assets, excluding capital assets, increased $217,538 (45.5%) during fiscal 2015 and $211,520 (79.4%) during fiscal 2014 primarily due to increases in long-term investments as Parking Services continues to build the appropriate level of reserves.

Capital assets, net increased $63,179 (10.5%) during fiscal 2015 due to Parking Service's parking lot improvements offset with depreciation. Parking Services has developed a schedule for repairing and maintaining the parking lots throughout WWU. Capital assets, net decreased $44,224 (-6.9%) during fiscal 2014, due to depreciation offset by the purchase of a $23,323 new vehicle.

Current liabilities increased $91,875 (28.5%) during fiscal 2015 primarily due to the timing of invoices related to parking lot improvements. Current liabilities decreased $104,900 (-24.5%) 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 (COP) for parking pay box stations (Note 4).

Noncurrent liabilities increased $15,382 (0.8%) during fiscal 2015 due to a $135,382 (100.0%) increase in the net pension liability combined with scheduled principal payment for the outstanding lease balance on LCTC. During fiscal 2015, Parking Services adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions. This statement requires Parking Services to present its share of the net pension liability for the pension plans administered by the Department of Retirement System (See note 6). During fiscal 2014, noncurrent liabilities decreased $115,000 (-5.9%) due to scheduled principal payment of the LCTC lease.

Total net position increased $392,060 (12.9%) during fiscal 2015. This increase is primarily due to decreases in operating expenditures, combined with a beginning net position restatement of $286,542 as part of the adoption of GASB Statement No. 68. Had this restatement not been required, total net position would have increased $678,602. During fiscal 2014, total net position increased $290,010 (10.6%) due to increases in net investment in capital assets from scheduled principal payments on debt and capital purchases, as well as the transfer of certain institutional expenses from Parking Services to WWU.

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 No. 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, 2015, 2014 and 2013:

	2015	2014	2013
Operating revenues	$1,787,055	$1,697,403	$1,603,727
Operating expenses	(1,258,383)	(1,548,945)	(1,690,591)
Operating income	528,672	148,458	(86,864)
Nonoperating (expenses) revenues	149,930	141,552	(83,632)
Income from operating and non-operating activities	678,602	290,010	(170,496)
Capital grant revenue	-	-	122,797
Increase in net position	678,602	290,010	(47,699)
Net position, beginning of year	3,038,783	2,748,773	2,796,472
Restatement	(286,542)		
Net position, end of year	$3,430,843	$3,038,783	$2,748,773

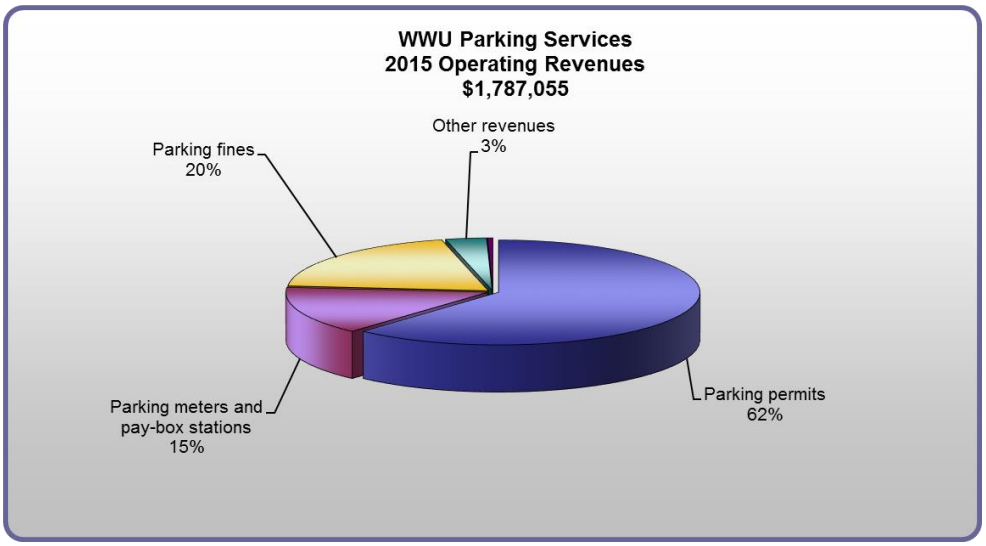
Revenues

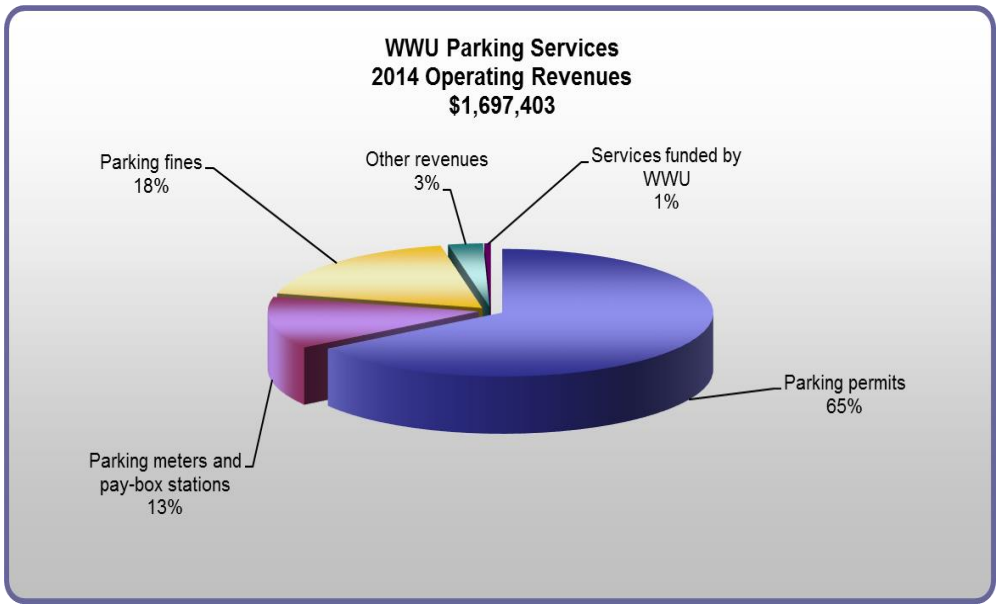
Parking permit revenue comprises the largest source of revenue for Parking Services. Permit revenue for fiscal 2015 decreased slightly $8,651 (-0.8%) as more customers purchased parking permits via pay box stations (see discussion below). Permit revenue increased $43,867 (4.1%) when comparing fiscal 2014 to fiscal 2013 due to additional permits sold in the 12A employee parking lot and the 16CR resident overflow parking.

Parking meter and pay box station revenues increased $39,848 (17.7%) primarily due to continued increase in the pay box stations. WWU visitors may select to use a free standing pay station machine or a parking meter rather than purchasing a parking permit. Parking meter and pay box station revenues increased $6,691 (3.1%) when comparing fiscal 2014 to fiscal 2013 due to increased use of self-serve pay box stations.

Parking fines revenue increased $45,629 (14.8%) when comparing fiscal 2015 to fiscal 2014 as a result of continued regular billing and the added option and convenience of paying citations online. Parking fines revenue increased $40,802 (15.3 %) when comparing fiscal 2014 to fiscal 2013 as Parking Services resumed a monthly billing schedule.

Other revenues increased $13,326 (29.4%) when comparing fiscal 2015 to fiscal 2014, due to an increase in parking lot rentals for WWU events. Other revenues decreased $3,529 (-7.2%) when comparing fiscal 2014 to fiscal 2013, due to a decrease in event lot rentals.





Expenses

Salaries and benefits decreased $179,586 (-18.4%) when comparing fiscal 2015 to fiscal 2014 due to various position vacancies, a reduction in the employer portion of health care benefits and the adoption of GASB Statement No. 68, which reduced Parking Services fiscal 2015 pension contributions by $52,828 (these expenses will be recognized in fiscal 2016, See Notes 1 & 6). Salaries and benefits decreased $100,761 (9.3%) when comparing fiscal 2014 to fiscal 2013 due to the reallocation of position funding for several positions, including Emergency Communications, to WWU as institutional expenses.

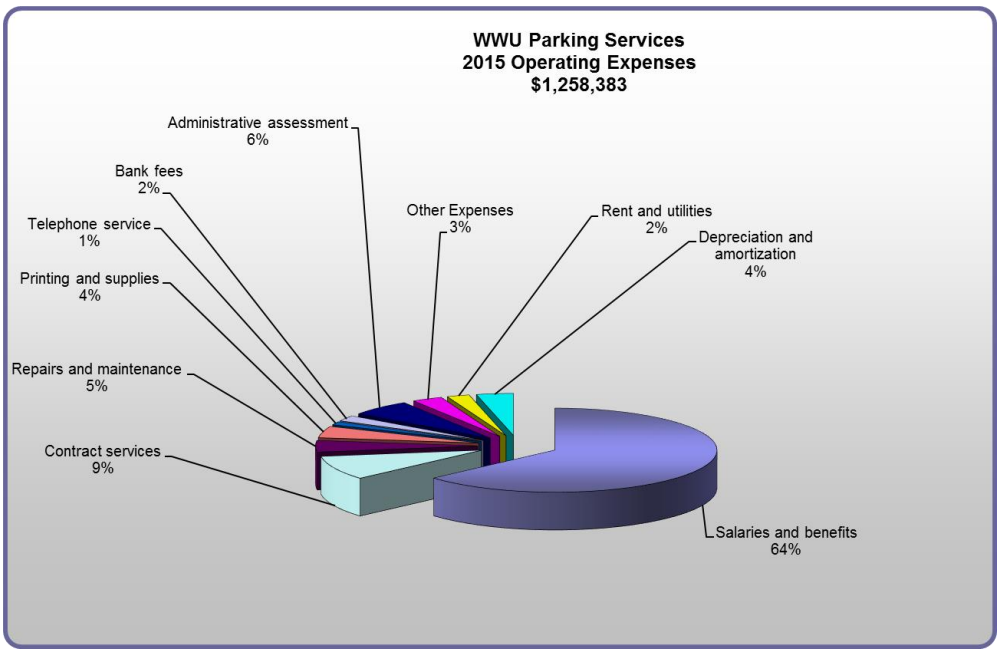
During fiscal 2014 Parking Services began implementation of an online permit and citation payment function within their system. During fiscal 2015, Contract Services decreased $8,610 (-6.9%), as the implementation of the online parking system was completed. Contract services expense increased by $50,762 (69.1%) during fiscal 2014 due to the onset of the implementation of the new online function.

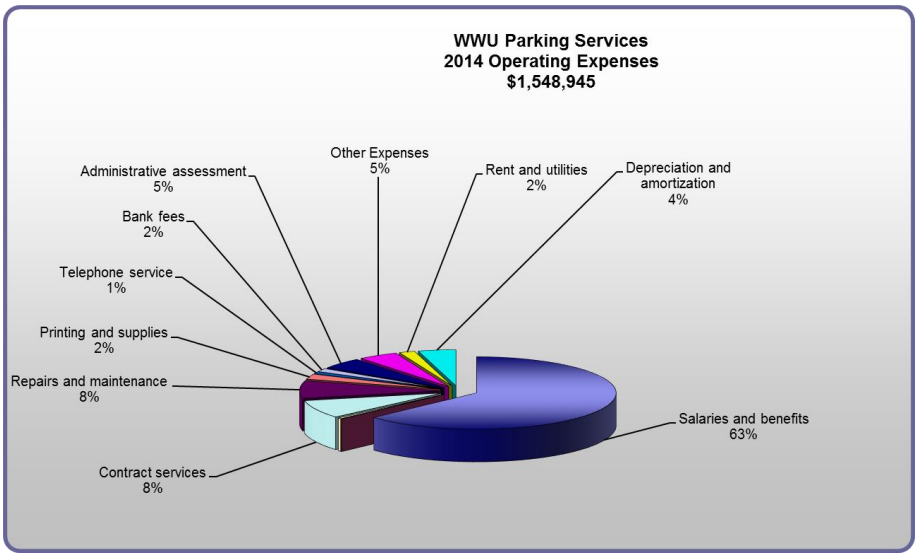
During fiscal 2015 and fiscal 2014, repairs and maintenance expenses decreased $65,738 (-54.1%) and $15,489 (-11.3%), respectively due to a reduction in lot maintenance. Lots will be actively repaired in accordance with the maintenance schedule of ongoing lot maintenance, which will be capitalized as improvements.

Telephone service expenses increased $2,174 (16.0%) during fiscal 2015 as a result of initiating a new contract to cover six cellular connections for the electronic parking ticket hardware. Telephone expense increased $3,593 (36.0%) during fiscal 2014 due to providing cellular service to parking enforcement.

Bank fees increased $4,425 (19.2%) during fiscal 2015 and $2,383 (11.6%) during fiscal 2014, as online payments by credit cards increased.

Total nonoperating revenues (expenses) increased by $8,378 (5.9%) due to an increase in investment earnings offset by a reduction of the interest expense on the LCTC lease. Total nonoperating revenues (expenses) increased $225,184 (269.3%) in fiscal 2014 as a result of $194,155 institutional support provided for LCTC debt service payments as well as bond issuance costs having been completely amortized in fiscal 2013.





Economic Factors and Significant Events

The Parking Services operational review of processes, positions and overall structure continues. Parking operating software and use of pay box stations is also under review.

The Parking lot maintenance plan has been approved, lot improvements to be scheduled.

Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Trustees
Western Washington University Parking Services
Bellingham, Washington

REPORT ON THE 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 the 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.

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, 2015 and 2014, 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 the Western Washington University Parking Services, a department of the University, are intended to present the financial position, and the changes in financial position, and cash flows of only the respective portion of the activities of the University that is attributable to the transactions of the Parking Services. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2015 and 2014, 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. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2015, Parking Services adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. 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, and the schedules of Parking Services proportionate share of the net liability and schedule of contributions pension trust fund information 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of the Parking Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Parking Services' internal control over financial reporting and compliance.

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

November 16, 2015

PARKING SERVICES
STATEMENT OF NET POSITION *June 30, 2015 and 2014*

Assets	**2015**	**2014**
Current assets		
Cash and cash equivalents (Note 2)	$600,050	$445,836
Investments (Note 2)	342,147	154,614
Accounts receivable	80	23
Prepaid expenses	272	30
Total current assets	942,549	600,503
Noncurrent assets		
Investments (Note 2)	670,272	477,848
Restricted net pension	25,114	-
Depreciable capital assets, net (Note 5)	553,534	599,724
Non depreciable capital assets, net (Note 5)	3,612,592	3,503,223
Total noncurrent assets	4,861,512	4,580,795
Total assets	5,804,061	5,181,298
Deferred Outflows		
Relating to pensions	38,469	-
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	113,241	25,114
Accrued salaries and benefits	76,516	85,515
Current portion of notes payable (Note 4)	120,000	115,000
Unearned revenue	104,633	96,886
Total current liabilities	414,390	322,515
Noncurrent liabilities		
Net pension liability Note 6)	135,382	
Note payable, less current portion (Note 4)	1,700,000	1,820,000
Total noncurrent liabilities	1,835,382	1,820,000
Total liabilities	2,249,772	2,142,515
Deferred Inflows		
Relating to pensions	161,915	-
Net Position		
Net investment in capital assets	2,346,126	2,167,947
Restricted for pensions	25,114	-
Unrestricted	1,059,603	870,836
Total net position	$3,430,843	$3,038,783

See Accompanying Notes to the Financial Statements

PARKING SERVICES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ***June 30, 2015 and 2014***

	2015	2014
Operating Revenues		
Parking permits	$1,102,496	$1,111,147
Parking meters and pay box stations	264,407	224,559
Parking fines	353,625	307,996
Other revenues	58,590	45,264
Services funded by WWU	7,937	8,437
Total operating revenues	1,787,055	1,697,403
Operating Expenses		
Salaries and benefits	798,143	977,729
Viking Express bus pass	80	1,781
City contracts	-	5,875
Contract services	115,648	124,258
Repairs and maintenance	55,749	121,487
Printing and supplies	55,200	35,878
Telephone service	15,759	13,585
Bank fees	27,431	23,006
Administrative assessment	77,916	77,872
Other expenses	38,123	71,584
Rent and utilities	28,144	28,343
Depreciation and amortization	46,190	67,547
Total operating expenses	1,258,383	1,548,945
Operating income	528,672	148,458
Nonoperating Revenues (Expenses)		
Contribution for building rent and utilities	28,144	28,343
Institutional Support	194,655	194,155
Interest income	6,403	3,340
Interest on indebtedness	(79,272)	(84,286)
Amortization of bond issuance costs	-	-
Total nonoperating revenues (expenses)	149,930	141,552
Increase in Net Position	678,602	290,010
Total Net Position, Beginning of Year	3,038,783	2,748,773
Restatement (Note 1)	(286,542)	
Total Net Position, Beginning of Year restated	2,752,241	
Total Net Position, End of Year	$3,430,843	$3,038,783

See Accompanying Notes to the Financial Statements

PARKING SERVICES
STATEMENT OF CASH FLOWS *June 30, 2015 and 2014*

	2015	2014
Cash flows from operating activities		
Cash received from students, employees and visitors	$1,786,808	$1,804,608
Cash received from the university	7,937	8,437
Cash paid to employees	(859,970)	(1,004,784)
Cash paid to suppliers	(298,021)	(473,849)
Net cash provided by operating activities	636,754	334,412
Cash flows from investing activities		
Interest income received	6,403	3,340
Net sales of investments in internal pool	(379,957)	(165,627)
Net cash provided by investing activities	(373,554)	(162,287)
Cash flows from capital and related financing activities		
Institutional support for debt service payments	194,655	194,155
Payments on note payable	(115,000)	(148,559)
Purchase of capital assets	(109,369)	(23,323)
Interest paid on indebtedness	(79,272)	(84,286)
Net cash provided by (used in) capital and related financing activities	(108,986)	(62,013)
Net decrease in cash and cash equivalents	154,214	110,112
Cash and cash equivalents, beginning of year	445,836	335,724
Cash and cash equivalents, end of year	$600,050	$445,836

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	$528,672	$148,458
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation and amortization	46,190	67,547
Net pension expense	(52,828)	-
Contributed building rent and utilities	28,144	28,343
Net changes in assets and liabilities		
Receivables	(57)	118,676
Prepaid	(242)	42,729
Accounts payable and accrued liabilities	88,127	(41,251)
Accrued salaries and benefits	(8,999)	(27,056)
Deferred revenue	7,747	(3,034)
Net cash provided by operating activities	$636,754	$334,412

See Accompanying Notes to the Financial Statements

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 (WWU) 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

WWU records all cash and cash equivalents at cost. Investments held by WWU 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.

Deferred outflows of resources and deferred inflows of resources

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflow of resources.

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.

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 pension liability
Parking Services records pension obligations equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans has been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Pension expense is recognized for benefits earned during the measurement period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Restatement of Net Position
During FY 2015, Parking Services adopted GASB Statement No. 68 "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27". Statement No. 68 requires that Parking Services record in its statements its proportional share of the State's net pension liability for the defined benefit pension plans that are administered by the State and to restate the beginning net position of the earliest period presented. The amount of restatement to the beginning FY 15 net position was $286,542. The net pension liability information is provided to Parking Services by the Department of Retirement Systems (DRS) and the Office of State Actuary (OSA). The information provided by DRS and OSA only allowed Parking Services to restate FY 15 beginning net position due to the measurement period of June 30, 2014 for the net pension liability.

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.

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 may 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' cash and cash equivalents and investments are 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.

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.

	2015	Weighted Average Maturity (in years)	2014	Weighted Average Maturity (in years)
Cash and cash equivalents	$600,050	0.001	$445,836	0.001
Investments				
Certificates of deposit	85,954	1.033	62,525	2.033
U.S. Treasuries	284,186	2.41	51,843	1.085
U.S. Agencies	642,279	1.614	518,094	2.657
	$1,612,469		$1,078,298	

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 through the issuance of Certificates of Participation by the Washington State Treasurer at an interest rate of 4.42% and 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 $1,820,000 at June 30, 2015

Following are the changes in noncurrent long-term liabilities for the year ended June 30, 2015 and 2014:

Notes Payable	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Current Portion
Certificates of Participation	$1,935,000	-	(115,000)	$1,820,000	$120,000

Notes Payable	Balance June 30, 2013	Additions	Payments	Balance June 30, 2014	Current Portion
Certificates of Participation	$2,083,559	-	(148,559)	$1,935,000	$115,000

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

Fiscal Year	Principal	Interest
2016	120,000	74,955
2017	125,000	70,055
2018	130,000	64,955
2019	135,000	59,655
2020	140,000	54,015
2021-2025	800,000	172,931
2026-2030	370,000	16,875
Total	1,820,000	513,441

NOTE 5. LAND AND CAPITAL ASSETS, NET

The depreciation and amortization expense for the fiscal years ended June 30, 2015 and 2014 was $46,190 and $67,547, respectively.

Following are the changes in capital assets for the year ended June 30, 2015:

	June 30, 2014	Additions	Reductions	June 30, 2015
Non-depreciable capital assets				
Land	$3,503,223	$ -	$ -	$3,503,223
Construction in progress	-	109,369		109,369
	$3,503,223	$ 109,369	$ -	$3,612,592
Depreciable capital assets				
Pay-box stations	148,650	-	-	148,650
Vehicles and equipment	184,192			184,192
Improvements other than building	1,019,303	-	-	1,019,303
Total cost	4,855,368	109,369	-	4,964,737
Accumulated depreciation	(402,246)	(46,190)		(448,436)
Accumulated amortization	(350,175)	-	-	(350,175)
Total depreciation and amortization	(752,421)	(46,190)	-	(798,611)
Capital assets, net	$4,102,947	$63,179	$ -	$4,166,126

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

	June 30, 2013	Additions	Reductions	June 30, 2014
Non-depreciable capital assets				
Land	$3,503,223	$ -	$ -	$3,503,223
Construction in progress	-	-	-	-
	$3,503,223	$ -	$ -	$3,503,223
Depreciable 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 cost	4,849,099	23,323	(17,054)	4,855,368
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	$4,147,171	(44,224)	$ -	$4,102,947

NOTE 6. PENSION PLAN

A. SUMMARY

WWU offers five defined benefit pension plans and three defined benefit/defined contribution plans: the Washington State Public Employees' Retirement System (PERS) plans 1-3, the Washington State Teachers Retirement System (TRS) plans 1-3, the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan 1 and the Western Washington University Retirement Plan (WWURP).

Parking Services employees in eligible positions are participants in WWURP, PERS plans 2 and 3, and LEOFF plan 2. Parking Services contributes to PERS and LEOFF cost sharing multiple-employer defined benefit pension plans administered by the State of Washington Retirement System. Refer to sections B and C of this note for descriptions of the plans. Parking Services contributed approximately $51,830, $53,054 and $49,877 to these plans in fiscal 2015, 2014 and 2013, respectively. An actuarial valuation of the plans for Parking Services as a standalone entity is not available.

Parking Services implemented Statement No. 68 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Pensions* for the fiscal year 2015 financial reporting. Parking Services defined benefit pension plans were created by statutes rather than through trust documents. With the exception of the supplemental defined benefit component of the higher education retirement plan, they are administered in a way equivalent to pension trust arrangements as defined by the GASB.

In accordance with Statement No. 68, Parking Services has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

The state Legislature establishes and amends laws pertaining to the creation and administration of all state public retirement systems. Additionally the state Legislature authorizes state agency participation in plans other than those administered by the state.

Basis of Accounting
Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all plans and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for Parking Services, for fiscal year 2014:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	(135,382)
Pension assets		25,114
Deferred outflows of resources related to pensions		38,469
Deferred inflows of resources related to pensions		(161,915)
Pension expense/expenditures		(52,828)

Investments
The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

Department of Retirement Systems. As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems that Parking Services offers its employees are comprised of three defined benefit pension plans and one defined contribution plans. Below are the DRS plans that Parking Services offers its employees:

- Public Employees' Retirement System (PERS)
  Plan 2 - defined benefit
  Plan 3 - defined benefit/defined contribution

- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
  Plan 2 - defined benefit

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS and LEOFF systems and plans was funded by an employer rate of 0.18 percent of employee salaries.

The DRS prepares a stand-alone financial report that is compliant with the requirements of Statement 67 of the Governmental Accounting Standards Board. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at http://www.drs.wa.gov/administration/annual-report/.

Higher Education. As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (on a pay as you go basis) which is administered by the state.

B. DEFINED CONTRIBUTION PLANS

Western Washington University Retirement Plan (WWURP)

Plan Description
The 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 WWU. WWU's Board of Trustees is authorized to establish and amend benefit provisions.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have at all times a 100% vested interest in their accumulations.

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

Supplemental Component
The supplemental payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. Parking Services makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal. During fiscal year ending June 30, 2011, WWU amended the supplemental retirement plan, limiting participation to those individuals who were active participants on June 30, 2011.

Public Employees' Retirement System Plan 3

Plan Description
The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to section C of this note for all PERS Plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions adjusted by earnings and losses from investments of those contributions upon separation from PERS-covered employment.

C. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS

Public Employees' Retirement System

Plan Description. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by either, February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Refer to section B of this note for a description of the defined contribution component of PERS Plan 3.

Benefits Provided. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months.

PERS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Plan 3 members have the option to retire early with reduced benefits.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

Contributions. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Contribution requirements are established and amended by state statute.

Members in Plan 2 can elect to withdraw total employee defined benefit contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

Required contribution rates for fiscal year 2014 are presented in the table in section C.1 of this note.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013 with the results rolled forward to the June 30, 2014 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the WSIB. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
Total	100%	

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms or method changes for the fiscal year 2014 reporting period.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be

made at contractually required rates (including PERS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Collective Net Pension Liability/Asset
At June 30, 2014, Parking Services reported $135,382 for its proportionate share of the collective net pension liability for PERS 2/3. Parking Services' proportion for PERS 2/3 was 0.007 percent, a decrease of 0.0008 percent since the prior reporting period. The proportions are based on Parking Services' contributions to the pension plan relative to the contributions of all participating employers.

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate. The following presents the net pension liability/asset of the Recreation Center as an employer, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate.

PERS 2/3 Parking proportionate share of Net Pension Liability (Asset)		
1% Decrease	$	564,707
Current Discount Rate	$	135,382
1% Increase	$	(192,543)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2014, Parking Services recognized a PERS 2/3 pension expense of $(47,071). At June 30, 2014, PERS 2/3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Parking Services PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net Difference between projected and actual earnings on pension plan investments	-	143,506
Change in proportion	(26,356)	-
Contributions subsequent to the measurement date	61,265	-
Total	$ 34,909	$ 143,506

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

PERS 2/3		
2015	$	(5,857)
2016	$	(5,857)
2017	$	(5,857)
2018	$	(5,857)
2019	$	(2,928)
Thereafter	$	-

Law Enforcement Officers' and Fire Fighters' Retirement System

Plan Description. The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) was established in 1970 by the Legislature. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included effective July 27, 2003, being an exception.

LEOFF is a cost-sharing, multiple-employer retirement system, comprised of two separate defined benefit plans. LEOFF members who joined the system on or after October 1, 1977, are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The board's duties include adopting contribution rates and recommending policy changes to the Legislature.

Benefits Provided. LEOFF Plan 2 provides retirement, disability, and death benefits to eligible members.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months. Members who retire prior to the age of 53 receive reduced benefits. A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at 3 percent annually.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

Contributions. LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations.

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The methods used to determine the contribution requirements are established under state statute.

Members in LEOFF Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. For fiscal year 2014, the state contributed $55.6 million to LEOFF Plan 2.

Beginning in 2011, when state General Fund revenues increase by at least 5 percent over the prior biennium's revenues, the State Treasurer will transfer, subject to legislative appropriation, specific amounts into a Local Public Safety Enhancement Account. Half of this transfer will be proportionately distributed to all jurisdictions with LEOFF Plan 2 members. The other half will be transferred to a LEOFF Retirement System Benefits Improvement Account to fund benefit enhancements for LEOFF Plan 2 members. However, this special funding situation is not mandated by the State Constitution and this funding requirement could be returned to the employers by a change of statute.
Required contribution rates for fiscal year 2014 are presented in the table in section C.1 of this note.

The following information applies to WWU as a LEOFF 2 employer.

Actuarial Assumptions. The total net pension asset was determined by an actuarial valuation as of June 30, 2013 with the results rolled forward to the June 30, 2014 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the WSIB. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
Total	100%	

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms or method changes for the fiscal year 2014 reporting period.

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Collective Net Pension Liability/Asset

At June 30, 2014, Parking Services reported an asset of $25,114 for its proportionate share of the collective net pension asset for LEOFF 2. Parking Services' proportion for LEOFF 2 was 0.002 percent, an increase of 0.001 percent since the prior reporting period. The proportions are based on Parking Services' contributions to the pension plan relative to the contributions of all participating employers.

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate. The following presents the net pension liability/asset of WWU as an employer, calculated using the discount rate of 7.50 percent, as well as what

the employers' net pension liability/asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate.

LEOFF 2 Parking's proportionate share of Net Pension Liability (Asset)		
1% Decrease	$	10,747
Current Discount Rate	$	(25,114)
1% Increase	$	(52,026)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2014, Parking Services recognized a LEOFF 2 pension expense of $(5,757). At June 30, 2014, LEOFF 2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Parking Services LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net Difference between projected and actual earnings on pension plan investments	-	18,409
Change in proportion	-	5,122
Contributions subsequent to the measurement date	3,560	-
Total	$ 3,560	$ 23,531

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

LEOFF 2		
2015	$	(800)
2016	$	(800)
2017	$	(800)
2018	$	(800)
2019	$	(800)
Thereafter	$	(1,120)

TABLE 1: Required Contribution Rates

The required contribution rates (expressed as a percentage of current year covered payroll) at June 30, 2014 are as follows:

	Employer (University)				Employee		
Required Contribution Rates	**Plan 1**	**Plan 2**	**Plan 3**		**Plan 1**	**Plan 2**	**Plan 3**
PERS							
State agencies, local governmental units	9.03%	4.98%	4.98%	*	6.00%	4.92%	**
Administrative fee	0.18%	0.18%	0.18%				
PERS Plan 1 UAAL	0.00%	4.05%	4.05%				
Total	9.21%	9.21%	9.21%				
LEOFF							
Ports and universities	N/A	8.41%	N/A		N/A	8.41%	N/A
Administrative fee		0.18%					
Total		8.59%					

*Plan 3 defined benefit portion only.
**Variable from 5% to 15% based on rate selected by the member.
N/A indicates data not applicable.

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 Statement No. 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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REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedules of Parking Services Proportionate Share of the Net Pension Liability

Schedule of Parking Services Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3
Measurement Date ended June 30 *

	2014
Parking Services PERS 2/3 employers' proportion of the net pension liability	0.006698%
Parking Services PERS 2/3 employers' proportionate share of the net pension liability	$135,382
Parking Services PERS 2/3 employers' covered-employee payroll	$578,785
Parking Services PERS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.39%
Plan fiduciary net position as a percentage of the total pension liability	93.29%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedules of Parking Services Proportionate Share of the Net Pension Liability

Schedule of Parking Services Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
Measurement Date ended June 30 *

	2014
Parking Services LEOFF 2 employers' proportion of the net pension liability (asset)	0.001892%
Parking Services LEOFF 2 employers' proportionate share of the net pension liability (asset)	($25,114)
Parking Services LEOFF 2 employers' covered-employee payroll	$31,621
Parking Services LEOFF 2 employers' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(79.42%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	116.75%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 2/3
Fiscal Year Ended June 30
Parking

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$ 60,351	$ 61,265	$ (913)	$ 655,282	9.35%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					

Notes:
These schedules will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
Fiscal Year Ended June 30
Parking

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$ 3,560	$ 3,560	$ 0	$ 41,440	8.59%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					

Notes:
These schedules will be built prospectively until they contain ten years of data.